24 Annual Financial Statements

Click to enter

SHOPRITE HOLDINGS LTD

Contents

Navigating our report

Page navigation

- Contents page
- Previous view
- Previous page
- Next page

Further information

Navigate to sections by clicking on interactive chapters and page references.

Navigate to note references by clicking on highlighted notes.

Downloads

Annual Financial Statements available as an interactive print-friendly PDF online.

Available online at **https://www.shopriteholdings.co.za/docs/shp-afs-2024-print.pdf**

Currency of the annual financial statements

The annual financial statements are expressed in South Africa rand. The approximate rand cost of a unit of the following currencies at year-end was as follows (based on Reuters, with the exception of the DRC franc and the Nigeria naira, which were sourced from Citibank):

	2024	2023
United States dollar	18.437	18.744
Pound sterling	23.305	23.674
Euro	19.716	20.383
Angola kwanza	0.021	0.022
Botswana pula	1.350	1.396
DRC franc	0.006	0.008
Ghana cedi	1.199	1.582
Kenya shilling	0.143	0.133
Madagascar ariary	0.004	0.004
Malawi kwacha	0.011	0.018
Mozambique metical	0.288	0.291
Nigeria naira	0.012	0.025
Uganda shilling	0.005	0.005
Zambia kwacha	0.717	1.071

The annual financial statements for the year ended 30 June 2024 have been audited by Ernst & Young Incorporated, in compliance with the applicable requirements of the South African Companies Act, 71 of 2008. The preparation of the audited annual financial statements was supervised by the Chief Financial Officer (CFO), Mr A de Bruyn, CA(SA).

Statement of Directors' responsibility

The Board of Directors (the Board) is responsible for the preparation, integrity and fair presentation of the annual financial statements of the Company and Group in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Limited Listings Requirements and the requirements of the South African Companies Act, 71 of 2008.

The Board is satisfied that the information contained in the annual financial statements fairly represent the financial position at year-end, the financial performance and cash flows of the Company and Group.

The Board has the responsibility to oversee that internal controls are in place:

- To enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- For maintaining adequate accounting records as well as an effective system of risk management; and
- For the preparation of the supplementary schedules included in these financial statements.

The Board is satisfied that the Company and Group have adequate resources to continue trading as a going concern in the foreseeable future.

The Board confirms that the Company is in compliance with the provisions of the Companies Act, applicable legislation and regulations and operates in compliance with its Memorandum of Incorporation (MOI).

The Group's external auditors, Ernst & Young Incorporated, audited the Company's separate and Group's consolidated annual financial statements, and their report is presented on pages 10 to 15. The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board. The Board believes that all representations made to the independent auditors during their audit are valid and appropriate.

Approval of the annual financial statements

The Company's separate and Group's consolidated annual financial statements of Shoprite Holdings Ltd and its subsidiaries were approved by the Board on 27 September 2024 and signed on its behalf by:

WE Lucas-Bull
Chairman

PC Engelbrecht
Chief Executive Officer

Statement of Chief Executive Officer and Chief Financial Officer responsibility

Each of the Directors, whose names are stated below, hereby confirm that:

a) The annual financial statements set out on pages 18 to 148, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;
e) Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
f) We are not aware of any fraud involving Directors.

PC Engelbrecht
Chief Executive Officer

A de Bruyn
Chief Financial Officer

27 September 2024

Certificate of the Company Secretary

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008 (as amended) I, LM Goliath, in my capacity as Company Secretary, confirm that for the year ended 30 June 2024, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

LM Goliath
Company Secretary

27 September 2024

Directors' report

Nature of business

Shoprite Holdings Ltd (Shoprite Holdings) is an investment holding company listed on the Johannesburg Stock Exchange Limited (JSE) in the "food retailers & wholesalers" sector. Secondary listings are also maintained on A2X, Namibian and Zambian Stock Exchanges. Cash income is derived mainly from dividends and interest. The consolidated annual financial statements of Shoprite Holdings and its subsidiaries also incorporate the equity accounted attributable income of associates and joint ventures.

Shoprite Holdings comprises of the following main subsidiaries

Shoprite Checkers (Pty) Ltd

Supermarkets: Serves a broad customer base through our Shoprite, Checkers, Checkers Hyper, Usave and other store formats.
Supply Chain Management: Supplies the Group's outlets in South Africa and nine countries outside of South Africa.
Franchise: The OK Franchise division's stores offer a wide range of perishable and non-perishable food items through supermarket/convenience outlets primarily under the OK brand. Wholesale franchise partners trade under the Megasave brand and retail buying partners under the Sentra brand. Add-on retail liquor outlets operate mainly under the OK Liquor brand.
Freshmark: Freshmark is the Group's fruit and vegetable procurement and distribution division and supplies fresh produce to the Group's retail outlets.
Liquor Stores: Trading under the Shoprite LiquorShop and Checkers LiquorShop brands respectively, the liquor stores have extended the Group's offering by providing a selection of wines, beers and a wide range of premium spirits to its customers.
Meat Markets: The Group's customers are served through in-store butcheries that employ qualified butchers and technicians.
Money Markets: The Money Markets offer a comprehensive range of financial services and products to the Group's customers through dedicated in-store service counters.
Furniture: The Furniture division offers furniture, electrical appliances and home entertainment products to the Group's customers for cash or credit through its OK Furniture, OK Power Express and House & Home outlets in South Africa, Botswana, Namibia, Eswatini, Lesotho, Zambia, Mozambique and Angola.
Pharmacies and wholesale distribution: Medirite's in-store and stand-alone pharmacies offer consumers easy access to affordable healthcare and healthcare professionals through in-store dispensaries with outlets throughout South Africa. The Group's pharmaceutical wholesaler, Transpharm, sells and distributes pharmaceutical products and surgical equipment to hospitals and clinics, dispensing doctors, veterinary surgeons and private and corporate pharmacies.
Properties: This division is tasked to expand the Group's supermarket portfolio through the identification and leasing of new supermarket premises or developing new shopping centres to accommodate one of the supermarket formats. New retail developments and the redevelopment of existing properties are supervised through every stage of the planning-, design- and construction process.

Shoprite Financial Services Ltd

Conducts the Group's treasury function and financing of credit sales to third parties.

Shoprite International Ltd

Incorporated in the Republic of Mauritius, Shoprite International Ltd is the holding company for the majority of the Group's retail and property investments located outside of the common monetary area.

Shoprite DTMC (Pty) Ltd

Registered as a domestic treasury management company with the South African Reserve Bank with the US dollar as functional currency.

Other Group subsidiaries

The interests of Shoprite Holdings in other subsidiaries are set out in Annexure A to the annual financial statements.

Financial review

The Group's diluted headline earnings per share amounted to 1 186.3 cents for the year (2023: 1 088.9 cents). Details of the profit of Shoprite Holdings and its subsidiaries are contained in the consolidated statement of comprehensive income with reference to the operating segment information. The financial position of Shoprite Holdings and its subsidiaries are recorded in the consolidated statement of financial position. Further details are furnished in the notes to the consolidated annual financial statements on pages 22 to 123. The Group's net asset value per share as at 30 June 2024 was 5 110 cents (2023: 4 812 cents).

Distribution to shareholders

Ordinary dividends

An interim cash dividend (no. 150) of 267 cents per share was paid on 2 April 2024. A final dividend (no. 151) of 445 cents per share, is payable on 30 September 2024, bringing the total dividend for the year to 712 cents (2023: 663 cents) per ordinary share.

Stated capital

Authorised:

- 1 300 000 000 ordinary shares having no par value; and
- 720 000 000 deferred shares.

Issued:

- 591 338 502 ordinary shares having no par value; and
- 305 621 601 deferred shares.

Going concern

The annual financial statements of the Group were prepared on a going concern basis.

The Board has performed a formal review of the Group's results and its ability to continue trading as a going concern in the foreseeable future.

The Directors of Shoprite Holdings confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future.

Borrowings

Shoprite Holdings has unlimited borrowing powers in terms of its Memorandum of Incorporation (MOI).

The Group's overall level of debt decreased from R6.4 billion to R6.0 billion during the financial year under review.

Special resolutions

At the Annual General Meeting of Shoprite Holdings held on 13 November 2023, shareholders approved the following special resolutions:

- **Special resolution number 1** – Remuneration payable to Non-Executive Directors;
- **Special resolution number 2** – Financial assistance to subsidiaries, related and inter-related entities; and
- **Special resolution number 3** – General authority to repurchase ordinary shares.

Directorate and Secretary

During the financial year, the following change occurred:

- The Company announced at the Annual General Meeting of 13 November 2023, that PG du Preez, who acted as Group Company Secretary, would be handing over the role to LM Goliath from 1 January 2024.

In terms of the Company's MOI, no less than one third of the Non-Executive Directors shall retire by rotation at each Annual General Meeting. Messrs P Cooper and GW Dempster and Mmes EA Wilton and MLD Marole will retire as Directors, in terms of Article 33.5.1 of the Company's MOI at the Annual General Meeting and have offered themselves for re-election.

The Board supports the re-election of these Directors.

Directors' and Alternate Directors' interests in ordinary shares

Non-executive Directors	Total 2023	Direct beneficial	Indirect beneficial**	Total 2024	Encumbered 2024
WE Lucas-Bull	–	–	–	–	–
P Cooper	–	–	–	–	–
L de Beer	–	–	–	–	–
GW Dempster	–	–	–	–	–
NN Gobodo	–	–	–	–	–
MLD Marole	–	–	–	–	–
SN Maseko	–	–	–	–	–
H Mathebula	–	–	–	–	–
PD Norman	–	–	–	–	–
CH Wiese	63 110 920	–	63 118 920	63 118 920	60 000 000
JD Wiese*	17 874	–	25 000	25 000	25 000
EA Wilton	–	–	–	–	–

* Alternate Director to Dr CH Wiese
** Indirect beneficial includes interests in ordinary shares held by associates of the Non-executive Directors.

Executive Directors	Total 2023	Direct beneficial	Indirect beneficial***	Total 2024	Encumbered 2024
PC Engelbrecht	801 708	399 405	287 185	686 590	–
A de Bruyn	160 279	125 000	36 775	161 775	–

*** Indirect beneficial includes interests in ordinary shares held by associates of the Executive Directors.

The following changes occurred in the shareholdings of Directors in ordinary shares between the financial year-end and the date of this report.

Executive Directors	Total 2024	Sale	ESP and EDI award	Shares acquired	Total at date of this report	Encumbered at date of this report
PC Engelbrecht	686 590	(49 815)	105 385	–	742 160	–
A de Bruyn	161 775	(37 783)	43 673	1 194	168 859	–

Directors' report continued

Non-executive Director's interest in non-convertible, non-participating, no par value deferred shares

	Total 2023	Total 2024
CH Wiese through Thibault Square Financial Services (Pty) Ltd	305 621 601	305 621 601

In terms of the transaction agreement concluded between the Company, Thibault Square Financial Services (Pty) Ltd and Titan Premier Investments (Pty) Ltd on 18 April 2019, the voting rights attached to 40 652 489 deferred shares held by Thibault Square Financial Services (Pty) Ltd will remain restricted whilst all the required approvals are obtained to enable the redemption of these deferred shares as required in the MOI of the Company.

King IV™

The Group applies the King IV™ principles, details of which are reported in the Group's 2024 Integrated Report, with a more detailed application register available on the Company's website.

Board committees

The reports of the various board committees will be included in the forthcoming Integrated Report.

Auditors

Subject to shareholder approval at the Annual General Meeting, Ernst & Young Incorporated will continue in office in accordance with Section 90(1) of the Companies Act.

Events after the reporting date

Other than the facts in these annual financial statements, there have been no material changes in the affairs or financial position of Shoprite Holdings and its subsidiaries from 30 June 2024 to the date of this report.

Holding company

Shoprite Holdings has no holding company. An analysis of the main shareholders appears in Annexure B to the annual financial statements.

Litigation statement

Save for the disclosures as stated in note 39 of the annual financial statements, the Directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Audit and Risk Committee report

Introduction

The Shoprite Holdings Ltd's Group Audit and Risk Committee (the Committee) is pleased to present its report for the financial year ended 30 June 2024.

The Committee is an independent statutory committee, established in terms of section 94(2) of the Companies Act, 71 of 2008 (the Companies Act), comprising of four independent Non-executive Directors that collectively possess the requisite independence, skills and knowledge. The Committee has decision-making authority with regards to its statutory duties and is accountable in this regard to both the shareholders and the Board of Shoprite Holdings Ltd (the Board). The Committee discharged its responsibilities as mandated by the Board in its terms of reference, which are informed by the Companies Act, the King IV™ Report on Corporate Governance for South Africa (King IV™) and the JSE Limited (JSE) Listings Requirements.

Committee composition, attendance and assessment

The members of the Committee who met five times during 2024 are Linda de Beer, who was elected Chairman of the Committee, Graham Dempster, Nonkululeko Gobodo and Eileen Wilton.

Further detail on the qualifications, expertise and experience of the Committee members, as well as meeting attendance and the evaluation of the effectiveness and performance of the Committee can be found in the corporate governance section of the Integrated Report.

The Committee meetings held during the year and the attendance of these meetings are recorded below:

Member and appointment date	24 August 2023	28 August 2023 (special)	7 November 2023	22 February 2024	21 May 2024
Linda de Beer (Chairman) 11 May 2021	✓	✓	✓	✓	✓
Graham Dempster 4 March 2022	✓	✓	✓	✓	✓
Nonkululeko Gobodo 11 May 2021	✓	✓	✓	✓	✓
Eileen Wilton 2 September 2021	✓	✓	✓	✓	✓

The Chief Financial Officer (CFO), Group Risk Manager, Group Compliance Manager and external auditors attend the Committee meetings by invitation. Any Director is entitled to participate in the meetings of the Committee. During the financial year the Chairman of the Board, Wendy Lucas-Bull, attended all the Committee meetings. The Company Secretary acts as secretary to the Committee. Other senior managers responsible for finance and information technology (IT) attend meetings as required.

In line with the requirements of King IV™, the performance of the Committee is evaluated every two years. An internal performance evaluation was conducted during the 2024 financial year. An independent evaluation of the Committee will be conducted in the 2026 financial year.

Committee responsibilities

The Committee oversees the Group's financial reporting, audit and assurance functions, risk and information and technology governance matters.

This report details how the Committee met its obligations, statutory and otherwise, as set out in its terms of reference, during the year under review.

The Committee is satisfied that it executed its responsibilities in compliance with its terms of reference for the year under review.

Committee focus areas in 2024

Last year we reported that one of our focus areas in the 2024 financial year will be the ongoing enhancement of the role of internal audit and optimisation of the Group's combined assurance. Some strides have been made in this area, with the appointment of Catherine Nyathi as our Group's Internal Audit Executive. Under her leadership and experience, we are enhancing our focus on obtaining assurance over our core risks. Assurance is obtained from the relevant lines of defence in the business and from the various assurance functions, including external assurance providers. It will require a few years for this journey to mature.

Similarly, we welcomed the appointment of Chris Shortt as Chief Technology Officer, following the retirement of David Cohn. The Committee was conscious of the importance for a seamless transition between them, and for appropriate change management interventions in the IT team.

The Committee continued to focus on cyber security risk which will remain a priority. The Group is constantly maturing in this regard, but we are acutely conscious that it is a growing threat.

Obtaining a better understanding of our regulatory compliance universe and controls in place to support compliance, is also a regular agenda item. Beyond that, we continued to do deep dives into the various core enterprise risks and the controls in place to mitigate them.

The rotation of external audit and smooth transition between PricewaterhouseCoopers Inc. (PwC) and Ernst & Young Inc. (EY) was high on our priority list. To this end, structures and processes were put in place and reported on by the CFO, to support the EY onboarding in a timely and organised fashion, considering the size and complexity of the Group, and therefore the audit.

The Committee also spent time on better understanding the key business systems, controls and business continuity plans.

Audit and Risk Committee report continued

Financial reporting and going concern

The Committee reviewed the Group's interim and annual financial statements, which included the review of material accounting policies, key accounting matters, areas of significant judgement, material assumptions and estimates adopted by management.

The Committee recommended all these sets of financial statements to the Board for approval, with specific reference to the going concern assumption.

Similarly, the Committee considered the solvency and liquidity tests supporting distributions via dividends, as well as financial assistance to other companies in the Group, before recommending these to the Board for approval.

Key audit matters reported by the external auditors

The Committee considered the following in respect of matters included in the EY Group independent auditor's report as key audit matters:

Inventory valuation and supplier rebates

Lead indicators in respect of shrinkage and waste are reported to the Committee on a quarterly basis, and are considered by the management team at a granular store and regional level weekly. The oversight of this important area is well embedded in business processes and in the various control functions (lines of defence).

At reporting dates, the Finance team provides feedback in respect of the principles applied and impact thereof on the shrinkage provision, for consideration by the Committee.

Supplier discounts, albeit material in volume and quantum, is another class of transactions well established in the core accounting of the retail business. The Committee recently performed a deep dive into supplier rebates, to enhance its understanding of the practices thereof, the risk of misstatement and the controls in place to ensure that these are accurately calculated in line with supplier contracts and accounting practices.

Impairment of non-financial assets

At year-end, the Committee carefully considers management's proposals in respect of assumptions and judgements applied in the determination of the recoverable amounts of non-financial assets and in considering the potential impairment in instances where impairment indicators are prevalent. Specific attention was given to the appropriateness of the carrying amounts of property, plant and equipment, investment properties, right-of-use assets and intangible assets.

Note 8 of the consolidated annual financial statements provides information in this regard.

Investment in subsidiaries and amounts receivable from subsidiaries

The Committee oversees the valuation of investments in subsidiaries and amounts receivable from subsidiaries. Specific focus was placed on subsidiaries outside South Africa again, where the valuations are subject to fluctuating exchange rates, which are significant in some instances, and where numerous actions were taken by management to extract value and cash where possible, and to derisk past arrangements.

The Committee considered whether consistent valuation methodologies were applied in these assessments. It was also important for the Committee to be comfortable that adequate consideration was afforded to economic constraints, difficult trading environments and constrained future growth expectations in determining future cash flows.

Refer to note 2 in the separate annual financial statements in this regard.

External audit

Following a tender process conducted in 2021 for audit firm rotation, EY was appointed to take over the Group audit from PwC from the 2024 financial year onwards. PwC was retained for a transitional period to audit several of the Group's subsidiaries outside South Africa.

The Committee evaluated the performance and independence of the external auditors, being EY at a Group level, PwC in the context of relevant subsidiaries outside South Africa as well as the EY Group engagement partner, Anthony Cadman. The Independent Regulatory Board for Auditors' inspection findings at a firm and partner level and other relevant information, as required by paragraph 3.84(g)(ii)(aa)-(dd) of the JSE Listings Requirements, were considered in support of this.

The external auditor's independence is further governed by a non-audit service policy which disallows certain services and implements an approval framework and maximum levels for permissible non-audit services. This policy was considered and updated in the current financial year to support its ongoing relevance.

The Committee approved the terms of the EY Group audit engagement letter, audit plan and budgeted audit fees for the 2024 financial year. Audit fees and non-audit services are disclosed in note 32 of the consolidated annual financial statements.

There is a direct line of communication between the Chairman of the Committee and the external auditor. In addition, private sessions are held between the Committee and external audit, without management being present.

Internal audit and internal financial controls

The Committee is responsible for overseeing the assessment of the adequacy and effectiveness of internal control systems, including internal financial controls, and for considering the significant findings of any internal investigations into control weaknesses, fraud or misconduct and management's responses to them.

The Committee, through various management and assurance processes, obtained confirmation that the effectiveness of systems of internal control and risk management are being maintained and that there were no material breakdowns in the functioning of the internal financial control systems during the year.

Risk and compliance governance and combined assurance

The Board has delegated the responsibility to oversee the implementation of effective governance, risk, legal and compliance frameworks and processes to the Committee.

The Board is ultimately responsible for ensuring Group management maintains an effective risk governance and management process. The Committee assisted the Board in discharging its duties relating to governance of risk.

To this end, the Committee oversees the implementation of the Group's risk framework, policies and processes. This included setting risk appetite limits and considering risk identification and mitigation activities, including emerging risks and risk reporting.

Ethics and compliance

The Group's compliance framework and procedures are updated annually when legislative changes occur or when otherwise necessary. The Social and Ethics Committee (SEC) oversees various related social and ethics matters. The Committee considered verbal reports on these matters from management to the SEC to gain an understanding of fraud and related issues that might impact the accuracy of financial reporting and the effectiveness of internal controls.

Combined assurance

As indicated before, the Committee is tracking the development and maturity of the combined assurance framework to support the control environment and to enhance efficiencies.

IT governance

The Committee dedicated much time to reviewing the Group's IT governance arrangements and reports. This includes the monitoring of the execution and progress of technology strategies through IT programmes and strategies, technology enhancements, sunsetting of technology where required, protection of key IT systems and our IT human capital. There is also a focus on IT risks and the mitigation thereof. Most prominent risks revolve around information security, cyber maturity, addressing technical debt and attracting and retaining IT talent.

2024 Integrated Report

The Audit and Risk Committee is tasked with overseeing the preparation of the Integrated Report and for reviewing the content, reporting processes and assurance in respect of the integrity of the report. The Board has applied its collective mind to the preparation and presentation of the information in the Integrated Report.

The report was prepared under the guidance and supervision of senior management and was subject to a rigorous internal and external review process before being submitted to the Audit and Risk Committee, which is responsible for oversight of the report. This committee, having reviewed the content and assurance processes, recommended it for approval by the Board.

Annual confirmations and assessments

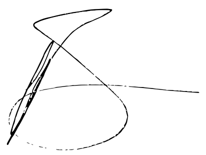
As part of its annual obligations, the Committee assessed and satisfied itself of the following:

- The skills and experience of the CFO, Anton de Bruyn, as well as the finance function;
- The appropriateness of financial reporting procedures and whether these procedures in all Group companies allowed for effective preparation of the Group's annual financial statements;
- The adequacy and effectiveness of internal controls, with specific reference to internal financial controls over financial reporting;
- External audit quality and auditor independence; and
- Compliance with all related matters regarding the JSE Listings Requirements and the JSE's 2023 Proactive Monitoring Report.

Future focus areas

The Committee's focus for the 2025 financial year will include:

- Embedding a fit for purpose Internal Audit Plan which leverages off existing assurance functions and services, supported by the right team.
- Settling the external audit to a steady state after the first year of transitioning to EY.
- Ongoing focus on key IT projects and the protection of crown jewels (information assets).
- Monitoring the dynamic external landscape to respond to potential threats and emerging risks.



Linda de Beer
Chairman

Independent auditor's report

To the shareholders of Shoprite Holdings Ltd

Report on the audit of the consolidated and separate financial statements

Our opinion

We have audited the consolidated and separate financial statements of Shoprite Holdings Ltd and its subsidiaries ('the Group') set out on pages 18 to 146 which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 71 of 2008 (Companies Act) of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in South Africa. 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (the EAR rule) we report:

Final materiality

The ISAs do not have a specific definition for materiality. However, the ISAs do recognise that:

- Misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- Judgements about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- Judgements about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Group materiality

We determined final materiality for the Group to be R470 million, which is based on 5.0% of profit before income tax. We have identified profit before income tax as the most appropriate basis as we typically believe that profit-making companies are principally evaluated by users based on their ability to generate earnings.

Company materiality

We determined final materiality for the Company to be R107 million, which is based on 1.0% of total assets. We have identified that a capital-based measure is the most appropriate basis given that the primary focus of the users of the financial statements relates to the investments in subsidiaries, which correspond to the performance of the Group overall.

Group audit scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account the size and risk profile of the components in the Group. In addition, we consider the organisation of the Group and effectiveness of Group wide controls, changes in the business environment, and other factors when assessing the level of work to be performed at each component of the Group. Our process focuses on identifying and assessing the risk of material misstatements of the Group financial statements as a whole.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

Three components, representing over 90% of Group profit before income tax, were deemed significant by size or risk characteristics. For these we performed a full scope audit of the complete financial information.

Audit procedures were performed on specific accounts of other components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. Analytical review procedures were performed over the remaining components.

At a Group level, we tested the consolidation process. We also completed centralised testing over IT applications, and elements of leases, payroll, share-based payments, payables and impairment of non-financial assets.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter identified, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

In terms of the EAR rule, we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key audit matter description	How the matter was addressed in the audit
Inventory valuation and supplier rebates **This key audit matter relates to the consolidated financial statements.** At the reporting date, the Group holds inventory of R28.4 billion. Several adjustments are made to the valuation of inventory at year-end, including adjustments for: • Shrinkage and obsolete inventory provisions; and • Supplier rebates. Shrinkage and obsolete inventory provisions Management have applied significant judgement in assessing the measurement of an overlay to the shrinkage provision, which is adjusted depending on relevant circumstances present at each store, for example where shrinkage experienced exceeds the rate used by the system, which is based on the last inventory count results. Further significant judgement is applied in determining slow moving inventory, using historic sales data to estimate the likelihood of future obsolescence. Understanding the rationale for, obtaining evidence for, and assessing the completeness of the various manual adjustments required significant auditor attention given the degree of judgement involved.	We performed the following audit procedures, amongst others, relating to manual provisions raised against inventory at the reporting date: • We identified and tested the effectiveness of system controls relating to the automated calculation of shrinkage; • We assessed management's overlay shrinkage provisions by challenging the rationale for these adjustments and assessing and corroborating evidence provided to support adjustments made; and • We assessed the estimates used by management and recalculated the provision for slow-moving and obsolete stock. This analysis considered both historic sales and wastage data at a departmental level, which were reconciled to audited information.

Independent auditor's report continued

Key audit matter description	How the matter was addressed in the audit
Supplier rebates In acquiring inventory, the Group enters into contractual agreements with suppliers through which it is entitled to receive various cost rebates, including volume-based rebates, advertising recoupments and other discounts linked to the purchase of inventory. The variety of contractual terms, and amount of rebates earned, is significant and a portion of this income is recognised as a reduction to the cost of inventory. Significant judgement is applied in determining the probability and amount of volume-related allowances involving contractual target volumes, as well as in the calculation used to recognise a proportion of rebates as a reduction in the cost of inventory. Due to the judgements applied by management in the calculation of adjustments to inventory at the reporting date, the magnitude of rebates earned, the variety of related contractual terms, and further judgement applied in estimating the probability that the Group will meet contractual target volumes, this matter required significant auditor attention. Refer to accounting policies note 1.1.1.2(a) (Assumptions and estimates – Rebates from suppliers) and note 1.23 (Rebates from suppliers).	We performed the following audit procedures relating to supplier rebates and the associated adjustment made to inventory at the reporting date: • We identified and tested the effectiveness of the key controls related to rebates, including the relevant information technology (IT) application controls; • We performed analytical procedures over purchases and expected rebates, and amounts were corroborated to supporting documentation; • We evaluated management's judgement in determining the probability and amount of volume-related allowances in accruing for supplier rebates at year-end by considering the term of the associated contract and the volume of historic purchases made per the audited records; • We agreed the key inputs in rebate calculations to contracts on a sample basis, as well as agreed purchases to the underlying accounting records; • We performed an overall recalculation of a sample of rebates for mathematical accuracy; • We assessed the validity and appropriateness of management's assumptions in attributing the rebates to the value of the year-end inventory by reference to the split of foods and non-foods stock, and the calculation of purchases remaining in inventory at year-end; • We re-performed management's calculation and tested the inputs into the calculation; and • We performed a stand-back analysis to assess the reasonability of management's rebate adjustment by considering rebate adjustments as a proportion of inventory at the reporting date. Based on the procedures performed, no material misstatements were identified.

Key audit matter description	How the matter was addressed in the audit
Impairment of non-financial assets **This key audit matter relates to the consolidated financial statements.** Management identified indicators of impairment related to non-financial assets. In making the impairment assessment of right-of-use assets, property, plant and equipment, and other intangible assets, the Group considers each store to be a separate cash generating unit. Each investment property is treated as a separate cash generating unit. The recoverable amount of each cash generating unit is calculated at the higher of its value-in-use and its fair value less costs of disposal. During the current reporting period, management recognised impairments on specific assets within the Group. These impairments resulted in a net pre-tax impairment charge of R250 million, as detailed in note 8, Impairment of non-financial assets. Judgement is applied by management in determining the recoverable amount for each store based on the value-in-use. This includes judgements concerning future trading profits, and the discount and growth rates used in the discounted cash flow model. Given the number of stores and locations in which the Group operates, this assessment involved significant judgement in the determination of appropriate inputs into value-in-use calculations which may differ by store or location. We therefore consider the impairment of non-financial assets to be a key audit matter given the number of cash generating units identified, across various locations and jurisdictions, and the associated significant judgements required in determining value-in-use. Refer to accounting policies note 1.1.1.2(b) (Assumptions and estimates – Impairment of assets) and note 8 (Impairment of non-financial assets).	We performed the following audit procedures, amongst others, to address the key audit matter: • We obtained management's impairment assessment of all cash generating units, which formed the basis of our audit work; • We tested the mathematical accuracy of management's calculation; • We assessed the completeness of all cash generating units included in management's calculation by obtaining a reconciled list of all revenue-generating stores and ensuring they were included in the assessment; • We compared the forecasted cash flows made in the prior period to actual current period results and assessed whether the Group has demonstrated it can reasonably forecast information; • We evaluated the appropriateness of adjustments to trading profit to derive cash flows included in the cash flow models by reviewing the nature and purpose of adjustments made and agreeing these to underlying records; • We involved our valuation specialists to assess the methodology applied and to test the reasonability of management's discount rates, based on an independent recalculation of the weighted average cost of capital; and • We evaluated the growth rates by analysing historical performance data. Based on the procedures performed, no material misstatements were identified.

Independent auditor's report continued

Key audit matter description	How the matter was addressed in the audit
Investment in subsidiaries and amounts receivable from subsidiaries **This key audit matter relates to the separate financial statements.** The Company, in accordance with IAS 36: Impairment of Assets and management's policy, is required at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. In addition, IFRS 9: Financial Instruments requires the Company to recognise expected credit losses for all financial assets held at amortised cost, including amounts receivable from subsidiaries. In making these assessments, the Company considers the recoverability of the carrying amounts of investments where impairment indicators exist. Given the judgements applied in the assessment of potential impairment in relation to assessing discounted future cash flows we considered this to be a key audit matter. Specific judgements requiring auditor attention included future trading profits, discount and growth rates used in the discounted cash flow model and the impact of currency devaluations. The above resulted in an impairment of R1.1 billion relating to investments in subsidiaries in the current year. Refer to accounting policies note 1.4.5 (Impairment) and note 2 (Interests in subsidiaries) of the separate financial statements.	We have performed the following audit procedures, amongst others, to address the key audit matter: • We obtained an understanding of management's policy regarding the impairment assessment of the investment in subsidiaries; • We considered management's forecasting ability by agreeing prior year forecasts to actual results; • We obtained and assessed the reasonableness of management's cash flow model per country, by verifying the accuracy of the inputs used in the model; • We involved valuation specialists in order to test the reasonability of the discount rates, the currency devaluations and assess the growth rate with reference to industry reports and historic performance; • We recalculated the recoverable amounts of the investments using the inputs mentioned above. Following that, we also recalculated the impairment values for these investments; • We directed and supervised the work of the component auditor related to the valuation and impairment assessment of Shoprite Holdings Ltd's investment in Shoprite International Ltd; and • We assessed the reasonability of the expected credit losses on loans to subsidiaries by assessing whether the borrower has liquid assets to repay the outstanding loan if repayment was required at the reporting date, through inspection of audited data. Based on the procedures performed, no material misstatements were identified.

Other matter

The consolidated and separate financial statements of Shoprite Holdings Ltd for the year ended 2 July 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 29 September 2023.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the 149-page document titled "Shoprite Holdings Ltd Annual Financial Statements 2024", which includes the Directors' report, the Audit and Risk Committee report and the Certificate of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the documents titled "Shoprite Holdings Ltd Integrated Report 2024" and "Shoprite Holdings Ltd Sustainability Report 2024", which are expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the IASB 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditors of Shoprite Holdings Ltd for one year.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Anthony Cadman
Registered Auditor

3 Dock Road, V&A Waterfront, Cape Town, 8001, South Africa

27 September 2024

Group annual financial statements

2

Consolidated statement of financial position

Shoprite Holdings Ltd and its subsidiaries as at 30 June 2024

	Notes	2024 Rm	Restated* 2023 Rm
Assets			
Non-current assets		62 269	54 485
Property, plant and equipment	3	19 672	16 601
Investment properties	5	617	—
Right-of-use assets	6	30 469	26 781
Intangible assets	7	4 695	4 225
Equity accounted investments	9	2 478	2 312
Convertible loans	10	—	22
Investments at fair value through other comprehensive income	11	67	—
Investment in insurance cell captive arrangements	12	129	128
Government bonds and bills	13	—	716
Loans receivable	14	429	647
Deferred income tax assets	15	3 297	2 875
Trade and other receivables	16	416	178
Current assets		50 059	47 965
Inventories	17	28 366	25 090
Trade and other receivables	16	6 298	5 697
Current income tax assets		736	441
Investment in insurance cell captive arrangements	12	402	383
Government bonds and bills	13	886	421
Loans receivable	14	680	1 346
Restricted cash		3	650
Cash and cash equivalents		11 732	12 548
		49 103	46 576
Assets classified as held for sale	4	956	1 389
Total assets		**112 328**	**102 450**
Equity			
Capital and reserves attributable to owners of the parent			
Stated capital	18	7 516	7 516
Treasury shares	18	(2 616)	(2 624)
Reserves	20	22 891	21 238
		27 791	26 130
Non-controlling interest		(67)	148
Total equity		**27 724**	**26 278**
Liabilities			
Non-current liabilities		43 066	38 731
Lease liabilities	21	36 702	32 482
Borrowings	22	5 788	5 770
Deferred income tax liabilities	15	8	10
Employee benefit and other provisions	23	482	400
Trade and other payables	24	86	69
Current liabilities		41 538	37 441
Trade and other payables	24	32 458	25 106
Contract liabilities	25	1 219	1 023
Lease liabilities	21	3 775	3 100
Borrowings	22	205	598
Current income tax liabilities		784	786
Employee benefit and other provisions	23	202	224
Bank overdrafts		2 895	6 604
Total liabilities		**84 604**	**76 172**
Total equity and liabilities		**112 328**	**102 450**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

Consolidated statement of comprehensive income

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	Notes	52 weeks 2024 Rm	Restated* 52 weeks 2023 Rm
Revenue	26	246 082	219 645
Sale of merchandise	26	240 718	214 956
Cost of sales		(182 968)	(163 250)
Gross profit		57 750	51 706
Other operating income	26	4 307	3 738
Interest revenue	26	759	701
Share of profit of equity accounted investments	9	268	251
Insurance revenue	26	298	250
Insurance service expenses	12	(178)	(133)
Depreciation and amortisation	27	(7 264)	(6 305)
Employee benefits	28	(19 242)	(17 027)
Credit impairment losses	43.4.1	(381)	(264)
Other operating expenses	30	(23 053)	(20 998)
Net monetary gain		135	—
Trading profit		13 399	11 919
Exchange rate (losses)/gains		(14)	384
Profit on lease modifications and terminations		101	60
Items of a capital nature[1]	31	(330)	(16)
Operating profit	32	13 156	12 347
Interest received from bank account balances		529	453
Finance costs	33	(4 306)	(3 668)
Profit before income tax		9 379	9 132
Income tax expense	34	(2 836)	(2 812)
Profit from continuing operations		6 543	6 320
Loss from discontinued operations (attributable to owners of the parent)	35	(322)	(419)
Profit for the year		**6 221**	**5 901**
Other comprehensive (loss)/income, net of income tax		(871)	(1 847)
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 including hyperinflation from continuing operations		(588)	(1 719)
Foreign currency translation differences from discontinued operations	20	1	(9)
Release of foreign currency translation reserve on deemed disposal of associates	20	(33)	—
Changes in the fair value of investments at fair value through other comprehensive income	20	27	—
Loss on effective net investment hedge, net of income tax	20	(280)	(121)
Total comprehensive income for the year		**5 350**	**4 054**
Profit/(loss) attributable to:		6 221	5 901
Owners of the parent		6 248	5 886
Non-controlling interest		(27)	15
Total comprehensive income/(loss) attributable to:		5 350	4 054
Owners of the parent		5 382	4 039
Non-controlling interest		(32)	15
Total comprehensive income/(loss) attributable to owners of the parent arises from:		5 382	4 039
Continuing operations		5 703	4 467
Discontinued operations		(321)	(428)
Earnings per share for profit from continuing operations attributable to owners of the parent:			
Basic earnings per share from continuing operations (cents)	36	1 207.7	1 161.4
Diluted earnings per share from continuing operations (cents)	36	1 202.6	1 154.6
Earnings per share for profit attributable to owners of the parent:			
Basic earnings per share (cents)	36	1 148.6	1 084.3
Diluted earnings per share (cents)	36	1 143.7	1 077.9

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

1 Refer to note 1.1.2(b) for an explanation of what constitutes items of a capital nature.

Consolidated statement of changes in equity

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

				Attributable to owners of the parent				
Rm	Notes	Total equity	Non-controlling interest	Total	Stated capital	Treasury shares	Other reserves	Retained earnings
Balance at 3 July 2022		**25 627**	**143**	**25 484**	**7 516**	**(2 583)**	**(5 563)**	**26 114**
Total comprehensive income		4 054	15	4 039	—	—	(1 849)	5 888
Profit for the year		5 901	15	5 886				5 886
Recognised in other comprehensive income								
Re-measurements of post-employment medical benefit obligations		2		2				2
Foreign currency translation differences	20	(1 728)		(1 728)			(1 728)	
Loss on effective net investment hedge	20	(164)		(164)			(164)	
Income tax effect of loss on effective net investment hedge	20	43		43			43	
Share-based payments – value of employee services	20	229		229			229	
Modification of cash bonus arrangement transferred from employee benefit provisions	23	11		11			11	
Purchase of treasury shares	18	(318)		(318)		(318)		
Treasury shares disposed	18	47		47		35		12
Realisation of share-based payment reserve	20	—		—		242	(226)	(16)
Dividends distributed to shareholders		(3 372)	(10)	(3 362)				(3 362)
Balance at 2 July 2023		**26 278**	**148**	**26 130**	**7 516**	**(2 624)**	**(7 398)**	**28 636**
Total comprehensive income		5 350	(32)	5 382	—	—	(868)	6 250
Profit/(loss) for the year		6 221	(27)	6 248				6 248
Recognised in other comprehensive income								
Re-measurements of post-employment medical benefit obligations		2		2				2
Foreign currency translation differences including hyperinflation effect		(549)	(5)	(544)			(544)	
Income tax effect of foreign currency translation differences including hyperinflation	20	(38)		(38)			(38)	
Release of foreign currency translation reserve on deemed disposal of associates	20	(33)		(33)			(33)	
Loss on effective net investment hedge	20	(396)		(396)			(396)	
Income tax effect of loss on effective net investment hedge	20	116		116			116	
Fair value adjustment	20	27		27			27	
Share-based payments – value of employee services	20	218		218			218	
Modification of cash bonus arrangement transferred from employee benefit provisions	23	17		17			17	
Purchase of treasury shares	18	(239)		(239)		(239)		
Treasury shares disposed	18	11		11		9		2
Realisation of share-based payment reserve	20	—		—		238	(250)	12
Non-controlling interest on acquisition of subsidiaries		(158)	(158)	—				
Non-controlling interest on disposal of subsidiary		(15)	(15)	—				
Dividends distributed to shareholders		(3 738)	(10)	(3 728)				(3 728)
Balance at 30 June 2024		**27 724**	**(67)**	**27 791**	**7 516**	**(2 616)**	**(8 281)**	**31 172**

Consolidated statement of cash flows

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	Notes	2024 Rm	Restated* 2023 Rm
Cash flows from operating activities		13 841	9 831
Operating profit		12 828	11 924
Less: investment income and interest revenue earned		(1 009)	(780)
Non-cash items	38.1	8 557	7 268
Changes in working capital	38.2	3 252	(175)
Cash generated from operations		23 628	18 237
Interest received		1 212	1 080
Interest paid		(4 305)	(3 664)
Dividends received		568	262
Dividends paid	38.3	(3 743)	(3 370)
Income tax paid	38.4	(3 519)	(2 714)
Cash flows utilised by investing activities		(6 779)	(6 229)
Investment in trademarks to expand operations		—	(20)
Investment in property, plant and equipment and other intangible assets to expand operations		(5 718)	(4 594)
Investment in property, plant and equipment and other intangible assets to maintain operations		(2 012)	(2 095)
Investment in assets classified as held for sale		(32)	(46)
Investment in convertible loans		(5)	(20)
Payment for investments at fair value through other comprehensive income		(4)	—
Proceeds on disposal of property, plant and equipment and intangible assets[2]		400	1 045
Cash inflows as a result of the disposal of discontinued operations	35.2	39	49
Proceeds on disposal of assets classified as held for sale[3]		368	331
Proceeds from insurance recovery for property, plant and equipment relating to social unrest		—	7
Payments for government bonds and bills		(339)	(679)
Proceeds from government bonds and bills		523	664
Loans receivable advanced		(663)	(177)
Loans receivable repaid		593	257
Decrease/(increase) in ring-fenced Angola tax guarantees		285	(292)
Investment in associate	9	(119)	(13)
Cash inflow on acquisition of subsidiaries	38.5	25	—
Acquisition of select businesses from Massmart Holdings Ltd	38.6	—	(630)
Acquisition of other operations		(69)	(16)
Cash outflow on disposal of investment in subsidiary	38.7	(51)	—
Cash flows utilised by financing activities		(4 012)	(2 855)
Repayment of lease liability obligations	21	(3 386)	(3 282)
Purchase of treasury shares		(239)	(318)
Proceeds from treasury shares disposed		11	47
Repayment of borrowings	22.1	(1 714)	(1 467)
Borrowings raised	22.1	1 316	2 165
Net movement in cash and cash equivalents		3 050	747
Cash and cash equivalents at the beginning of the year		6 302	5 967
Effect of exchange rate movements and hyperinflation on cash and cash equivalents		(515)	(412)
Cash and cash equivalents at the end of the year		**8 837**	**6 302**
Consisting of:			
Restricted cash[4]	43.4.1(d)	—	358
Cash and cash equivalents	43.4.1(e)	11 732	12 548
Bank overdrafts		(2 895)	(6 604)
		8 837	**6 302**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

2 Proceeds on disposal of property, plant and equipment and intangible assets does not include proceeds (2023: R882 million) relating to sale and leaseback arrangements. Refer to note 21.

3 Proceeds on disposal of assets classified as held for sale include R338 million (2023: no proceeds) relating to sale and leaseback arrangements. Refer to note 21.

4 Cash and cash equivalents excludes restricted cash of R3 million (2023: R292 million) ring-fenced Angola tax guarantees. Refer to note 43.4.1(d).

Notes to the consolidated annual financial statements

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below and are consistent with those applied in the previous year, except where the Group has applied new accounting policies or adopted new accounting standards effective for year-ends starting on or after 1 January 2023.

At the end of March 2024, the Group acquired the remaining 60.9% of shares in associates Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd, increasing its ownership percentage to 100%. The acquisition included five Nigeria companies which own three malls namely Delta, Owerri and Asaba Mall. These malls have been classified as investment properties, refer to note 1.1.1.1(b) for the judgement applied with regards to the acquisition date and note 1.8 for the new accounting policy applied.

The convertible loan from Omnisient (RF) (Pty) Ltd was converted to equity during May 2024 and the Group acquired an investment in Omnisient International Ltd. These equity investments were classified as investments at fair value through other comprehensive income. The accounting policy is disclosed in note 1.15.

The Group has adopted IFRS 17: Insurance Contracts (IFRS 17) on 3 July 2023. The impact of the adoption of this standard is disclosed in note 45. Refer to note 1.1.1.1(d) regarding the judgement applied for adopting the premium allocation approach and notes 1.3 and 1.28 for the accounting policies relating to the Group's third-party cell captive contracts.

The Group's consolidated financial statements were authorised for issue by the Board of Directors on 27 September 2024. Other than the facts presented in the annual financial statements, there have been no material changes in the affairs or financial position of the Group and its subsidiaries from 30 June 2024 that have an impact on the financial results or disclosures in these annual financial statements.

1.1 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 52-week period, ended 30 June 2024, compared to 52 weeks in the previous financial year.

The financial statements have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Limited Listings Requirements and the requirements of the South African Companies Act, 71 of 2008. The financial statements are prepared under the historical cost convention adjusted for the effects of inflation, where entities operate in hyperinflationary economies, and for the revaluation of certain financial instruments to fair value. The financial statements are prepared on a going concern basis.

The Ghana economy has been considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiary in Ghana have been expressed in terms of the measuring unit applicable at the reporting date.

The Angolan economy had been considered to be hyperinflationary up to 30 June 2019. For the 52 weeks ended 30 June 2024, the Angolan economy was assessed not to be hyperinflationary. Although no further hyperinflationary adjustments were required for the current and comparative reporting period of the Group's subsidiaries in Angola, the statement of financial position at the reporting date still includes cumulative hyperinflation adjustments as a result of the application of IAS 29: Financial Reporting in Hyperinflationary Economies, up to 30 June 2019. These cumulative hyperinflation adjustments, included in property, plant and equipment and right-of-use assets, are written off to the statement of comprehensive income, together with the related deferred income tax effect, in accordance with the Group's accounting policies for the respective items.

1 Accounting policies continued

1.1 Basis of preparation continued

1.1.1 Use of judgements, assumptions and estimates

1.1.1.1 Judgements

The preparation of the financial statements in accordance with IFRS Accounting Standards requires management to exercise its judgement in the process of applying the Group's accounting policies. The most significant judgements in applying the Group's accounting policies relate to the following:

a) **Investment in associate:** The Group considers Retail Logistics Fund (RF) (Pty) Ltd to be a strategic partner and holds a 49.9% shareholding in the associate. Significant judgement is required in determining whether or not the Group controls Retail Logistics Fund (RF) (Pty) Ltd. Management determined that control of Retail Logistics Fund (RF) (Pty) Ltd vests in its Board of Directors. Equites Property Fund Ltd has a 50.1% shareholding in Retail Logistics Fund (RF) (Pty) Ltd and may appoint the majority of Directors to the Board of Retail Logistics Fund (RF) (Pty) Ltd. Furthermore, the majority stake substantive rights inferred includes the ability to appoint key management personnel, the ability to enter into significant transactions and the ability to dominate the nomination of members to the Board of Retail Logistics Fund (RF) (Pty) Ltd.

   The founding and operational agreements of Retail Logistics Fund (RF) (Pty) Ltd note that the Group has been granted a number of protective rights and the scope of the activities of Retail Logistics Fund (RF) (Pty) Ltd has been partially restricted. Equites Property Fund Ltd has substantive rights to direct these relevant activities of Retail Logistics Fund (RF) (Pty) Ltd.

   Based on the assessment done by management it was concluded that Equites Property Fund Ltd controls Retail Logistics Fund (RF) (Pty) Ltd and that the Group exercises significant influence over Retail Logistics Fund (RF) (Pty) Ltd.

b) **Date of acquisition of Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd:** During the year, the Group acquired Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd. Significant judgement is required in determining the acquisition date on which the Group obtained control of the entities. The date of acquisition was determined to be the date when the Group assumed the risks and rewards associated with the acquisition, being end of March 2024, when the share purchase agreements were signed and both parties unconditionally committed to the transaction.

c) **Investment in joint venture:** The Group has a 50% shareholding in Pingo Delivery (Pty) Ltd, the delivery partner for Checkers Sixty60. Significant judgement is required in determining whether the Group controls Pingo Delivery (Pty) Ltd. Management determined that control of Pingo Delivery (Pty) Ltd vests in its Board of Directors. The Board- and sub-committee compositions are equally represented by the shareholders. These committees make decisions about the relevant activities and the appointment of key management personnel of Pingo Delivery (Pty) Ltd.

   The founding and operational agreements of Pingo Delivery (Pty) Ltd note that the Group has been granted a number of protective rights and the scope of Pingo Delivery (Pty) Ltd's activities has been partially restricted. The shareholders together have substantive rights to direct the relevant activities of Pingo Delivery (Pty) Ltd.

   Further judgement was applied in considering whether this agreement is a joint venture or joint operation. According to projections, Pingo Delivery (Pty) Ltd will not provide substantially all of its services solely to the Group.

   Based on the assessment done by management, it was concluded that the shareholders jointly control Pingo Delivery (Pty) Ltd and should be accounted for as a joint venture.

d) **Third-party cell captive contracts:** Judgement was applied to determine the Group's eligibility for adopting the premium allocation approach, in accordance with IFRS 17. The Group has adopted the premium allocation approach as it reasonably expects the measurement relating to its insurance contracts would not differ materially from that produced under the general measurement model, if applied.

e) **Investment in Shoprite Employee Trust:** The Group established Shoprite Employee Trust on a non-vesting, evergreen basis. Significant judgement is required in determining whether or not the Group controls Shoprite Employee Trust. As its founder, Shoprite Checkers (Pty) Ltd funded the Shoprite Employee Trust primarily on a notional basis upon formation of the trust. Aimed at retention and motivation of the Group's employees in an appropriate manner and ensuring that they benefit from the growth and continued success of the Group, the objective of the scheme implemented by Shoprite Employee Trust is to provide eligible employees with distributions whenever a dividend is declared by Shoprite Holdings Ltd to its ordinary shareholders. Such distributions to eligible employees are funded by dividends received from Shoprite Checkers (Pty) Ltd.

   Based on the assessment done by management, it was concluded that the Group controls Shoprite Employee Trust in accordance with IFRS 10: Consolidated Financial Statements, and that the appropriate accounting treatment for this entity is for the Group to consolidate its results.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued
1.1 Basis of preparation continued
1.1.1 Use of judgements, assumptions and estimates continued
1.1.1.1 Judgements continued

f) **Classification of cash and bank balances:** Local currency cash and short-term deposits held in Angola, Nigeria and Malawi are subject to onerous local exchange control regulations, which provide restrictions on exporting capital from the country, other than through normal dividends. In order to determine how restricted funds should be classified in the cash flow statement, it should be considered whether the restricted funds meet the definition of cash and cash equivalents or whether the funds are restricted in a manner such that the definition is not met. Significant judgement is required in this assessment. Management assessed the economic substance of the restrictions in each case by taking into consideration the facts and circumstances of the specific restrictions and how management intends to use the deposits. It was concluded that restricted funds that are available for use in the short-term in Angola, Nigeria and Malawi (2023: Angola and Malawi), albeit with some restrictions over their use, still qualify to be classified as cash and cash equivalents. However, the deposit accounts in Angola which are held for objections to tax assessments are ring-fenced as they could not be utilised by the Group. These guaranteed amounts are classified as restricted cash on the statement of financial position. The funds do not form part of the statement of cash flows as the Group does not have access to these accounts. In the prior financial year short-term deposits held in Nigeria were classified as restricted cash in the statement of financial position. This was due to the Group not having significant short-term cash commitments to be settled in Nigeria naira and repatriation challenges. Consequently, the short-term deposits held in Nigeria were classified as restricted cash in the statement of financial position. The Nigeria short-term deposits form part of cash in the statement of cash flows as the Group has access to these accounts.

g) **Lease term:** In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of distribution centres and retail stores, the following factors are normally the most relevant:
- The number of extension options included in the initial measurement of the lease liability will depend on the length of the initial period and whether higher-than-normal capital expenditure was incurred on leasehold improvements. For subsequent measurement, the store's profitability is used to determine if and how many options are to be included upon renewal of the lease.
- Otherwise, the Group considers other factors including the costs and business disruption required to replace the leased asset.

Most extension options in rental contracts for offices and the commercial vehicle fleet have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an extension option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. Extension options are generally exercised six to 12 months before the end of the lease term. When the lease term is adjusted as a result of exercising an extension option not included in the initial measurement of the lease liability, the lease liability is reassessed and adjusted against the right-of-use asset. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances that is within the control of the lessee occurs and affects this assessment.

h) **Discount rate used to calculate the lease liability:** Incremental borrowing rates used to calculate lease liabilities at inception of the lease are determined monthly and depend on the term, country, currency and start date of the lease. The incremental borrowing rate is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; an adjustment for the term of the lease; and an entity-specific adjustment where the entity risk profile is different to that of the Group.

i) **Determination of whether a sale and leaseback transaction qualifies as a sale:** A sale and leaseback is a transaction in which the owner of an asset sells the asset and leases it back from the buyer. The IFRS 16: Leases (IFRS 16) treatment of a sale and leaseback transaction hinges on whether the transaction is considered to be a sale or not. Where the Group acts as a seller-lessee in this transaction, it must determine if the transaction qualifies as a sale for which revenue is recognised, or whether the transaction is a collateralised borrowing.

The assessment of whether the transaction is a sale depends on whether it satisfies the requirements of IFRS 15: Revenue from Contracts with Customers (IFRS 15), in which the buyer-lessor obtains control of the asset. Judgement is thus required in analysing whether the transaction constitutes a transfer of control sale in terms of IFRS 15.

In terms of IFRS 15, a performance obligation is satisfied by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. In determining whether control has transferred to the buyer-lessor, management considers all qualitative facts and prepares a quantitative assessment considering the proportion of the fair value retained.

1 Accounting policies continued
1.1 Basis of preparation continued
1.1.1 Use of judgements, assumptions and estimates continued
1.1.1.1 Judgements continued

j) **Classification of non-current assets to be sold within 12 months after the reporting date:** During the financial year management applied judgement in determining whether a portfolio of malls (2023: distribution centres, associated undeveloped land and commercial properties) should be classified as assets held for sale. The Group sold the portfolio of malls (2023: distribution centres and associated undeveloped land) and subsequently leased it back from the buyer-lessor (subject to certain conditions). In terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (IFRS 5), an entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Management applied their judgement and concluded that, in the current year, the carrying amount of the malls would be recovered principally through sale rather than through continuing use as the Group retained an insignificant percentage of the fair value of the underlying assets. The portfolio of malls was subsequently classified as assets held for sale as their carrying amounts were recovered principally through a sale transaction, which was concluded in the current year. In the prior year, management concluded that the carrying amount of the distribution centres would be recovered principally through continuing use rather than through a sale as the Group retained a large percentage of the fair value of the underlying assets. The portfolio of distribution centres and associated undeveloped land was therefore still classified as non-current assets and included within property, plant and equipment until the transaction was concluded.

k) **Segment reporting:** IFRS 8: Operating Segments requires an entity to identify its operating segments and determine its reportable segments. Reportable segments may comprise single operating segments or an aggregation of operating segments. Aggregation of one or more operating segments into a single reportable segment is permitted where certain conditions are met; the principle conditions being that the operating segments should have similar economic characteristics and the operating segments are similar in respect of the products and services offered, nature of production processes, type or class of customers, distribution methods, and regulatory environment.

The Group's management has assessed the above mentioned aggregation criteria in respect of its identified retail operating segments and believe that it has been satisfied as they have similar average gross margins and similar expected growth rates; therefore it has elected to aggregate the segments as disclosed in note 2.

l) **Determination of cash-generating units:** The Group has determined each store and investment property as a separate cash-generating unit for impairment testing.

m) **Use of exchange rates:** All foreign currency translations and foreign currency transactions are translated using the official exchange rate in line with the requirements of IFRS Accounting Standards and foreign exchange regulations in individual countries.

n) **Hyperinflation:** The Group exercises judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates and joint arrangements is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account to assess whether an economy is hyperinflationary or not. These characteristics include, but are not limited to, the following:
- The general population prefer to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- Prices are quoted in a relatively stable foreign currency;
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement in determining when a restatement of the financial statements of a Group entity becomes necessary.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued
1.1 Basis of preparation continued
1.1.1 Use of judgements, assumptions and estimates continued
1.1.1.1 Judgements continued

n) **Hyperinflation** continued

Ghana

The economy of Ghana was assessed to be hyperinflationary effective from 3 July 2023 and hyperinflation accounting was applied for the year ended 30 June 2024. Accordingly, the results and financial position of the Group's Ghana subsidiary have been expressed in terms of the measuring unit current at the reporting date.

The hyperinflation impact reduced the Group's sale of merchandise by R93 million, while prior period gains of R124 million, which arose from the net monetary position, were recognised in other comprehensive income.

The general price indices, as published by the Ghana Statistical Service, were used in adjusting the historical cost local currency results and financial position of the Group's Ghana subsidiary. The general price index as at the end of the reporting period was 226.4. As at 30 June 2024, the cumulative three-year inflation rate was 127.1%.

Angola

The economy of Angola was reassessed and found to no longer be hyperinflationary. The hyperinflation accounting was ceased for the current and comparative year and the cumulative hyperinflation adjustments up to 30 June 2019 will unwind over time. The Group will continue to monitor the hyperinflationary nature of Angola.

The general price indices, as published by the National Institute of Statistics of Angola, were used in adjusting the historic cost local currency results and financial positions of the Group's Angolan subsidiaries up to 30 June 2019. As at 30 June 2024, the cumulative three-year inflation rate was 79.2% (2023: 71.4%).

o) **Agent versus principal assessment of drop-shipments:** The IFRS 15 principles dictate that revenue is recognised as and when the control over goods and services is transferred to customers. OK Franchise members may order goods for direct delivery in terms of a drop-shipment arrangement with suppliers, which are pre-approved by the Group, at prices negotiated between the Group and the suppliers. The Group has assessed its drop-shipment sales and concluded that the fact that the Group has a contractual relationship with the suppliers, negotiates prices on behalf of its members and pays the swell allowance for quality issues to the member, indicates that it is acting as principal in these arrangements. The Group's drop-shipment sales will therefore continue to be recognised on a gross basis having satisfied the requirements of principal accounting under IFRS 15.

1.1.1.2 Assumptions and estimates

The preparation of the financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates and assumptions. The most significant assumptions and estimates used in applying the Group's accounting policies relate to the following:

a) **Rebates from suppliers:** Management is required to make estimates in determining the amount and timing of recognition of rebates for some transactions with suppliers. In determining the amount of volume-related allowances recognised in any period, management estimates the probability that the Group will meet contractual target volumes, based on historical and forecast performance. There is limited estimation involved in recognising income for promotional and other allowances.

Management assesses its performance against the obligations conditional on earning the rebate, with the rebate recognised either over time as the obligations are met, or at the point when all obligations are met, dependent on the contractual requirements. Rebates are recognised as a credit within cost of sales. Where the rebate earned relates to inventories which are held by the Group at period ends, the rebate is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Management views that the cost of inventories sold (which is inclusive of rebates) provides a consistent and complete measure of the statement of comprehensive income impact of the overall supplier relationships.

b) **Impairment of assets:** The Group performs a review of trading stores as well as investment properties and considers the need for the impairment of assets. This determination requires significant judgement. The Group evaluates amongst other things the near-term business outlook, the possible redeployment of assets between stores and the trading duration of the stores. Refer to note 8.

c) **Useful lives of assets:** In determining the depreciation and amortisation charge for property, plant and equipment, investment properties and intangible assets, management applies judgement in estimating the useful lives and residual values of these different asset classes. Refer to notes 3, 5, 7 and 27.

1 Accounting policies continued
1.1 Basis of preparation continued
1.1.1 Use of judgements, assumptions and estimates continued
1.1.1.2 Assumptions and estimates continued

d) **Income taxes:** The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide accrual for income taxes. The Group recognises liabilities for anticipated uncertain income tax positions based on estimates of potential additional taxes due. With regards to deferred income tax assets for unutilised income tax losses, judgement is also required to determine whether sufficient future taxable income will be available against which these losses can be utilised. Refer to notes 1.25 and 15.

e) **Allowance for expected credit losses (ECL) on financial assets:** The Group assesses on a forward-looking basis the ECL associated for all debt instruments not held at fair value through profit or loss and the Group recognises an allowance for ECL on these financial assets. The measurement of the ECL allowance is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The ECL allowances on financial assets are based on assumptions about risk of default and expected loss rates. The Group uses its judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 43.4.1.

f) **Third-party cell captive contracts:** Third-party cell captive contracts are measured using the premium allocation approach which simplifies the measurement of the net asset for remaining coverage and liabilities for incurred claims. Refer to notes 1.28, 12 and 43.5 for details of key assumptions and estimates applied.

g) **Employee benefit accruals and provisions:** Various assumptions are applied in determining the valuations of post-employment medical benefits, share-based payment accruals and long-term employee benefits as set out in notes 1.18, 1.19, 19 and 23.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in a subsequent year relate to the following: impairment of assets; income taxes; expected credit losses and employee benefit allowances.

All estimates and underlying assumptions are based on historical experience and various other factors that management believes are reasonable under the circumstances. The results of these estimates form the basis of judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any affected future periods.

1.1.2 Use of adjusted measures

The measures listed below are presented as management believes it to be relevant to the understanding of the Group's financial performance. These measures are used for internal performance analysis and provide additional useful information on underlying trends to equity holders. These measures are not defined terms under IFRS Accounting Standards and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS Accounting Standards.

a) Trading profit on the face of the statement of comprehensive income, being the Group's operating results excluding foreign exchange rate differences, profit or loss on lease modifications and terminations as well as items of a capital nature.
b) Items of a capital nature on the face of the statement of comprehensive income, being all re-measurements excluded from the calculation of headline earnings per share in accordance with the guidance contained in SAICA Circular 1/2023: Headline Earnings. The principal items that will be included under this measure are: gains and losses on disposal and scrapping of property, plant and equipment, investment properties, intangible assets and assets classified as held for sale; impairments or reversal of impairments; any non-trading items such as gains and losses on disposal of investments, operations and subsidiaries.
c) Interest received on the face of the statement of comprehensive income, being only interest received on call and operating bank account balances.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.2 Consolidation and equity accounting

1.2.1 Subsidiaries

Subsidiaries are entities (including structured entities) which are, directly or indirectly, controlled by the Group. Control is established where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The nature and effect of existing rights that give the Group the current ability to direct the relevant activities of the entity are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The acquisition method is used to account for business combinations. The consideration transferred is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the consideration transferred is less than the Group's share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Where substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the Group may apply an optional concentration test, which simplifies the evaluation of whether an acquired set of activities and assets is not a business. In these circumstances, where the Group determines that the assets acquired do not represent a business, the relevant recognition and measurement policies are applied to the acquisition of those assets directly. The acquisition of Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd has been accounted for as an asset acquisition applying the optional concentration test.

All intergroup transactions, balances and unrealised gains and losses on transactions between entities of the Group have been eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

1.2.2 Associates

Associates are those entities over which the Group exercises significant influence but not control. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of another entity. The Group's investments in associates are accounted for using the equity method and are initially recognised at cost. Investments in associates include goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of post-acquisition profit or loss and its share of post-acquisition movements in other comprehensive income are recognised in the statement of comprehensive income and in other comprehensive income respectively, with a corresponding adjustment to the carrying amount of the investment, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When necessary, accounting policies applied by associates have been changed to ensure consistency with the policies adopted by the Group.

1.2.3 Joint arrangements

Joint arrangements are those arrangements over which the Group exercises joint control in terms of a contractual agreement. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. The Group's investments in joint ventures are accounted for using the equity method and are initially recognised at cost.

The Group's share of post-acquisition profit or loss and its share of post-acquisition movements in other comprehensive income are recognised in the statement of comprehensive income and in other comprehensive income respectively, with a corresponding adjustment to the carrying amount of the investment, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses in a joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture. When necessary, accounting policies applied by joint ventures have been changed to ensure consistency with the policies adopted by the Group.

1 Accounting policies continued

1.3 Cell captive insurance arrangements

The Group has entered into insurance cell arrangements with Old Mutual Life Insurance Company (Namibia) Ltd and Centriq Insurance Company Ltd, licensed insurance companies. The Group purchased shares in insurance cells within South Africa and Namibia.

The first-party cells are classified as financial assets held at fair value through profit or loss (FVPL) (refer to note 1.15) and the third-party cells as cell captive insurance contracts (refer to note 1.28).

The third-party cells issue contracts that transfer significant insurance risk. The risks and rewards associated with these contracts are transferred to the Group through a cell agreement (refer to note 43.5).

The net investment is presented separately on the face of the statement of financial position.

1.4 Foreign currency translation

1.4.1 Functional and presentation currency

All items in the financial statements of the Group's subsidiaries, associates and joint arrangements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group's consolidated financial statements are presented in South Africa rand, which is Shoprite Holdings Ltd's functional currency and the Group's presentation currency.

1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates for the relevant month. These average exchange rates approximate the spot rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

1.4.3 Foreign operations

The results and the financial position of Group subsidiaries, associates and joint arrangements which are not accounted for as entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the Group are translated into the presentation currency as follows:

a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
b) Income and expenses for each statement of comprehensive income presented are translated at the average exchange rates for the period presented; and
c) All resulting translation differences are recognised in other comprehensive income and presented as a separate component of equity in the foreign currency translation reserve (FCTR).

The results and financial position of Group entities which are accounted for as entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the Group are translated into the presentation currency of its immediate parent at the exchange rates ruling at the reporting date.

On consolidation, exchange rate differences arising from the translation of the net investment in foreign operations are also taken to the FCTR. The Group's net investment in a foreign operation is equal to the equity investment plus all monetary items that are receivable from or payable to the foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future.

When a foreign operation is disposed of, abandoned or sold and the Group loses control, joint control or significant influence over the foreign operation, all related exchange rate differences recognised in other comprehensive income and accumulated in equity in the FCTR are reclassified from equity to the statement of comprehensive income as part of the profit or loss on the sale of the operation. On partial disposal of a foreign subsidiary, where a change occurs in the absolute ownership percentage held by the Group and control is not lost, a proportionate share of all related exchange rate differences recognised in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. On partial disposal of a foreign joint arrangement or associate, where a change occurs in the absolute ownership percentage held by the Group and joint control or significant influence is not lost, a proportionate share of all related exchange rate differences recognised in other comprehensive income are reclassified from equity to the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and are translated at the closing rate.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.5 Hyperinflation

The results, cash flows and financial position, including comparative amounts, of the subsidiary whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting date in accordance.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level of exchange rates in the current year. Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised in other comprehensive income.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss and included in trading profit.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except for retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

At the end of the first period and in the subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

1.6 Hedging activities: net investment hedging

In accordance with IFRS 9: Financial Instruments (IFRS 9), certain foreign currency denominated financial liabilities are designated as hedges of a net investment in a foreign operation. The Group uses non-derivative financial liabilities to reduce exposure to fluctuations in foreign currency exchange rates resulting from the Group's net investments in certain foreign operations.

The Group documents, at the inception of the hedging transaction, the economic relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the FCTR in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group discontinues hedge accounting prospectively when a hedging instrument expires or is sold, when a hedge no longer meets the criteria for hedge accounting, or when the designation is revoked. Gains and losses accumulated in the FCTR at that time remains in equity and are reclassified to profit or loss when the foreign operation is partially disposed of or sold. Refer to note 1.4.3.

1 Accounting policies continued

1.7 Property, plant and equipment

Property, plant and equipment are tangible assets held by the Group for use in the supply of goods, rental to others or administrative purposes and are expected to be used during more than one period. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. The historical cost includes all expenditure that is directly attributable to the acquisition of the buildings, machinery, equipment and vehicles and is depreciated on a straight-line basis, from the date it is available for use, at rates appropriate to the various classes of assets involved, taking into account the estimated useful life and residual values of the individual items. Land is not depreciated, as it has an unlimited useful life. Improvements to leasehold properties are shown at cost and written off over the shorter of the remaining period of the lease and the items' useful life.

Management determines the estimated useful lives, residual values and the related depreciation charges at acquisition and these are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

Useful lives:	
Buildings	20 years
Machinery	5 to 10 years
Racking	15 years
Vehicles	5 to 10 years
Trolleys	3 to 5 years
Equipment	4 to 10 years
Safes	20 years
Computer equipment	3 to 5 years
Aircraft and its components	33 to 50 years

The cost of major refurbishments is capitalised as property, plant and equipment to the extent that it can be recovered from future use of the assets. The capitalised amounts are depreciated over the relevant write-off periods. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which these are incurred.

As the functional currency of the Group's subsidiary in Ghana is a currency of a hyperinflationary economy, property, plant and equipment relating to this subsidiary are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to note 1.5).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal or scrapping of property, plant and equipment, being the difference between the net proceeds on disposal or scrapping and the carrying amount, are recognised in the statement of comprehensive income.

1.8 Investment properties

Properties held to earn rentals or for capital appreciation or both, rather than for use in production, supply of goods or services, or for administrative purposes or for sale in the ordinary course of business, are classified as investment properties. Investment properties are measured at cost, less accumulated depreciation and impairment losses. The historical cost includes all expenditure that is directly attributable to the acquisition of the buildings and land.

Investment properties are depreciated on the straight-line basis over 20 years. This rate is considered to be appropriate to reduce the buildings to their estimated residual value over their useful life.

Management determines the estimated useful lives, residual values and the related depreciation charges at acquisition and these are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of original assessed standards of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

The carrying amount of investment properties are written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal or scrapping of investment properties, being the difference between the net proceeds on disposal or scrapping and the carrying amount, are recognised in the statement of comprehensive income.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.9 Intangible assets

1.9.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or operation at the date of acquisition. Goodwill denominated in a foreign currency is translated at closing rates. Goodwill is tested for impairment at each reporting date and whenever there is an indication of impairment. Goodwill is carried at cost less accumulated impairment losses. It is not amortised, as it has an indefinite useful life. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Each of those CGUs represents the Group's investment in a trading unit or a group of trading units. Gains and losses on the disposal of an entity that has related goodwill include the carrying amount of the related goodwill. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

1.9.2 Software, trademarks and customer relationships

Intangible assets are held by the Group for use in the supply of goods or administrative purposes and are expected to be used during more than one period. Acquired intangible assets are initially recognised at cost and intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets, other than goodwill and customer relationships which have an indefinite useful life, are subsequently measured at cost less accumulated amortisation and accumulated impairment. The cost of intangible assets includes all costs incurred to acquire the intangible assets and bring it into use and is amortised on a straight-line basis, from the date it is available for use, at rates appropriate to the various classes of intangible assets involved, taking into account the estimated useful life and residual values of the individual items.

Costs associated with implementing or maintaining intangible assets are recognised as an expense when incurred. Costs that are directly associated with the purchase and customisation of identifiable and unique intangible assets controlled by the Group, and that will probably generate future economic benefits beyond one year, are recognised as intangible assets. Direct costs include the intangible asset development employee costs and an appropriate portion of relevant overheads.

Management determines the estimated useful lives, residual values and the related amortisation charges at acquisition and these are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

Useful lives:	
Software	1 to 10 years
Trademarks	16 to 20 years

As the functional currency of the Group's subsidiary in Ghana is a currency of a hyperinflationary economy, intangible assets relating to this subsidiary are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to note 1.5).

An intangible asset's carrying amount is written down immediately to its recoverable amount if the intangible asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal or scrapping of intangible assets, being the difference between the net proceeds on disposal or scrapping and the carrying amount, are recognised in the statement of comprehensive income.

1 Accounting policies continued

1.10 Convertible loans

The Group acquired an investment in a convertible loan during the comparative financial year. The convertible loan was classified as financial assets held at FVPL (refer to note 1.15).

The investment is presented separately on the face of the statement of financial position.

1.11 Non-current assets classified as held for sale and discontinued operations

1.11.1 Non-current assets classified as held for sale

Non-current assets and/or disposal groups are classified as assets held for sale and are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction rather than through continued use and this sale is considered highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

Assets and liabilities of abandoned disposal groups are not classified as held for sale because the carrying amounts will not be recovered principally through a sale transaction.

1.11.2 Discontinued operations

A discontinued operation is a component of the entity that has been disposed of, abandoned or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. An abandoned operation is classified as a discontinued operation when it has been closed. The results of discontinued operations are presented separately in the statement of comprehensive income.

1.12 Impairment of non-financial assets

Goodwill and customer relationships, being the Group's only non-financial assets with an indefinite useful life, is not subject to depreciation and amortisation and is tested for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the full carrying amount may not be recoverable. The determination of whether an asset is impaired requires significant management judgement and the following factors, amongst others, will be considered: duration and extent to which the fair value of the assets is less than its cost; industry, geographical and sector performance; changes in regional economies; and operational and financing cash flows.

Where the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is impaired and the asset is written down to its recoverable amount. The recoverable amount is calculated as the higher of the asset's fair value less costs of disposal and the value-in-use. These calculations are prepared based on management's assumptions and estimates such as forecasted cash flows; management budgets; and industry, regional and geographical operational and financial outlooks. For the purpose of impairment testing, the assets are allocated to CGUs or a group of CGUs. CGUs are the lowest levels for which separately identifiable cash flows can be determined. The related impairment expense is charged to the statement of comprehensive income as expenditure of a capital nature.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset, other than goodwill and customer relationships, may no longer exist or may have decreased. If any such indication exists the Group will immediately recognise the reversal as income of a capital nature in the statement of comprehensive income. An impairment loss recognised for goodwill and customer relationships shall not be reversed in a subsequent period.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.13 Leases

1.13.1 Where the Group is the lessee

a) Leasing activities and how they are accounted for

The Group leases various offices, distribution centres, retail stores, vehicles and equipment. Rental contracts are typically entered into for fixed periods, with extension options as follows:

- **Properties:** five to 10 years, with extension options for a further 15 to 20 years.
- **Commercial vehicle fleet:** one to 12 years, with an option to renew.
- **Multifunctional printers:** three years, with month to month extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Non-lease components are expensed as they become due.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

A right-of-use asset and a corresponding lease liability are recognised at the date at which the leased asset is available for use by the Group. They are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Lease payments to be made under reasonably certain extension options.

The Group's current rental portfolio does not include termination penalties. However, should these become relevant in the future, such payments will also be included in the initial measurement of the lease liability.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group discounts lease payments for its commercial vehicle fleet using the interest rate implicit in the lease. All other lease payments are discounted using the incremental borrowing rate.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee, which does not have recent third-party financing; and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and finance costs. Finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease prepayments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis. In instances where the ownership transfers from the lessor to the lessee, the right-of-use assets are depreciated over the underlying asset's useful life.

1 Accounting policies continued

1.13 Leases continued

1.13.1 Where the Group is the lessee continued

a) Leasing activities and how they are accounted for continued

As the functional currency of the Group's subsidiary in Ghana is a currency of a hyperinflationary economy, right-of-use assets relating to this subsidiary are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to note 1.5).

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets (with a cost price below R75 000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

b) Variable lease payments

Some property leases (2024: 52.8%; 2023: 52.0%) contain variable payment terms that are linked to sales generated from a store. Turnover rentals, where applicable, average 2.1% (2023: 2.1%) of turnover. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately R53 million (2023: R49 million).

c) Extension and termination options

The lease term includes any non-cancellable periods and reasonably certain termination or extension option periods. Extension and termination options are included in a number of property and commercial vehicle fleet leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The average lease term of the Group's portfolio of qualifying leases are as follows:

	2024	2023
Distribution centres	9.9 years	9.4 years
Storage and warehousing	4.6 years	4.6 years
Other properties	8.5 years	8.5 years
Commercial vehicle fleet	5.0 years	5.0 years
Multifunctional printers	3.0 years	3.0 years

1.13.2 Where the Group is the lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor, the sublease classification is assessed with reference to the head lease right-of-use asset.

Finance leases

At the commencement date of a sublease agreement, the right-of-use asset of the head lease is derecognised, and the Group recognises a net investment in lease receivables. The net investment in lease receivables is measured as the present value of the lease payments to be received over the lease term, discounted using the interest rate implicit in the lease. If the interest rate implicit in the sublease cannot be readily determined, the discount rate for the head lease is used. Any difference between the right-of-use asset and net investment in lease receivables is recognised in profit or loss.

The lease liabilities of the head leases are accounted for in terms of note 1.13.1.

Net investment in lease receivables is subsequently measured at amortised cost using the effective interest rate method. Lease payments received are allocated between principal and finance income. Finance income is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the receivable for each period.

Net investment in lease receivables is assessed for impairment at each reporting date as financial assets in accordance with note 1.15.5.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.13 Leases continued

1.13.2 Where the Group is the lessor continued

Operating leases

Portions of owner-occupied properties and leased properties are leased or subleased out under operating leases. The owner-occupied properties are included in property, plant and equipment in the statement of financial position. Rental income in respect of operating leases with a fixed escalation clause is recognised on a straight-line basis over the lease term. Incentives received to enter into a lease agreement are released to the statement of comprehensive income as operating lease income over the lease term. All other rental income is recognised as it becomes due.

When an operating lease is terminated before the lease period has expired, any payment received from the lessee by way of penalty is recognised as income and any unamortised portion of the fixed escalation lease accrual is recognised in the statement of comprehensive income in the period in which termination takes place.

1.14 Sale and leaseback transactions

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. This accounting policy thus applies in instances where the Group, as the seller-lessee, has transferred control of the asset to the buyer-lessor in terms of an IFRS 15 sale.

As the Group is the lessee in the subsequent arrangement, a lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the previous carrying amount of the asset relating to the right-of-use retained. The gain (or loss) that the seller-lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer-lessor. Any difference between the sale consideration and the fair value of the asset is either a prepayment of lease payments (if the purchase price is below market terms) or an additional financing (if the purchase price is above market terms). Any gain or loss that relates to the rights transferred to the buyer-lessor is recorded within items of a capital nature.

In other instances, where there is no transfer of control, the transaction amounts to a collateralised borrowing, which is covered by the existing accounting policies pertaining to financial liabilities as described in note 1.15.

1.15 Other financial instruments

1.15.1 Initial recognition and measurement

In addition to lease liabilities, financial instruments recognised on the statement of financial position include convertible loans, investments at fair value through other comprehensive income (FVOCI), first-party insurance cell captive arrangements, government bonds and bills, loans receivable, trade and other receivables, restricted cash, cash and cash equivalents, borrowings, trade and other payables and bank overdrafts.

These financial instruments are recognised at trade date when the Group becomes a party to the contractual provisions of the instrument. Trade and other receivables with no significant financing component are initially measured at transaction price. Other financial instruments not measured at FVPL are initially recognised at fair value including directly attributable transaction costs. Transaction costs of financial instruments carried at FVPL are expensed in profit or loss.

1.15.2 Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occurs.

1.15.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1 Accounting policies continued

1.15 Other financial instruments continued

1.15.4 Classification and subsequent measurement

Financial assets

The Group classifies financial assets according to the following categories:
- Financial assets at amortised cost
- Financial assets held at FVOCI
- Financial assets held at FVPL

Financial assets at amortised cost

The classification and subsequent measurement of debt investments depend on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost, using the effective interest rate method, less allowance made for impairment of these assets.

Interest income from these financial assets is calculated by applying the effective interest rate to the gross carrying amount, except for:
- Purchased or originated credit-impaired financial assets. For these financial assets the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition; and
- Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For these financial assets, the Group applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

Initiation fees, which are considered to be an integral part of the effective interest rate, are accounted for over the shorter of the original contractual term and the actual term of the loan or credit sale using the effective interest rate.

Any gain or loss arising on derecognition, modification or impairment is recognised directly in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those financial assets changes.

The following debt investments are measured at amortised cost in terms of the Group's business model of holding these financial assets to collect solely payments of principal and interest:

a) **Government bonds and bills:** These financial assets are non-derivative financial assets with fixed or determinable principal and interest payments and fixed maturities for which the Group intends to hold them to maturity to collect contractual cash flows. Government bonds and bills are included under non-current assets unless it matures within 12 months after the reporting date. Interest on government bonds and bills is recognised in the statement of comprehensive income as interest revenue.

b) **Loans receivable:** Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. The Group holds the loans receivable with the objective to collect contractual cash flows and the contractual terms of the loans receivable are solely payments of principal and interest. These financial assets are included under current assets unless it matures later than 12 months after the reporting date. Interest on loans receivable is recognised in the statement of comprehensive income as interest revenue.

c) **Trade and other receivables:** Trade receivables consist mainly of amounts receivable for the sale of merchandise to franchisees, medical aid schemes, pharmacies, doctors and buying aid societies. Furthermore, the Group has entered into various instalment sale agreements for household furniture. Other receivables consist of various operational debtors such as rental and municipal deposits refundable and insurance claims receivable. A finance sublease agreement was entered into previously and is included as a net investment in lease receivables. Trade and other receivables are held to collect contractual cash flows and the contractual terms of the trade and other receivables are solely payments of principal and interest. Interest on trade and other receivables is recognised in the statement of comprehensive income as interest revenue.

d) **Restricted cash, cash and cash equivalents and bank overdrafts:** Cash comprises cash on hand and cash at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Interest on cash and cash equivalents is recognised in the statement of comprehensive income as interest received from bank account balances. Restricted cash and bank overdrafts are disclosed separately on the face of the statement of financial position.

Financial assets held at FVOCI

e) **Investments at fair value through other comprehensive income:** Investments at fair value through other comprehensive income include equity shares of non-listed companies. The Group holds non-controlling interest in these companies. At initial recognition, the Group has irrevocably elected to classify these strategic investments as financial assets held at FVOCI. At the reporting date the fair value is determined based on the net asset value of the companies.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.15 Other financial instruments continued

1.15.4 Classification and subsequent measurement continued

Financial assets held at FVPL

The following financial assets are measured at FVPL as they do not meet the criteria for amortised cost or FVOCI:

f) **Convertible loans:** Convertible loans are measured at FVPL on initial recognition. At the reporting date the fair value is determined based on the income approach by using the level 3 hierarchy.

g) **First-party insurance cell captive arrangements:** The first-party insurance cell captive arrangements are measured at FVPL on initial recognition. At the reporting date the fair value is determined based on the net asset value of the underlying cell captive arrangements.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, using the effective interest rate method. The effective interest rate amortisation is recognised in the statement of comprehensive income as finance costs.

Financial liabilities, other than lease liabilities, measured at amortised cost on the statement of financial position include borrowings, trade and other payables and bank overdrafts:

h) **Borrowings:** Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to note 1.22 for the Group's accounting policy with regards to the capitalisation of borrowing costs.

i) **Trade and other payables:** Trade and other payables mainly comprise trade payables for the purchase of merchandise for resale and are short-term in nature.

Non-convertible, non-participating, non-transferable no par value deferred shares, which are mandatorily acquirable on a specific date, are classified as other payables.

1.15.5 Impairment

The Group assesses on a forward-looking basis the ECL associated for all debt instruments not held at FVPL and the Group recognises an allowance for ECL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has the following types of financial assets measured at amortised cost that are subject to impairment under the ECL models:

Financial asset	ECL model applied for impairment
Government bonds and bills	General impairment approach
Loans receivable	General impairment approach
Instalment sale receivables	Simplified approach
Trade receivables	Provision matrix
Other receivables	General impairment approach
Net investment in lease receivables	Simplified approach
Restricted cash	General impairment approach
Cash and cash equivalents	General impairment approach

a) **General impairment approach**

The Group applies the general impairment approach to measure ECL for government bonds and bills, loans receivable, other receivables, restricted cash as well as cash and cash equivalents. The Group assesses at the end of each reporting period whether the credit risk on a financial instrument has increased significantly since initial recognition.

In the event of a significant increase in credit risk since initial recognition, the Group recognises an allowance (or provision) for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default, or otherwise credit-impaired, are in 'stage 3'.

The measurement of ECL under the general impairment approach reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the Group. The probability-weighted outcome incorporates the probability of default (PD), exposure at default (EAD), timing of when default is likely to occur and loss given default (LGD).

1 Accounting policies continued

1.15 Other financial instruments continued

1.15.5 Impairment continued

b) **Simplified approach**

For instalment sale and net investment in lease receivables with a significant financing component, the Group has elected to measure the impairment allowance at an amount equal to the lifetime ECL. This policy will be applied to all instalment sale and net investment in lease receivables.

The measurement of ECL under the simplified impairment approach reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the Group.

c) **Provision matrix**

For trade and other receivables without a significant financing component, the Group applies the simplified approach which recognises lifetime ECL. The Group has established a provision matrix that is based on historical payment profiles and credit loss experience, adjusted for forward-looking factors specific to such trade and other receivables and the economic environment.

The Group recognises in profit or loss, as an impairment loss or reversal, the amount of ECL (or reversal) that is required to adjust the loss allowance at the end of the reporting period. When a receivable is uncollectible, it is written off against the allowance for impairment for that receivable. Subsequent recoveries of amounts previously written off are recognised in the statement of comprehensive income.

Note 43.4.1 provides more detail on how the Group determines a significant increase in credit risk and how the expected credit loss allowance is measured.

1.16 Inventories

Trading inventories are stated at the lower of cost, using the weighted average cost formula, and net realisable value. The cost of merchandise is the net of: invoice price of merchandise; insurance; freight; customs duties; an appropriate allocation of distribution costs between distribution centres and stores; trade discounts; advertising and other rebates and settlement discounts. Net realisable value is the estimated selling price in the ordinary course of business.

As the functional currency of the Group's subsidiary in Ghana is the currency of a hyperinflationary economy, inventories relating to this subsidiary are measured at the lower of the restated cost and net realisable value (refer to note 1.5).

1.17 Stated capital

Ordinary shares, including incremental costs directly attributable to the issue of new shares, are both classified as equity.

Where entities controlled by the Group purchase the Company's shares, the consideration paid, including attributable transaction costs net of income taxes, is deducted from capital and reserves attributable to owners of the parent as treasury shares until they are sold. Where such shares are subsequently sold, any consideration received is included in capital and reserves attributable to owners of the parent. Dividends received on treasury shares are eliminated on consolidation.

1.18 Employee benefit and other provisions

Employee benefit and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. The Group has discounted provisions to their present value where the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the statement of comprehensive income.

1.18.1 Long-term employee benefits

Long-term employee benefits are provided to employees who achieve certain predetermined milestones of service within the Group. The Group's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set off against the liability. Movements in the liability, including notional interest, resulting from the valuation by the actuaries are charged against the statement of comprehensive income as employee benefits.

1.18.2 Reinstatement provision

Where it has a contractual obligation in respect of certain lease agreements, the Group provides the estimate of the cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition at the expiry of the lease.

The Group also provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in property, plant and equipment or right-of-use assets that are erected on leased land.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.19 Employee benefits

1.19.1 Pension obligations

The Group operates various pension schemes. The schemes are funded through payments to trustee-administered funds in accordance with the plan terms.

Provident fund

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans, in respect of services rendered in a particular period, are recognised as an expense in that period. Additional contributions are recognised as an expense in the period during which the associated services are rendered by employees.

1.19.2 Post-employment medical benefits

The Group provides for post-employment medical benefits, where they exist. The expected costs of these benefits are accrued over the period of employment based on past services and charged to the statement of comprehensive income as employee benefits. This post-employment medical benefit obligation is measured at present value by discounting the estimated future cash outflows. Valuations of this obligation are carried out annually by independent qualified actuaries using the projected unit credit method. Actuarial gains or losses are recognised immediately in equity as other comprehensive income. Settlement premiums, when incurred, are recognised immediately in the statement of comprehensive income as employee benefits.

1.19.3 Equity-settled share-based payments

The Group operates an equity-settled share-based compensation plan under which it receives services from employees as consideration for equity instruments of the Company. The beneficiaries under the scheme are Executive Directors and management. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense on a straight-line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve.

The total amount to be expensed is determined by reference to the fair value of the shares granted, including any market performance conditions and excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions regarding the number of shares granted that are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of shares granted that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

Full share grants awarded may be settled by way of a purchase of shares in the market, use of treasury shares or issue of new shares. If new shares are issued to equity-settle full share grants, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Where shares are held or acquired by subsidiary companies for equity compensation plans, they are treated as treasury shares. Any gains or losses on vesting of such shares are recognised directly in equity.

The effect of all full share grants issued under the share-based compensation plan is taken into account when calculating diluted earnings and diluted headline earnings per share.

1.19.4 Cash-settled share-based payments

The Group recognises a liability for cash-settled share-based payments calculated at the current fair value determined at each reporting date. The fair value is calculated using relevant pricing models. This amount is expensed through the statement of comprehensive income over the vesting periods.

1.19.5 Bonus plans

The Group recognises a liability and an expense for bonuses, based on formulas that take into consideration the Group's trading profit after certain adjustments or the Company's dividend forecasts, depending on the qualifying criteria. The accrual for this liability is made where a contractual or constructive obligation exists.

An accrual for employees who qualify but have not been in service for the required period is recognised as a long-term employee benefit.

1 Accounting policies continued

1.20 Revenue from contracts with customers

Revenue from contracts with customers is recognised either over time or at a point in time, as or when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation. Revenue is measured at the fair value of the consideration received or receivable.

1.20.1 Sale of merchandise

The Group operates a chain of retail stores and, to a small degree, franchise stores selling products such as food, clothing, general merchandise, cosmetics, pharmaceuticals and liquor. It also sells products to franchisees under drop-shipment arrangements and operates furniture stores retailing products such as furniture, household appliances and home entertainment systems.

Revenue for the sale of merchandise from ordinary Group-operating activities, net of value added tax, rebates and discounts and after eliminating sales within the Group are recognised at a point in time, upon delivery of products and customer acceptance. The Group's Xtra Savings Rewards Programme offers immediate discount which is recognised as a reduction in revenue, since it does not create a separate performance obligation providing a material right to a future discount. Payment is usually received via cash, debit card or credit card. Related card transaction costs are recognised in the statement of comprehensive income as other expenses. When merchandise is sold under instalment sale agreements, the present value of the instalment sale payments is recognised as a receivable.

It is the Group's policy to sell goods with a right of return in terms of current consumer legislation. Such sales are cancelled where the right of return is exercised. A refund liability for the expected refunds to customers is recognised as an adjustment to revenue in trade and other payables. The accumulated experience of the Group's returns has been utilised to estimate such refund liability at the time of sale. Based on past experience it is estimated that goods returned in a saleable condition will be insignificant and therefore, the Group does not recognise an asset and a corresponding adjustment to cost of sales for its right to recover the product from the customer where the customer exercises his right of return. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

1.20.2 Lay-by sales

Proceeds from lay-by sales are initially recognised as contract liabilities, deferring the revenue. Revenues are recognised when the customer takes possession or forfeits the merchandise.

1.20.3 Gift vouchers and saving stamps

Proceeds from the sale of gift vouchers and saving stamps are initially recognised as contract liabilities, deferring the revenue. Revenues are recognised as sale of merchandise when the gift vouchers or saving stamps are redeemed.

Proceeds from the sale of gift vouchers and saving stamps give customers the right to receive goods or services in the future. However, customers occasionally do not exercise all of their contractual rights. The Group recognises the expected breakage amount in such contract liabilities as revenue, in proportion to the pattern of rights exercised by its customers. The accumulated experience of the Group's breakage history is utilised to estimate when it expects to be entitled to a breakage amount. The validity of this assumption and the estimated amount of breakage are reassessed at each reporting date.

1.20.4 Commissions received

The Group acts as a payment office for the services and products provided by a variety of third parties to the Group's customers. The agent's commissions received by the Group from the third parties for the payment office service are recognised as other operating income. Commissions relating to third-party products are recognised when the underlying third-party payments take place. Commissions relating to third-party services are recognised based on the stage of completion by reference to services performed to date as a percentage of the total services to be performed.

1.20.5 Franchise fees received

Franchise fees received comprise fees received from franchisees and are recognised as other operating income when the underlying sales, which give rise to the income, occur.

1.20.6 Marketing and media revenue

Revenue from marketing and media comprises revenue from various channels, including virtual, digital as well as in-store printed advertising, and is recognised as other operating income over the period of the campaign or promotion.

1.20.7 Delivery recoveries

Revenue from delivery recoveries is recognised as other operating income upon delivery of products to customers.

1.20.8 Financing components

Except when merchandise is sold under instalment sale agreements, the Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.21 Other operating income

Other operating income is recognised as follows:

1.21.1 Effective interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that have subsequently become credit-impaired (or "stage 3") for which interest revenue is calculated by applying the effective interest rate to their net carrying amount (i.e. gross carrying amount less impairment provision). The effective interest rate calculation does not consider ECL but includes initiation fees as they are integral to the effective interest rate.

1.21.2 Operating lease income

Rental income in respect of operating leases with a fixed escalation clause is recognised on a straight-line basis over the lease term. All other rental income is recognised as it becomes due. Refer to note 1.13.2.

1.21.3 Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

1.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are capitalised to the cost of that qualifying asset. The Group considers a period longer than 12 months to be a substantial period of time.

General borrowing costs are capitalised by calculating the weighted average expenditure on the qualifying asset and applying a weighted average borrowing rate to the expenditure. Specific borrowing costs are capitalised according to the borrowing costs incurred on the specific borrowing, provided the borrowing facility is utilised specifically for the qualifying asset. All other borrowing costs incurred are recognised as an expense in the statement of comprehensive income and are accrued on a time basis by reference to the principal amounts outstanding and at the interest rate applicable.

1.23 Rebates from suppliers

Consistent with standard industry practice, the Group has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. Most of the income received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the income is conditional on the Group performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning.

Rebates from suppliers are recognised when earned by the Group, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. The income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Group at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories.

Amounts due relating to rebates from suppliers are recognised within trade and other receivables, except in cases where the Group currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised. Accrued rebates are recognised within accrued income when rebates earned have not been invoiced at the reporting date.

1.24 Cost of sales

Cost of sales primarily comprises the cost of goods sold and services provided, including an allocation of direct overhead expenses, net of supplier rebates, and costs incurred that are necessary to acquire and store goods. Cost of sales also includes: the cost to distribute goods to customers where delivery is invoiced; inbound freight costs; internal transfer costs between distribution centres and stores; warehousing costs and the cost of other shipping and handling activities; and any write-downs and reversals of write-downs to inventory. Cost of sales does not include delivery fees from the Group's Checkers Sixty60 on-demand business which is included in other operating expenses.

1 Accounting policies continued

1.25 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it will also be recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax is recognised, using the liability method, for calculated income tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Management applies judgement to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as profit histories, forecasted cash flows and budgets.

Deferred income tax liabilities are recognised on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide accrual for income taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated uncertain income tax positions based on best informed estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax assets and liabilities in the period in which such determination is made.

As the functional currency of the Group's subsidiary in Ghana is a currency of a hyperinflationary economy, deferred income tax relating to this subsidiary is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their restated carrying amounts (refer to note 1.5).

1.26 Earnings per share

Earnings and headline earnings per share are calculated by dividing the net profit attributable to owners of the parent and headline earnings respectively, by the weighted average number of ordinary shares in issue during the year, excluding the ordinary shares held by the Group as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all ordinary shares with dilutive potential. Full share grants have dilutive potential. The full share grants are assumed to have been converted into ordinary shares. It has no effect on net profit and therefore no adjustment is made to net profit for full share grants.

Headline earnings are calculated in accordance with Circular 1/2023 issued by SAICA as required by the JSE Limited Listings Requirements.

1.27 Dividends distributed to shareholders

Dividends are accounted for on the date they have been declared by the Company.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.28 Basis of accounting for third-party cell captive contracts

1.28.1 Classification of contracts

Insurance risk is risk other than financial risk, transferred from the holder of a contract to the issuer. The Group has insurance risk through third-party cell captive contracts due to its obligation to recapitalise the cells and therefore IFRS 17 is applied in recognition of these contracts.

Contracts entered into by the Group that compensate another insurer for losses incurred on insurance contracts issued and fulfil the criteria for classification as insurance contracts, are designated as inwards reinsurance contracts issued. All references made to insurance contracts apply equally to reinsurance contracts entered into by the Group.

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts.

An insurance risk is deemed significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance. If significant additional benefits would be payable in scenarios that have commercial substance, the condition in the previous sentence may be met even if the insured event is extremely unlikely or even if the expected (i.e. probability-weighted) present value of contingent cash flows is a small proportion of the expected present value of all the remaining contractual cash flows.

1.28.2 Recognition and measurement of contracts

a) **Recognition**
The Group recognises insurance contracts it issues from the earliest of the beginning of the coverage period of the contracts; and the date when the first payment from a policyholder becomes due, or is received where there is no due date.

b) **Measurement**
Included in the measurement of the Group's insurance contracts are all the future cash flows within the boundary of each contract. Cash flows within the boundary of an insurance contract refer to cash flows that arise from substantive rights and obligations that exist during the reporting period in which the policyholder is obligated by the Group to pay the premiums, or in which the Group has a substantive obligation to render insurance contract services to the policyholder.

The premium allocation approach is applied to all insurance contracts entered into by the Group. The asset for remaining coverage is measured as the difference between premiums received at initial recognition, and any insurance acquisition cash flows at the date of inception of the contract. Where the coverage period is one year or less the insurance acquisition cash flows are expensed. For contracts with a coverage period of more than one year the insurance acquisition cash flows are capitalised and then amortised.

The carrying amount of the asset for remaining coverage is measured as:
- The sum of all capital contributions received;
- Less insurance acquisition expenses;
- Less dividends paid by the cell; and
- Plus insurance revenue recognised in respect of services provided during the reporting period.

The liabilities for incurred claims are estimated as the fulfilment cash flows related to incurred claims and incurred expenses. These cash flows consider all reasonable and supportable information available at a reasonable cost regarding the amount, timing, and uncertainty of future cash flows. The fulfilment cash flows represent the Group's current best estimates and include an explicit adjustment for non-financial risk, known as the risk adjustment. For the Group, as a reinsurer, a risk adjustment on the liabilities for incurred claims is not regarded as material. When assessing future cash flows, no adjustment is made for the time value of money and the impact of financial risk for incurred claims expected to be settled within one year of being incurred.

c) **Insurance revenue**
Insurance revenue represents the anticipated premium receipts, excluding any investment component. The Group allocates the anticipated premium receipts over the coverage period of the insurance contract services.

d) **Insurance service expenses**
Insurance service expenses originate from the selling, underwriting, and initiating of a set of insurance contracts, whether it is already issued or anticipated.

1 Accounting policies continued

1.29 Related parties

Individuals, as well as their close family members, or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions or if the parties are jointly controlled in a joint venture. Key management personnel are defined as all Directors of Shoprite Holdings Ltd and the prescribed officers of the main trading subsidiary (Shoprite Checkers (Pty) Ltd) of the Group.

1.30 Operating segment information

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision maker (this being the operational members of the Shoprite Checkers (Pty) Ltd Board of Directors), in order to allocate resources and assess performance and for which discrete financial information is available.

Operating segments, which display similar economic characteristics and have similar products, services, customers, methods of distribution and regulatory environments are aggregated for reporting purposes.

The Group has the following four reportable segments:
1. **Supermarkets RSA** – all retail operations under the Shoprite, Checkers, Checkers Hyper and Usave brands in South Africa, retailing products such as food, clothing, general merchandise, cosmetics and liquor.
2. **Supermarkets Non-RSA** – all retail operations under the Shoprite, Checkers and Usave brands outside of South Africa, retailing products such as food, clothing, general merchandise, cosmetics and liquor.
3. **Furniture** – all retail operations under the OK Furniture, OK Power Express and House & Home brands trading in RSA and Non-RSA, retailing products such as furniture, household appliances and home entertainment systems for cash or credit.
4. **Other operating segments** – all other operations not included in the above segments, trading in RSA and Non-RSA, including franchise operations and retail and wholesale of pharmaceutical products.

These segments were identified and grouped together using a combination of the products and services offered by the segments and the geographical areas in which they operate.

Information about the Group's discontinued segments is provided in note 35. The Group's operations in Nigeria, Kenya, Uganda, Madagascar and DRC are classified as discontinued operations.

The amounts reported to the chief operating decision maker excludes the impact of hyperinflation (refer to note 1.5) but are measured, in all other aspects, in a manner consistent with that in the statement of comprehensive income and statement of financial position.

The Group transacts with a wide spread of customers with no single customer exceeding 10% of the Group's revenue.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

1 Accounting policies continued

1.31 Standards, interpretations and amendments that are not yet effective as at 30 June 2024

The Group has considered the following new standards, interpretations and amendments to existing standards, which are relevant to the Group's operations and had been issued by the reporting date, but are not yet effective as at 30 June 2024:

Number	Title	Effective for the year ending
IFRS 18	Presentation and Disclosure in Financial Statements	2028
Amendments to IAS 21	Lack of Exchangeability	2026
Amendments to IAS 1	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants	2025
Amendments to IAS 12	International Tax Reform, Pillar Two Model Rules	2025
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	2025

The Group has not early adopted any of the above. The application thereof in future financial periods is not expected to have a significant impact on the Group's reported results, financial position and cash flows, except for the standards set out hereafter.

Title of standard	IFRS 18: Presentation and Disclosure in Financial Statements
Nature of change	IFRS 18 was issued as a replacement for IAS 1. The standard introduces categories and defined subtotals in the statement of comprehensive income with the purpose of providing additional relevant information and a structure that is more comparable between entities.
Impact	IFRS 18 will result in the Group's statement of comprehensive income being reclassified into categories namely, operating, investing, financing, income tax and discontinued operations. The disclosure of management-defined performance measures (MPM) will be introduced in the notes to the financial statements. MPM will constitute subtotals of income and expenses to communicate management's perspective of an aspect of the Group's performance. MPM will be disclosed in a single note which will describe why management believes it provides useful information on the Group's performance from their perspective. Furthermore, the note will describe how the MPM is calculated, considering the effect of tax and non-controlling interests where there are differences between the MPM and the most directly comparable subtotals and totals specified by IFRS Accounting Standards.
Mandatory application date/Date of adoption by the Group	IFRS 18 is mandatory for financial years commencing on or after 1 January 2027. At this stage, the Group does not intend to adopt the standard before its effective date.

1 Accounting policies continued

1.31 Standards, interpretations and amendments that are not yet effective as at 30 June 2024 continued

Title of standard	IAS 12: Income Taxes
Nature of change	IAS 12 has been amended due to the release of Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two rules aim to address the tax challenges of the digitalisation of the economy. These rules apply to multinational enterprises which fall within the €750 million (approximately R15.2 billion) annual turnover threshold, such as the Group. The ultimate parent entity of the Group is located in South Africa. The implementation of the global top-up tax legislation in South Africa was announced as part of the South African Minister of Finance's budget speech on 21 February 2024. The Group determined that the global minimum top-up tax would be an income tax within the scope of IAS 12. The Group will be liable to pay a top-up tax for the difference between its effective tax rate per jurisdiction in terms of the Pillar Two rules and the 15% minimum rate.
Impact	Due to the relatively high statutory tax rates in the various jurisdictions where the Group operates, the recognition and measurement of the amendment is not expected to be material. The Group will continue to assess the impact of the Pillar Two draft income taxes legislation on its future financial performance. The Group has applied the temporary mandatory relief from deferred tax and therefore has not determined the impact of Pillar Two on deferred tax in accordance with the amendments to IAS 12 issued in May 2023.
Mandatory application date/Date of adoption by the Group	The amendment to IAS 12 is mandatory for financial years commencing on or after 1 January 2023. Once enacted, it is envisaged that the South African global top-up tax legislation will be effective for financial years commencing on or after 1 January 2024. The draft legislation has not been enacted as at 30 June 2024.

1.32 New standards, interpretations and amendments effective for the year ended 30 June 2024

The following new standards, interpretations and amendments to existing standards are effective for the year ended 30 June 2024:

Number	Title
IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates

Following the adoption of IFRS 17 with effect from 3 July 2023, the Group had to change accounting policies and make certain retrospective adjustments to the amounts recognised in the financial statements. The new standard also introduced expanded disclosure requirements and changes in presentation. The effect of the changes in accounting policies is disclosed in note 45.

The other amendments listed above had no significant effect on the Group's operations.

1.33 Comparative figures

Where necessary, comparative figures have been restated following the adoption of IFRS 17. Refer to note 45.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

2 Operating segment information

2.1 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
2024							
Sale of merchandise							
External	195 041	20 822	7 230	17 718	240 811	(93)	240 718
Inter-segment	6 392	46	—	35	6 473	—	6 473
	201 433	**20 868**	**7 230**	**17 753**	**247 284**	**(93)**	**247 191**
Trading profit	12 036	631	195	506	13 368	31	13 399
Interest revenue included in trading profit	102	138	445	74	759	—	759
Depreciation and amortisation	6 876	703	365	104	8 048	72	8 120
Impairments/(impairment reversals)							
Property, plant and equipment	13	14	1	—	28	8	36
Investment properties	—	123	—	—	123	—	123
Right-of-use assets	58	(48)	(1)	—	9	49	58
Intangible assets	33	—	—	—	33	—	33
	104	**89**	**—**	**—**	**193**	**57**	**250**
Total assets	88 444	11 239	6 063	5 865	111 611	717	112 328
Restated* 2023							
Sale of merchandise							
External	173 634	19 622	7 064	14 636	214 956	—	214 956
Inter-segment	5 057	36	—	30	5 123	—	5 123
	178 691	**19 658**	**7 064**	**14 666**	**220 079**	**—**	**220 079**
Trading profit/(loss)	10 841	594	107	427	11 969	(50)	11 919
Interest revenue included in trading profit	70	192	356	83	701	—	701
Depreciation and amortisation	5 884	774	343	80	7 081	50	7 131
Impairments							
Property, plant and equipment	4	50	5	—	59	37	96
Right-of-use assets	40	17	15	—	72	3	75
Intangible assets	37	—	—	—	37	—	37
	81	**67**	**20**	**—**	**168**	**40**	**208**
Total assets	78 857	12 810	5 170	4 934	101 771	679	102 450

Refer to note 35 for operating segment disclosures of discontinued operations.

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

2 Operating segment information continued

2.2 Geographical analysis

Continuing operations	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
2024					
Sale of merchandise – external	215 937	24 874	240 811	(93)	240 718
Non-current assets[5]	50 439	4 686	55 125	744	55 869
2023					
Sale of merchandise – external	191 587	23 369	214 956	—	214 956
Non-current assets[5]	42 636	4 470	47 106	679	47 785

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

3 Property, plant and equipment

3.1 Reconciliation of carrying amounts

	Land Rm	Buildings Rm	Machinery, equipment and vehicles[6] Rm	Leasehold improvements Rm	Total Rm
Carrying amount at 3 July 2022	1 179	3 864	9 439	2 334	16 816
Cost	1 179	4 539	19 301	4 276	29 295
Accumulated depreciation and impairment	—	(675)	(9 862)	(1 942)	(12 479)
Additions	39	113	4 840	546	5 538
Reclassification	—	—	(38)	38	—
Transfer to assets classified as held for sale (note 4)	(244)	(1 129)	(5)	(42)	(1 420)
Acquisition of select businesses from Massmart Holdings Ltd (note 38.6)	—	—	207	115	322
Acquisition of other operations	—	—	2	—	2
Disposal	(113)	(428)	(231)	(217)	(989)
Proceeds on disposal	(154)	(490)	(76)	(229)	(949)
Profit/(loss) on disposal and scrapping	41	62	(155)	12	(40)
Depreciation	—	(83)	(2 463)	(209)	(2 755)
Impairment (note 8)	(4)	(8)	(27)	(57)	(96)
Foreign currency translation differences	(45)	(167)	(37)	(568)	(817)
Carrying amount at 2 July 2023	812	2 162	11 687	1 940	16 601
Cost	812	2 573	21 550	3 392	28 327
Accumulated depreciation and impairment	—	(411)	(9 863)	(1 452)	(11 726)
Additions	23	110	6 022	604	6 759
Reclassification	2	(1)	(82)	81	—
Transfer to assets classified as held for sale (note 4)	(128)	(528)	(2)	—	(658)
Transfer from assets classified as held for sale (note 4)	129	693	3	30	855
Acquisition of operations	—	—	4	—	4
Disposal	—	(1)	(257)	(209)	(467)
Proceeds on disposal	—	—	(144)	(217)	(361)
(Loss)/profit on disposal and scrapping	—	(1)	(113)	8	(106)
Depreciation	—	(69)	(2 827)	(242)	(3 138)
Impairment reversal/(impairment) (note 8)	—	13	(28)	(21)	(36)
Foreign currency translation differences including hyperinflation effect	(4)	(12)	(100)	(132)	(248)
Carrying amount at 30 June 2024	834	2 367	14 420	2 051	19 672
Cost	834	2 877	24 712	3 633	32 056
Accumulated depreciation and impairment	—	(510)	(10 292)	(1 582)	(12 384)

6 Includes aircraft with a carrying amount of R273 million (2023: R122 million) and vehicles with a carrying amount of R205 million (2023: R257 million).

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

3 Property, plant and equipment continued

3.2 Property, plant and equipment subject to an operating lease where the Group is the lessor

The reconciliation of carrying amounts of property, plant and equipment presented in note 3.1 includes the following relating to underlying assets that are subject to an operating lease:

	Land Rm	Buildings Rm	Leasehold improvements Rm	Total Rm
Carrying amount at 3 July 2022	236	1 137	290	1 663
Cost	236	1 279	441	1 956
Accumulated depreciation and impairment	–	(142)	(151)	(293)
Additions	–	26	30	56
Transfer to assets classified as held for sale (note 4.2)	(83)	(386)	(12)	(481)
Assets no longer subject to an operating lease	(4)	(22)	(163)	(189)
Assets previously not subject to an operating lease	20	61	263	344
Depreciation	–	(19)	(13)	(32)
Impairment	–	(1)	(15)	(16)
Foreign currency translation differences	(2)	(17)	(69)	(88)
Carrying amount at 2 July 2023	167	779	311	1 257
Cost	167	882	545	1 594
Accumulated depreciation and impairment	–	(103)	(234)	(337)
Additions	–	24	11	35
Transfer (to)/from assets classified as held for sale (note 4.2)	(18)	(7)	8	(17)
Assets no longer subject to an operating lease	(15)	(61)	(162)	(238)
Assets previously not subject to an operating lease	–	8	96	104
Depreciation	–	(18)	(10)	(28)
Reversal of impairment/(impairment)	–	3	(2)	1
Foreign currency translation differences	–	(1)	(21)	(22)
Carrying amount at 30 June 2024	134	727	231	1 092
Cost	134	854	370	1 358
Accumulated depreciation and impairment	–	(127)	(139)	(266)

3.3 Property, plant and equipment not yet in use

Included in the gross amounts of land and buildings is R206 million (2023: R65 million) that relates to cost capitalised for assets not yet available for use. This relates mainly to land and buildings under construction. The gross amount of property, plant and equipment not yet in use was evaluated for impairment by the Directors at the reporting date.

Reconciliation of carrying amounts:	Land Rm	Buildings Rm	Total Rm
Carrying amount at 3 July 2022	20	88	108
Additions	39	7	46
Transfer to property, plant and equipment	–	(89)	(89)
Carrying amount at 2 July 2023	**59**	**6**	**65**
Additions	136	5	141
Carrying amount at 30 June 2024	**195**	**11**	**206**

4 Assets classified as held for sale

	2024 Rm	2023 Rm
Land and buildings	956	1 346
Leasehold improvements	–	43
	956	**1 389**

4.1 Reconciliation of carrying amount

	2024 Rm	2023 Rm
Carrying amount at the beginning of the year	1 389	120
Transfer from property, plant and equipment (note 3)	658	1 420
Transfer to property, plant and equipment (note 3)	(855)	–
Disposal of land and buildings	(252)	(199)
Proceeds on disposal	(310)	(331)
Profit on disposal and scrapping	58	132
Additions	32	45
Foreign currency translation differences	(16)	3
Carrying amount at the end of the year	**956**	**1 389**

4.2 Transfer to/(from) assets classified as held for sale

It is the Group's policy to invest in fixed property only when appropriate rental space is not available. Certain land and buildings in the Supermarkets RSA and Supermarkets Non-RSA operating segments have been reclassified as assets classified as held for sale as the Group periodically re-evaluates its fixed property holdings in line with this policy. The Group is currently in the process of actively seeking buyers for these properties.

During the financial year certain properties were transferred back to property, plant and equipment. The sale of these properties were reconsidered. This decision to reclassify had no significant effect on the Group's results.

5 Investment properties

5.1 Reconciliation of carrying amount

	2024 Rm	2023 Rm
Carrying amount at the beginning of the year	–	–
Acquisition of subsidiaries (note 38.5)	849	–
Depreciation	(1)	–
Impairment (note 8)	(123)	–
Foreign currency translation differences	(108)	–
Carrying amount at the end of the year	617	–
Cost	753	–
Accumulated depreciation and impairment	(136)	–

5.2 The statement of comprehensive income includes the following amounts relating to investment properties

	2024 Rm	2023 Rm
Rental income from investment properties (included in other operating income, note 26)	6	–
Operating expenses resulting from rental of investment properties	4	–

5.3 Fair value of investment properties held at cost

	2024 Rm	2023 Rm
The fair values of the investment properties were determined by an experienced professional independent valuer using cash flow projections based on projected net market-related rentals covering the next planning period, discounted at the market capitalisation rate. Due to the use of unobservable inputs for the investment properties, the fair value measurement is categorised at level 3.	618	–

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

6 Right-of-use assets

6.1 Reconciliation of carrying amounts

	Land Rm	Buildings Rm	Machinery, equipment and vehicles Rm	Total Rm
Carrying amount at 3 July 2022	361	22 427	937	23 725
Additions and lease liability remeasurements	—	6 032	505	6 537
Acquisition of select businesses from Massmart Holdings Ltd (note 38.6)	—	784	—	784
Derecognition	—	(207)	(3)	(210)
Depreciation	(9)	(3 500)	(358)	(3 867)
Impairment (note 8)	(6)	(92)	—	(98)
Reversal of impairment (note 8)	—	23	—	23
Foreign currency translation differences	(111)	(1)	(1)	(113)
Carrying amount at 2 July 2023	**235**	**25 466**	**1 080**	**26 781**
Additions and lease liability remeasurements	—	7 686	812	8 498
Derecognition	—	(181)	(13)	(194)
Depreciation	(6)	(3 953)	(428)	(4 387)
Impairment (note 8)	(3)	(299)	—	(302)
Reversal of impairment (note 8)	12	232	—	244
Foreign currency translation differences including hyperinflation effect	(15)	(156)	—	(171)
Carrying amount at 30 June 2024	**223**	**28 795**	**1 451**	**30 469**

7 Intangible assets

7.1 Reconciliation of carrying amounts

	Goodwill Rm	Software Rm	Trademarks Rm	Customer relationships Rm	Total Rm
Carrying amount at 3 July 2022	276	3 022	253	10	3 561
Gross amount	470	4 385	305	10	5 170
Accumulated amortisation and impairment	(194)	(1 363)	(52)	—	(1 609)
Acquisition of operations	14	—	—	—	14
Additions	—	14	20	—	34
Internally generated	—	1 137	—	—	1 137
Borrowing costs capitalised (note 7.3)	—	52	—	—	52
Loss on disposal and scrapping	—	(18)	—	—	(18)
Amortisation	—	(504)	(16)	—	(520)
Impairment (note 8)	—	(37)	—	—	(37)
Foreign currency translation differences	—	2	—	—	2
Carrying amount at 2 July 2023	290	3 668	257	10	4 225
Gross amount	426	5 436	325	10	6 197
Accumulated amortisation and impairment	(136)	(1 768)	(68)	—	(1 972)
Acquisition of operations	65	—	—	—	65
Additions	—	61	—	—	61
Internally generated	—	910	—	—	910
Borrowing costs capitalised (note 7.3)	—	141	—	—	141
Disposal and scrapping	—	(76)	—	—	(76)
Proceeds on disposal	—	(39)	—	—	(39)
Loss on disposal and scrapping	—	(37)	—	—	(37)
Amortisation	—	(578)	(16)	—	(594)
Impairment (note 8)	(20)	(13)	—	—	(33)
Foreign currency translation differences including hyperinflation effect	—	(4)	—	—	(4)
Carrying amount at 30 June 2024	335	4 109	241	10	4 695
Gross amount	436	6 320	325	10	7 091
Accumulated amortisation and impairment	(101)	(2 211)	(84)	—	(2 396)

7 Intangible assets continued

7.2 Goodwill

An analysis of goodwill per operating segment is presented in the following table:

	2024			2023		
	Gross amount Rm	Accumulated impairment Rm	Carrying amount Rm	Gross amount Rm	Accumulated impairment Rm	Carrying amount Rm
Supermarkets RSA	307	(33)	274	297	(68)	229
Supermarket stores	150	(13)	137	150	(12)	138
Liquor stores	137	—	137	71	—	71
Other	20	(20)	—	76	(56)	20
Supermarkets Non-RSA						
Supermarket stores	26	(8)	18	26	(8)	18
Other operating segments	103	(60)	43	103	(60)	43
Computicket	27	(13)	14	27	(13)	14
Transpharm	76	(47)	29	76	(47)	29
Total goodwill	**436**	**(101)**	**335**	**426**	**(136)**	**290**

The carrying amount of goodwill allocated to a CGU or group of units is not significant in comparison with the Group's total goodwill.

7.3 Borrowing costs capitalised

Borrowing costs were capitalised against qualifying items of software during the year under review. The weighted average borrowings rate was 10.0% (2023: 8.7%).

7.4 Software not yet in use

Included in the gross amount of software is R907 million (2023: R1.3 billion) that relates to cost capitalised for software not yet available for use. The Group is committed to investing in the development of alternative revenue streams through its retail media business. The majority of the spend relates to the enhancement of our digital commerce platform and our data analytics capabilities, which will support our retail media business, together with the replacement of the point-of-sale applications in stores. The gross amount of software not yet in use was evaluated for impairment by the Directors at the reporting date.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

8 Impairment of non-financial assets

8.1 Impairments recognised/(reversed)

	Property, plant and equipment Rm	Investment properties Rm	Right-of-use assets Rm	Other intangible assets Rm	Total Rm
2024					
Supermarkets RSA	13	–	58	33	104
Supermarkets Non-RSA	14	123	(48)	–	89
Furniture	1	–	(1)	–	–
Total operating segments	28	123	9	33	193
Hyperinflation effect	8	–	49	–	57
Consolidated continuing operations	**36**	**123**	**58**	**33**	**250**
2023					
Supermarkets RSA	4	–	40	37	81
Supermarkets Non-RSA	50	–	17	–	67
Furniture	5	–	15	–	20
Total operating segments	59	–	72	37	168
Hyperinflation effect	37	–	3	–	40
Consolidated continuing operations	**96**	**–**	**75**	**37**	**208**

The impairment charges resulted from a reduction in the cash flow projections of certain stores, the bulk of which is due to the challenging trading environment in key markets where the Group trades. In addition to the aforementioned, the higher commodity prices experienced in the commodity dependent regions also contributed to the impairment charges.

8.2 Impairment methodology

Cash-generating units

The Group treats each store as a separate CGU for impairment testing of property, plant and equipment, right-of-use assets and intangible assets, other than goodwill. Goodwill is allocated to the Group's CGUs, or a group of CGUs, to which the goodwill relates. Each investment property is treated as a separate CGU.

The recoverable amount of each CGU is the higher of its value-in-use and its fair value less costs of disposal. The recoverable amount of a CGU or group of CGUs, to which goodwill has been allocated, is determined based on value-in-use calculations.

Central corporate assets such as home office, regional offices and distribution centres, together with their associated income and costs are allocated to CGUs with reference to sales.

Each CGU is assessed at the reporting date to determine if any indicators of impairment have been identified.

Value-in-use

The cash flow projections used in value-in-use calculations are based on financial budgets, approved by management, covering five-year planning periods. Cash flow projections are derived from an analysis of historic performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives, the results of which are reviewed by management. Cash flows beyond these planning periods are extrapolated into the future over the useful life of the CGU, using a steady long-term growth rate which is derived from inflation forecasts by recognised bodies and does not exceed the long-term average growth rate for the industry and country in which the CGUs operate.

In determining the value-in-use of each CGU, projected cash flows are discounted using the entity-specific pre-tax discount rate which includes an adjustment for risks, specific to the country in which a CGU operates.

Fair value less costs of disposal

In determining the fair value less costs of disposal of affected land, buildings and investment properties (level 3 within the fair value hierarchy), cash flow projections based on projected net market-related rentals covering the next planning period were used.

8 Impairment of non-financial assets continued

8.3 Key assumptions and sensitivity analyses

The key assumptions in the value-in-use calculations are the expected trading profit growth rates, long-term growth rates and the risk-adjusted pre-tax discount rates. The pre-tax discount rates are derived from the Group's weighted average cost of capital, taking into account the cost of capital, lease liabilities and borrowings, to which specific market-related premium adjustments are made for each country.

For fair value less costs of disposal calculations of land, buildings and investment properties the key assumption is the market capitalisation rate used.

The following table sets out the key assumptions applied in determining the recoverable amount of each CGU, summarised by geographical region:

	Discount rate		Trading profit growth rate		Long-term growth rate		Market capitalisation rate	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
South Africa	11.8	12.3	6.2	6.2	6.2	6.2	7.5 – 11.0	8.0 – 11.0
Angola	37.8	28.7	22.4	14.3	22.4	14.3	19.0	19.0
Botswana	9.9	10.7	8.4	9.0	8.4	9.0	–	–
Ghana	19.5	19.6	14.8	19.7	14.8	19.7	19.0	32.0
Mozambique	26.4	23.7	12.0	14.1	12.0	14.1	19.0	19.0
Namibia	14.3	13.3	8.1	7.7	8.1	7.7	11.0	11.0
Nigeria	15.1	–	–	–	–	–	10.6	–
Zambia	22.6	24.2	12.4	12.5	12.4	12.5	13.0	13.0

The forecast trading profit growth rates, risk-adjusted pre-tax discount rates and long-term growth rates for CGUs and groups of CGUs to which goodwill has been allocated are as follows:

	Trading profit growth rate		Discount rate		Long-term growth rate	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Supermarket operations	4.1 – 6.1	4.7 – 7.3	11.8 – 17.9	12.3 – 18.8	6.2	6.2 – 7.3
Other operations	9.2	6.1	11.8	12.3	6.2	6.2

Management has performed sensitivity analyses on the key assumptions in the impairment model using reasonable possible changes in these key assumptions based on recent market movements including discount rates, sales growth and long-term growth rates:

- An increase of one percentage point in the discount rates for each geographical region would increase the impairment by R131 million (2023: R57 million). The possible increase mainly relates to Angola (2024: R16 million; 2023: R25 million), Ghana (2024: R11 million; 2023: no impairment), Nigeria (2024: R22 million; 2023: no impairment) and South Africa (2024: R65 million; 2023: R26 million).
- A decrease of one percentage point in the long-term growth rate would increase the impairment by R98 million (2023: R44 million). The possible increase mainly relates to Angola (2024: R15 million; 2023: R16 million), Ghana (2024: R10 million; 2023: no impairment) and South Africa (2024: R58 million; 2023: R24 million).

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	2023 Rm
9 Equity accounted investments		
Associates (note 9.1)	2 283	2 123
Joint ventures (note 9.2)	195	189
	2 478	**2 312**
9.1 Associates		
Carrying amount at the beginning of the year	2 123	2 059
Investment in ordinary shares acquired	119	13
Share of post-acquisition profits	213	208
Dividends received from associates	(156)	(157)
Impairment	(14)	—
Exchange rate differences	(2)	—
Carrying amount at the end of the year	**2 283**	**2 123**

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 2024	% Owned by the Group 2023	2024 Rm	2023 Rm
Retail Logistics Fund (RF) (Pty) Ltd (note 9.1.1)	49.9%	49.9%	2 147	2 089
Resilient Africa (Pty) Ltd (note 9.1.2)	—	39.1%	—	—
Resilient Africa Managers (Pty) Ltd	—	39.1%	—	—
W23 Global Fund LP	20.0%	—	112	—
LBB Foods (Pty) Ltd	51.0%	41.0%	7	12
Red Baron Agri (Pty) Ltd	41.0%	41.0%	4	9
Trans Africa IT Solutions (Pty) Ltd	49.0%	49.0%	13	13
Zulzi On Demand (Pty) Ltd	26.0%	26.0%	—	—
			2 283	**2 123**

There are no contingent liabilities relating to the Group's interests in associates.

At the end of March 2024 the Group acquired additional shares in Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd. This acquisition resulted in these entities being accounted for as subsidiaries and no longer as associates. The Directors consider Retail Logistics Fund (RF) (Pty) Ltd (2023: Retail Logistics Fund (RF) (Pty) Ltd and Resilient Africa (Pty) Ltd) to be a material associate to the Group's consolidated financial statements. Retail Logistics Fund (RF) (Pty) Ltd is incorporated in South Africa and is involved in the investment and letting of commercial properties in South Africa. Retail Logistics Fund (RF) (Pty) Ltd is considered to be a strategic partner as it leases five distribution centres to the Group. Resilient Africa (Pty) Ltd is incorporated in South Africa and is involved in the investment and letting of properties in Nigeria. The Group's investment in Retail Logistics Fund (RF) (Pty) Ltd is measured using the equity method, which was also used in measuring the Group's investment in Resilient Africa (Pty) Ltd up until the end of March 2024.

During May 2024, the Group acquired a shareholding in a new associate, W23 Global Fund LP, a venture which will be investing in innovative start-ups and scale-ups within the retail industry that deploy technology to enhance customer experiences, transform the grocery value chain and address sustainability challenges.

All other associates' financial results, including W23 Global Fund LP, are not material to the Group's consolidated financial statements and therefore no summary financial information is presented for these associates.

9 Equity accounted investments continued

9.1 Associates continued

9.1.1 Summary financial information of Retail Logistics Fund (RF) (Pty) Ltd

	2024 Rm	2023 Rm
Statement of financial position		
Total assets	6 002	4 824
Non-current assets	5 863	4 744
Current assets	139	80
Total liabilities	1 406	343
Non-current liabilities	1 199	199
Current liabilities	207	144
Net assets	4 596	4 481
Attributable to other owners of Retail Logistics Fund (RF) (Pty) Ltd	2 303	2 245
Attributable to the Shoprite Holdings Ltd Group	2 293	2 236
Statement of comprehensive income		
Revenue	707	536
Profit for the year	430	419
Attributable to other owners of Retail Logistics Fund (RF) (Pty) Ltd	215	210
Attributable to the Shoprite Holdings Ltd Group	215	209
Total comprehensive income for the year	430	419
Attributable to other owners of Retail Logistics Fund (RF) (Pty) Ltd	215	210
Attributable to the Shoprite Holdings Ltd Group	215	209

The information disclosed reflects the amounts presented in the consolidated management accounts of Retail Logistics Fund (RF) (Pty) Ltd and not the Group's share of those amounts. The information has been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

	2024 Rm	2023 Rm
Reconciliation to carrying amount:		
Net assets attributable to the Group at the beginning of the year	2 089	2 036
Profit for the year attributable to the Group	215	209
Dividends received by the Group	(157)	(156)
Carrying amount at the end of the year	**2 147**	**2 089**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	2023 Rm
9 Equity accounted investments continued		
9.1 Associates continued		
9.1.2 Summary financial information of Resilient Africa (Pty) Ltd		
Statement of financial position		
Total assets	498	1 204
Non-current assets	473	1 154
Current assets	25	50
Total liabilities	2 522	2 501
Non-current liabilities	2 473	2 426
Current liabilities	49	75
Net liabilities	(2 024)	(1 297)
Attributable to other owners of Resilient Africa (Pty) Ltd	(1 247)	(905)
Attributable to the Shoprite Holdings Ltd Group	(800)	(580)
Non-controlling interest	23	188
Statement of comprehensive income		
Revenue	92	208
Loss for the period	(624)	(1 280)
Attributable to other owners of Resilient Africa (Pty) Ltd	(320)	(774)
Attributable to the Shoprite Holdings Ltd Group	(205)	(496)
Non-controlling interest	(99)	(10)
Other comprehensive (loss)/income for the period	(104)	90
Attributable to other owners of Resilient Africa (Pty) Ltd	(23)	24
Attributable to the Shoprite Holdings Ltd Group	(15)	16
Non-controlling interest	(66)	50
Total comprehensive (loss)/income for the period	(728)	(1 190)
Attributable to other owners of Resilient Africa (Pty) Ltd	(343)	(750)
Attributable to the Shoprite Holdings Ltd Group	(220)	(480)
Non-controlling interest	(165)	40

The information disclosed reflects the amounts presented in the consolidated management accounts of Resilient Africa (Pty) Ltd up to the end of March 2024 and not the Group's share of those amounts. The information has been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

	2024 Rm	2023 Rm
Reconciliation to carrying amount:		
Net liabilities attributable to the Group at the beginning of the year	(608)	(128)
Loss for the period attributable to the Group	(205)	(496)
Other comprehensive (loss)/income for the period attributable to the Group	(15)	16
Net liabilities attributable to the Group at the end of the period	(828)	(608)
Unrecognised share of losses at the end of the period	—	608
Derecognition of net liabilities attributable to the Group with deemed disposal of associate	828	—
Carrying amount at the end of the period	**—**	**—**
Unrecognised share of losses:		
Unrecognised share of losses at the beginning of the period	608	112
Unrecognised share of losses for the period	205	496
Unrecognised share of losses at the end of the period	**813**	**608**
Unrecognised share of other comprehensive loss:		
Unrecognised share of other comprehensive loss at the beginning of the period	—	16
Increase/(decrease) in unrecognised share of other comprehensive loss for the period	15	(16)
Unrecognised share of other comprehensive loss at the end of the period	**15**	**—**

	2024 Rm	2023 Rm
9 Equity accounted investments continued		
9.2 Joint ventures		
Carrying amount at the beginning of the year	189	181
Share of post-acquisition profits	55	43
Dividends received from joint ventures	(49)	(35)
Carrying amount at the end of the year	**195**	**189**

The share capital of Pingo Delivery (Pty) Ltd consists solely of ordinary shares, of which 50% are held directly by the Group. There are no quoted market prices available for the private company's shares.

There are no contingent liabilities relating to the Group's interests in Pingo Delivery (Pty) Ltd.

	2024 Rm	2023 Rm
Summary financial information of Pingo Delivery (Pty) Ltd		
Statement of financial position		
Non-current assets	399	381
Current assets	144	89
Cash and cash equivalents	47	58
Other current assets	97	31
Total assets	**543**	**470**
Non-current liabilities	16	—
Current liabilities	137	92
Financial liabilities (excluding trade payables)	16	13
Other current liabilities	121	79
Total liabilities	**153**	**92**
Net assets	390	378
Attributable to other owners of Pingo Delivery (Pty) Ltd	195	189
Attributable to the Shoprite Holdings Ltd Group	195	189
Statement of comprehensive income		
Revenue	1 517	994
Gross profit	355	267
Depreciation and amortisation	(48)	(30)
Other operating expenses	(164)	(121)
Interest received from bank account balances	5	3
Profit before income tax	148	119
Income tax expense	(37)	(34)
Profit for the year	**111**	**85**
Other comprehensive income for the year	—	—
Total comprehensive income for the year	111	85
Attributable to other owners of Pingo Delivery (Pty) Ltd	56	42
Attributable to the Shoprite Holdings Ltd Group	55	43

The information disclosed reflects the amounts presented in the consolidated management accounts of Pingo Delivery (Pty) Ltd and not the Group's share of those amounts. The information has been amended to reflect adjustments made by the Group when using the equity method and modifications for differences in accounting policies.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	Restated* 2023 Rm
10 Convertible loans		
Omnisient (RF) (Pty) Ltd		
Recognised at fair value through profit or loss at initial recognition	–	22
Reconciliation of carrying amount:		
Carrying amount at the beginning of the year	22	–
Investment in convertible loan acquired	5	20
Fair value adjustments	6	–
Interest income	3	2
Converted to equity	(36)	–
Carrying amount at the end of the year	**–**	**22**

The amount was denominated in South Africa rand, earned interest at a weighted average variable interest rate (linked to the South African prime rate) of 14.3% (2023: 13.6%) p.a. and was converted into shares during the financial year.

	2024 Rm	Restated* 2023 Rm
11 Investments at fair value through other comprehensive income		
Recognised at fair value through other comprehensive income at initial recognition		
Omnisient International Ltd	27	–
Omnisient (RF) (Pty) Ltd	40	–
	67	**–**
12 Investment in insurance cell captive arrangements		
Third-party cell captive contracts (note 12.1)	350	291
First-party cell captive contracts (note 12.2)	181	220
	531	**511**
Analysis of investment in insurance cell captive arrangements:		
Non-current	129	128
Current	402	383
	531	**511**

12.1 Third-party cell captive contracts

The investments listed below relate to third-party insurance cells and have share capital consisting of variable rate preference shares and share premium, which are held by the Group.

	% Owned by the Group 2024	% Owned by the Group 2023	2024 Rm	Restated* 2023 Rm
Old Mutual Life Insurance Company (Namibia) Ltd	100%	100%	21	27
Centriq Insurance Company Ltd	100%	100%	329	264
			350	**291**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

12 Investment in insurance cell captive arrangements continued

12.1 Third-party cell captive contracts continued

	2024 Assets for remaining coverage Rm	2024 Liabilities for incurred claims Rm	2024 Total Rm	Restated* 2023 Assets for remaining coverage Rm	Restated* 2023 Liabilities for incurred claims Rm	Restated* 2023 Total Rm
Reconciliation of carrying amount:						
Carrying amount at the beginning of the year	291	–	291	167	–	167
Insurance result	214	(94)	120	198	(81)	117
Insurance revenue	298	–	298	250	–	250
Insurance service expenses	(84)	(94)	(178)	(52)	(81)	(133)
Incurred claims (excluding investment components)	–	(37)	(37)	–	(32)	(32)
Insurance acquisition expenses	(84)	(57)	(141)	(52)	(49)	(101)
Net insurance finance income	56	–	56	33	–	33
Dividends paid	(117)	–	(117)	(26)	–	(26)
Investment components	(94)	94	–	(81)	81	–
Carrying amount at the end of the year	**350**	**–**	**350**	**291**	**–**	**291**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

	2024 Rm	2023 Rm
12.2 First-party cell captive contracts		
Reconciliation to carrying amount:		
Carrying amount at the beginning of the year	220	181
Fair value adjustment (included in other (operating expenses)/income)	(39)	39
Carrying amount at the end of the year	**181**	**220**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

		2024 Rm	2023 Rm
13	**Government bonds and bills**		
	AOA, USD Index Linked, Angola Government Bonds (note 13.1)	515	637
	AOA, Angola Government Bonds (note 13.2)	288	338
	Angola Treasury Bills (note 13.3)	66	162
	Nigeria Treasury Bills (note 13.4)	17	–
		886	**1 137**
	Analysis of total government bonds and bills:		
	Non-current	–	716
	Current	886	421
		886	**1 137**
	Reconciliation of movement in government bonds and bills:		
	Carrying amount at the beginning of the year	1 137	1 337
	Increase in loss allowance recognised in profit or loss during the year	(5)	(4)
	Unused loss allowance reversed	10	14
	Additional investments	339	679
	Investments matured and sold	(523)	(664)
	Interest income (note 26.4)	90	153
	Interest received	(114)	(153)
	Exchange rate differences	6	521
	Foreign currency translation differences	(54)	(746)
	Carrying amount at the end of the year	**886**	**1 137**

13.1 AOA, USD Index Linked, Angola Government Bonds

	2024 Rm	2023 Rm
	515	637
Gross amount	527	655
Provision for impairment	(12)	(18)

The AOA, USD Index Linked, Angola Government Bonds are to be settled in Angola kwanza, earn interest at an average rate of 6.9% (2023: 6.1%) p.a. and mature after two to nine months from the reporting date. Accrued interest is payable bi-annually.

13.2 AOA, Angola Government Bonds

	2024 Rm	2023 Rm
	288	338
Gross amount	303	355
Provision for impairment	(15)	(17)

The AOA, Angola Government Bonds are denominated in Angola kwanza, earn interest at an average rate of 16.5% (2023: 16.5%) p.a. and mature after one month from the reporting date. Accrued interest is payable bi-annually.

13.3 Angola Treasury Bills

	2024 Rm	2023 Rm
	66	162
Gross amount	67	163
Provision for impairment	(1)	(1)

The Angola Treasury Bills are denominated in Angola kwanza, earn interest at an average rate of 11.1% (2023: 12.4%) p.a. and mature after one month from the reporting date. Accrued interest is payable at maturity.

13.4 Nigeria Treasury Bills

	2024 Rm	2023 Rm
	17	–
Gross amount	18	–
Provision for impairment	(1)	–

The Nigeria Treasury Bills are denominated in Nigeria naira, earn interest at an average rate of 10.3% p.a. and mature after three months from the reporting date. Accrued interest is payable at maturity.

		2024 Rm	2023 Rm
14	**Loans receivable**		
	Amounts receivable from associate (note 14.1)	–	1 035
	Amounts receivable from franchisees (note 14.2)	741	500
	Amounts receivable from Circle Mall Mauritius Ltd (note 14.3)	–	257
	Amounts receivable from Kin Oasis Investments Ltd (note 14.4)	147	157
	Amounts receivable from supplier financing arrangements (note 14.5)	180	–
	Other	41	44
		1 109	**1 993**
	Analysis of total loans receivable:		
	Non-current	429	647
	Current	680	1 346
		1 109	**1 993**

14.1 Amounts receivable from associate

	2024 Rm	2023 Rm
Shareholder loan receivable from Resilient Africa (Pty) Ltd (note 14.1.1)	–	190
Other amounts receivable from Resilient Africa (Pty) Ltd (note 14.1.2)	–	845
	–	**1 035**

Up until the end of March 2024, the Group was committed to provide a shareholder loan to Resilient Africa (Pty) Ltd to a maximum capital amount of R333 million of which Resilient Africa (Pty) Ltd had drawn down R330 million.

14.1.1 Shareholder loan receivable from Resilient Africa (Pty) Ltd

	2024 Rm	2023 Rm
	–	190
Gross amount	–	598
Provision for impairment	–	(408)

The shareholder loan was denominated in South Africa rand and earned interest at an average rate of 6.6% (2023: 6.6%) p.a.

14.1.2 Other amounts receivable from Resilient Africa (Pty) Ltd

	2024 Rm	2023 Rm
	–	845
Gross amount	–	845
Provision for impairment	–	–

The other loan was denominated in US dollar and earned interest at an average rate of 7.1% (2023: 3.0%) p.a.

14.2 Amounts receivable from franchisees

	2024 Rm	2023 Rm
	741	500
Gross amount	842	542
Provision for impairment	(101)	(42)

The amounts are mainly denominated in South Africa rand, earn weighted average variable returns (being interest rate linked to the South African prime rate or Shariah-compliant returns) of 12.2% (2023: 12.2%) p.a. and are repayable between one and five years from the reporting date.

14.3 Amounts receivable from Circle Mall Mauritius Ltd

	2024 Rm	2023 Rm
	–	257
Gross amount	–	272
Provision for impairment	–	(15)

The amount owed by Circle Mall Mauritius Ltd was repaid during the financial year. This amount was denominated in US dollar and earned interest at an average rate of 3.0% (2023: 2.8%) p.a. Since October 2022 interest was due on the amount receivable after the fire damage at the mall was restored.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	2023 Rm
14 Loans receivable continued		
14.4 Amounts receivable from Kin Oasis Investments Ltd	147	157
Gross amount	150	179
Provision for impairment	(3)	(22)

The amount owing by Kin Oasis Investments Ltd is denominated in US dollar, earns interest at an average rate of 3.0% (2023: 3.0%) p.a. and is repayable five years from the reporting date.

	2024 Rm	2023 Rm
14.5 Amounts receivable from supplier financing arrangements		
Supplier loans receivable from working capital advances (note 14.5.1)	105	–
Other loan amounts receivable from suppliers (note 14.5.2)	75	–
	180	**–**
14.5.1 Supplier loans receivable from working capital advances	105	–
Gross amount	105	–
Provision for impairment	–	–

The supplier loans from working capital advances are denominated in South Africa rand, earn interest at a weighted average rate of 12.0% p.a. and are repayable between one and three months from the reporting date, subject to certain conditions.

	2024 Rm	2023 Rm
14.5.2 Other loan amounts receivable from suppliers	75	–
Gross amount	81	–
Provision for impairment	(6)	–

The other supplier loans are denominated in South Africa rand, earn interest at a weighted average rate of 12.5% p.a. and are repayable between three and 60 months from the reporting date, subject to certain conditions.

	2024 Rm	2023 Rm
15 Deferred income tax		
Deferred income tax assets (note 15.1)	3 297	2 875
Deferred income tax liabilities (note 15.2)	(8)	(10)
Net deferred income tax assets	**3 289**	**2 865**
The movement in the net deferred income tax assets is as follows:		
Carrying amount at the beginning of the year	2 865	2 512
Charge to profit for the year	407	324
Provisions and accruals	7	127
Allowances on property, plant and equipment	(32)	(41)
Leases	301	254
Allowances on intangible assets	59	58
Unrealised exchange rate differences	(70)	(45)
Deferred employee costs	(22)	(20)
Tax losses	168	(9)
Tax rate change	(4)	–
Charged to other comprehensive income	78	43
Foreign currency translation differences including hyperinflation effect	(61)	(14)
Carrying amount at the end of the year	**3 289**	**2 865**

	2024 Rm	2023 Rm
15 Deferred income tax continued		
15.1 Deferred income tax assets		
Provisions and accruals	1 556	1 559
Allowances on property, plant and equipment	(761)	(791)
Leases	2 594	2 306
Allowances on intangible assets	(324)	(382)
Investment in associates	(269)	(269)
Unrealised exchange rate differences	2	89
Deferred employee costs	192	219
Tax losses	307	144
	3 297	**2 875**
Net deductible temporary differences to be recovered after more than 12 months	653	416
Net deductible temporary differences to be recovered within 12 months	2 644	2 459
	3 297	**2 875**
15.2 Deferred income tax liabilities		
Provisions and accruals	1	1
Allowances on property, plant and equipment	6	7
Unrealised exchange rate differences	1	2
	8	**10**
Net taxable temporary differences to be settled after more than 12 months	7	9
Net taxable temporary differences to be settled within 12 months	1	1
	8	**10**
15.3 Net calculated income tax losses and net deductible temporary differences		
Calculated income tax losses and net deductible temporary differences at year-end	20 496	18 127
Applied in the provision for deferred income tax	(12 260)	(10 748)
	8 236	**7 379**

The utilisation of the income tax relief on net calculated income tax losses, to the value of R2.1 billion (2023: R1.8 billion), is dependent on sufficient future taxable income in the companies concerned. The income tax relief is calculated at current income tax rates and translated at closing rates.

The carry forward of all gross calculated income tax losses is indefinite, except for certain African countries, as set out below:

	2024 Rm	2023 Rm
Expiry date of income tax relief		
2024 Financial year-end	–	31
2025 Financial year-end	22	25
2026 Financial year-end	514	536
2027 Financial year-end	178	101
2028 Financial year-end	169	102
2029 Financial year-end	88	4
2030 Financial year-end	–	59
	971	**858**
Calculated temporary differences on consolidation associated with investments in subsidiaries for which deferred income tax liabilities have not been created	419	415

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

		2024 Rm	2023 Rm
16	**Trade and other receivables**		
	Trade receivables from contracts with customers (note 16.1)	3 220	2 571
	Instalment sale receivables from contracts with customers (note 16.2)	1 287	1 195
	Other receivables (note 16.3)	1 087	1 168
	Net investment in lease receivables (note 16.4)	302	312
	Prepayments and indirect taxes receivable	780	589
	Fixed escalation operating lease accruals	38	40
		6 714	**5 875**
	Analysis of trade and other receivables:		
	Non-current	416	178
	Current	6 298	5 697
		6 714	**5 875**
16.1	**Trade receivables from contracts with customers**	3 220	2 571
	Gross amount	3 352	2 701
	Provision for impairment (note 43.4.1(c))	(132)	(130)
	Analysis of total trade receivables:		
	Receivables from franchisees	2 113	1 602
	Gross amount	2 134	1 609
	Provision for impairment (note 43.4.1(c))	(21)	(7)
	Receivables from medical aid schemes, pharmacies and doctors	512	416
	Gross amount	539	463
	Provision for impairment (note 43.4.1(c))	(27)	(47)
	Buying aid societies and other receivables	595	553
	Gross amount	679	629
	Provision for impairment (note 43.4.1(c))	(84)	(76)

Trade receivables from contracts with customers consist mainly of amounts receivable for the sale of merchandise to franchisees, medical aid schemes, pharmacies, doctors and buying aid societies. These amounts are mainly denominated in South Africa rand.

		2024 Rm	2023 Rm
16.2	**Instalment sale receivables from contracts with customers**	1 287	1 195
	Gross amount	2 156	2 002
	Provision for impairment (note 43.4.1(c))	(869)	(807)

The Group has entered into various instalment sale agreements for household furniture. The periods of these contracts range between six and 36 months and the weighted average interest rate on these receivables is 23.4% (2023: 22.4%) p.a. These amounts are mainly denominated in South Africa rand.

	2024 Rm	2023 Rm
Instalment sale receivables expected to be recovered		
– Not later than one year	902	804
– Later than one year	385	391
	1 287	**1 195**

These amounts are reflected as current as they form part of the normal operating cycle.

		2024 Rm	2023 Rm
16.3	**Other receivables**	1 087	1 168
	Gross amount	1 143	1 346
	Provision for impairment (note 43.4.1(c))	(56)	(178)

Other receivables consist of various operational debtors such as municipal deposits refundable, insurance claims receivable and staff debtors and bursaries. The amounts are mainly denominated in South Africa rand.

		2024 Rm	2023 Rm
16	**Trade and other receivables** continued		
16.4	**Net investment in lease receivables**		
16.4.1	**Reconciliation of net investment in the lease receivables:**		
	Balance at the beginning of the year	312	326
	New leases and lease liability remeasurements	9	5
	Lease receipts	(46)	(45)
	Principal lease receipts	(21)	(20)
	Interest received	(25)	(25)
	Finance income	25	25
	Foreign currency translation differences	2	1
	Balance at the end of the year	**302**	**312**
16.4.2	**Maturity analysis**		
	The undiscounted contractual lease payments to be received are as follows:		
	– Not later than one year	49	41
	– Later than one year, not later than two years	51	47
	– Later than two years, not later than three years	55	49
	– Later than three years, not later than four years	53	53
	– Later than four years, not later than five years	54	51
	– Later than five years	140	194
	Total undiscounted lease receivables	402	435
	Unearned finance income	(100)	(123)
	Net investment in lease receivables	**302**	**312**
17	**Inventories**		
	Trading goods	28 366	25 090
18	**Stated capital and treasury shares**		
18.1	**Stated capital**	7 516	7 516

Authorised:
1 300 000 000 (2023: 1 300 000 000) no par value ordinary shares

Issued:
591 338 502 (2023: 591 338 502) no par value ordinary shares

Details of the beneficial shareholders holding 5.0% or more of the total issued shares are disclosed in Annexure B.

Treasury shares held by Shoprite Checkers (Pty) Ltd are netted off against share capital on consolidation. The net number of ordinary shares in issue for the Group are:

	Number of shares	
	2024	2023
Issued ordinary share capital	591 338 502	591 338 502
Treasury shares (note 18.2)	(47 489 379)	(48 275 448)
	543 849 123	**543 063 054**

The unissued ordinary shares are under the control of the Directors who may issue them on such terms and conditions as they deem fit until the Company's next Annual General Meeting.

All shares are fully paid up.

Details of special resolutions passed by the Company and its subsidiaries during the reporting period are provided in the Directors' report.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	2023 Rm
18 Stated capital and treasury shares continued		
18.2 Treasury shares		
47 489 379 (2023: 48 275 448) ordinary shares	2 616	2 624

Reconciliation of movement in number of treasury shares for the Group:

	Number of shares 2024	2023
Balance at the beginning of the year	48 275 448	48 825 455
Shares purchased during the year under the authorised share buy-back programme[7]	215 172	–
Shares purchased during the year for equity-settled share-based payments[8]	749 454	1 394 275
Shares disposed during the year	(45 866)	(209 869)
Shares utilised for settlement of equity-settled share-based payment arrangements	(1 704 829)	(1 734 413)
Balance at the end of the year	**47 489 379**	**48 275 448**
Consisting of:		
Shares owned by Shoprite Checkers (Pty) Ltd	44 073 173	43 858 001
Shares held by Shoprite Checkers (Pty) Ltd for the benefit of participants to equity-settled share-based payment arrangements (refer to note 19.1)	3 416 206	4 417 447
	47 489 379	**48 275 448**

7 The average price per share purchased under the authorised share buy-back programme during the year was R229.93. There were no shares purchased under the authorised share buy-back programme during the prior year.

8 The average market price of the shares purchased for equity-settled share-based payments was R252.69 (2023: R226.23) per share.

19 Share-based compensation plans

The Group's remuneration policy provides for both short-term and long-term incentives as part of its organisation wide elements of remuneration. These incentives support business as usual delivery against annual and three-year performance targets.

During the year under review, the Group implemented an additional Executive Super Stretch Incentive (ESSI) scheme to reward top executives for instrumental delivery of Group strategic drivers of growth. This will be a single reward.

19.1 Equity-settled share-based payments

The Group offers long-term incentives in the form of rights to ordinary shares of Shoprite Holdings Ltd through participation in the Shoprite Holdings Ltd Executive Share Plan (ESP) (previously virtual option bonus plan) and the deferred short-term incentive plan (previously long-term incentive bonus plan).

Shares granted in terms of the ESP and deferred short-term incentive plan, as well as the previous virtual option bonus and long-term incentive bonus plans, meet the definition of equity-settled share-based payments. The rights to the shares granted entitle the participants to receive Shoprite Holdings Ltd ordinary shares on vesting at an exercise price of nil. The shares are acquired in the market at the grant date and are held as treasury shares until they are vested. The Company's main trading subsidiary, Shoprite Checkers (Pty) Ltd, purchased 749 454 (2023: 1 394 275) Shoprite Holdings Ltd ordinary shares in relation to shares granted during the year. The ownership of these shares vests with Shoprite Checkers (Pty) Ltd until vesting conditions are met by the participants. The participants are entitled to the dividends and voting rights in relation to the shares granted during the vesting period. The vesting conditions are set out hereafter.

Refer to note 28.1 for the expense recognised in the statement of comprehensive income as employee benefits. The reconciliation of amounts recorded in the share-based payment reserve is presented in note 20.1.1.

19 Share-based compensation plans continued

19.1 Equity-settled share-based payments continued

ESP

Employees that participate in the ESP may be eligible for performance shares, retention shares and/or co-investment shares. These shares vest three years from the grant date if the vesting conditions (subject to certain special circumstances) are met. If the employee does not fulfil the vesting conditions, other than in certain limited circumstances, the award will lapse and the employee will lose all rights in respect of the ESP shares.

ESP performance shares: Performance conditions, as determined by the Remuneration Committee, are attached to these shares. Vesting is dependent on the achievement of the performance criteria by the vesting date and the employee meeting the service requirement of remaining employed by the Group throughout the vesting period.

ESP co-investment shares: There are no performance conditions attached to these shares. Vesting is dependent on the employee meeting the service requirement of remaining employed by the Group throughout the vesting period. As an additional vesting condition, the employee is required to acquire and hold Shoprite Holdings Ltd ordinary shares, without any encumbrance, for the entire vesting period. During the financial year, the Group decided to no longer grant these co-investment shares.

ESP retention shares: There are no performance conditions attached to these shares. Vesting is only dependent on the employee meeting the service requirement of remaining employed by the Group throughout the vesting period.

Deferred short-term incentive plan

Under the Group's deferred short-term incentive plan, employees may be eligible for shares, based on the achievement of short-term incentive criteria for the reporting period. The rights are granted at the end of September of the following financial year. There are no performance conditions attached to these shares. Vesting is only dependent on the employee meeting the service requirement of remaining employed by the Group throughout the vesting period. These shares vest three years from the grant date if the vesting conditions (subject to certain special circumstances) are met. If the employee does not fulfil the vesting conditions, other than in certain limited circumstances, the award will lapse and the employee will lose all rights in respect of these shares.

At the grant date, employees may elect to settle their unvested benefits earned in respect of the previous year in shares. The Group therefore grants shares to management in the form of forfeitable retention share awards, resulting in a modification of a cash bonus arrangement to a share-based payment arrangement, as a portion of incentive bonuses previously allocated to management in terms of the deferred short-term incentive plan is converted to shares in Shoprite Holdings Ltd. The Group recognises a modification of a cash bonus arrangement in respect of these deferred short-term incentives and transfers the liability as at the modification date from provisions to the share-based payment reserve within equity. The vesting conditions and vesting periods are not affected by this modification.

Virtual option bonus and long-term incentive bonus plans

The virtual option bonus and long-term incentive bonus plans have been replaced by the ESP and deferred short-term incentive plan respectively during the year ended 28 June 2020. The previous virtual option bonus and long-term incentive bonus plans operated in the same manner as the new deferred short-term incentive plan, with the exception of different vesting periods as determined under the virtual option bonus and long-term incentive bonus plans. These shares vest in equal thirds over a three-, four- and five-year period from the grant date, if vesting conditions (subject to certain special circumstances) are met. If the employee does not fulfil the vesting conditions, other than in certain limited circumstances, the award will lapse and the employee will lose all rights in respect of these shares.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

19 Share-based compensation plans continued
19.1 Equity-settled share-based payments continued
19.1.1 ESP performance shares

Reconciliation of movement in number of performance shares granted by the Group:

	Weighted average price per share on date of the grant		Number of shares	
	2024	2023	2024	2023
Balance at the beginning of the year	R183.75	R145.39	1 828 276	2 003 419
Shares granted during the year	R249.34	R220.88	334 594	679 255
Shares vested during the year	R149.60	R118.92	(663 802)	(776 242)
Shares forfeited during the year	R200.17	R167.16	(7 583)	(78 156)
Balance at the end of the year	**R213.58**	**R183.75**	**1 491 485**	**1 828 276**
Vesting dates of performance shares outstanding at the end of the year:				
11 September 2023	–	R149.27	–	656 820
10 September 2024	R179.16	R179.16	489 062	499 849
23 September 2025	R221.98	R220.88	687 650	671 607
15 September 2026	R248.70	–	314 773	–
	R213.58	**R183.75**	**1 491 485**	**1 828 276**

The market price of performance shares vested during the year was R252.50 (2023: R221.96) per share.

The fair value of performance shares awarded in terms of the ESP during the year was based on the closing share price of a Shoprite Holdings Ltd ordinary share as quoted on the JSE on the date of the grant and determined at R259.50 and R248.62 per share. The following assumptions were used in calculating the fair value:

	2024	
Total number of performance shares awarded	22 260	312 334
Grant date	28 November 2023	15 September 2023
Vesting date	23 September 2025; 15 September 2026	15 September 2026
Share price on grant date	R259.50	R248.62
Exercise price	R0.00	R0.00
Forfeiture rate	5.0%	5.0%

19.1.2 ESP co-investment shares

Reconciliation of movement in number of co-investment shares granted by the Group:

	Weighted average price per share on date of the grant		Number of shares	
	2024	2023	2024	2023
Balance at the beginning of the year	R183.53	R145.33	413 820	479 700
Shares granted during the year	–	R220.88	–	147 430
Shares vested during the year	R150.30	R119.35	(144 947)	(195 001)
Shares forfeited during the year	R197.06	R167.01	(986)	(18 309)
Balance at the end of the year	**R201.46**	**R183.53**	**267 887**	**413 820**
Vesting dates of co-investment shares outstanding at the end of the year:				
11 September 2023	–	R149.27	–	141 591
10 September 2024	R179.16	R179.16	124 679	127 420
23 September 2025	R220.88	R220.88	143 208	144 809
	R201.46	**R183.53**	**267 887**	**413 820**

The market price of co-investment shares vested during the year was R252.53 (2023: R221.94) per share.

19 Share-based compensation plans continued
19.1 Equity-settled share-based payments continued
19.1.3 ESP retention shares

Reconciliation of movement in number of retention shares granted by the Group:

	Weighted average price per share on date of the grant		Number of shares	
	2024	2023	2024	2023
Balance at the beginning of the year	R185.68	R150.65	762 543	784 916
Shares granted during the year	R250.81	R220.88	28 708	288 928
Shares vested during the year	R152.31	R119.93	(227 448)	(259 875)
Shares forfeited during the year	R200.72	R180.99	(7 437)	(51 426)
Balance at the end of the year	**R202.49**	**R185.68**	**556 366**	**762 543**
Vesting dates of retention shares outstanding at the end of the year:				
11 September 2023	–	R149.27	–	215 201
10 September 2024	R179.16	R179.16	263 543	273 972
23 September 2025	R221.23	R220.88	269 083	273 370
15 September 2026	R248.99	–	23 740	–
	R202.49	**R185.68**	**556 366**	**762 543**

The market price of retention shares vested during the year was R252.79 (2023: R221.86) per share.

The fair value of retention shares awarded in terms of the ESP during the year was based on the closing share price of a Shoprite Holdings Ltd ordinary share as quoted on the JSE on the date of the grant and determined at R259.50 and R248.62 per share. The following assumptions were used in calculating the fair value:

	2024	
Total number of retention shares awarded	5 780	22 928
Grant date	28 November 2023	15 September 2023
Vesting date	23 September 2025; 15 September 2026	15 September 2026
Share price on grant date	R259.50	R248.62
Exercise price	R0.00	R0.00
Forfeiture rate	5.0%	5.0%

19.1.4 Shares awarded under the deferred short-term incentive, virtual option bonus and long-term incentive bonus plans

Reconciliation of movement in number of shares granted by the Group:

	Weighted average price per share on date of the grant		Number of shares	
	2024	2023	2024	2023
Balance at the beginning of the year	R166.22	R153.66	1 412 808	1 699 419
Shares granted during the year	R239.58	R232.24	386 152	278 662
Shares vested during the year	R141.72	R160.67	(668 632)	(503 295)
Shares forfeited during the year	R201.40	R163.54	(29 860)	(61 978)
Balance at the end of the year	**R205.90**	**R166.22**	**1 100 468**	**1 412 808**
Vesting dates of shares outstanding under the deferred short-term incentive, virtual option bonus and long-term incentive bonus plans at the end of the year:				
30 September 2023	–	R151.55	–	650 228
30 September 2024	R163.97	R163.97	469 263	496 446
30 September 2025	R232.24	R232.24	260 040	266 134
30 September 2026	R239.58	–	371 165	–
	R205.90	**R166.22**	**1 100 468**	**1 412 808**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

19 Share-based compensation plans continued

19.1 Equity-settled share-based payments continued

19.1.4 Shares awarded under the deferred short-term incentive, virtual option bonus and long-term incentive bonus plans continued

The market price of share grants vested during the year was R252.59 (2023: R220.48) per share.

The fair value of shares awarded under the deferred short-term incentive, virtual option bonus and long-term incentive bonus plans during the year was based on the closing share price of a Shoprite Holdings Ltd ordinary share as quoted on the JSE on the date of the grant and determined at R239.58 per share. The following assumptions were used in calculating the fair value:

	2024
Total number of full share grants awarded	386 152
Grant date	1 November 2023
Vesting date	30 September 2026
Share price on grant date	R239.58
Exercise price	R0.00
Forfeiture rate	5.0%

19.1.5 Share awards held by Executive Directors

Award granted	Grant date	Award grant price	Vesting date	Number of shares: At the beginning of the year	Granted during the year	Vested during the year	At the end of the year
2024							
PC Engelbrecht							
ESP performance shares	11/09/2020	R0.00	11/09/2023	94 757	—	(94 757)	—
ESP co-investment shares	11/09/2020	R0.00	11/09/2023	18 956	—	(18 956)	—
ESP retention shares	11/09/2020	R0.00	11/09/2023	12 635	—	(12 635)	—
ESP performance shares	10/09/2021	R0.00	10/09/2024	80 894	—	—	80 894
ESP co-investment shares	10/09/2021	R0.00	10/09/2024	16 179	—	—	16 179
ESP retention shares	10/09/2021	R0.00	10/09/2024	10 786	—	—	10 786
ESP performance shares	23/09/2022	R0.00	23/09/2025	92 862	—	—	92 862
ESP co-investment shares	23/09/2022	R0.00	23/09/2025	16 387	—	—	16 387
ESP performance shares	15/09/2023	R0.00	15/09/2026	—	62 251	—	62 251
Total				**343 456**	**62 251**	**(126 348)**	**279 359**
A de Bruyn							
Virtual option bonus shares	30/10/2018	R0.00	30/09/2023	2 291	—	(2 291)	—
Virtual option bonus shares	30/10/2019	R0.00	30/09/2023	4 662	—	(4 662)	—
Virtual option bonus shares	30/10/2019	R0.00	30/09/2024	4 666	—	—	4 666
ESP performance shares	11/09/2020	R0.00	11/09/2023	21 121	—	(21 121)	—
ESP co-investment shares	11/09/2020	R0.00	11/09/2023	4 526	—	(4 526)	—
ESP retention shares	11/09/2020	R0.00	11/09/2023	4 526	—	(4 526)	—
ESP performance shares	10/09/2021	R0.00	10/09/2024	27 476	—	—	27 476
ESP co-investment shares	10/09/2021	R0.00	10/09/2024	5 888	—	—	5 888
ESP retention shares	10/09/2021	R0.00	10/09/2024	5 888	—	—	5 888
ESP performance shares	23/09/2022	R0.00	23/09/2025	35 155	—	—	35 155
ESP co-investment shares	23/09/2022	R0.00	23/09/2025	6 204	—	—	6 204
ESP performance shares	15/09/2023	R0.00	15/09/2026	—	25 669	—	25 669
Total				**122 403**	**25 669**	**(37 126)**	**110 946**

19 Share-based compensation plans continued

19.1 Equity-settled share-based payments continued

19.1.5 Share awards held by Executive Directors continued

Award granted	Grant date	Award grant price	Vesting date	Number of shares: At the beginning of the year	Granted during the year	Vested during the year	At the end of the year
2023							
PC Engelbrecht							
ESP performance shares	05/09/2019	R0.00	05/09/2022	97 846	—	(97 846)	—
ESP co-investment shares	05/09/2019	R0.00	05/09/2022	21 859	—	(21 859)	—
ESP retention shares	05/09/2019	R0.00	05/09/2022	13 047	—	(13 047)	—
ESP performance shares	11/09/2020	R0.00	11/09/2023	94 757	—	—	94 757
ESP co-investment shares	11/09/2020	R0.00	11/09/2023	18 956	—	—	18 956
ESP retention shares	11/09/2020	R0.00	11/09/2023	12 635	—	—	12 635
ESP performance shares	10/09/2021	R0.00	10/09/2024	80 894	—	—	80 894
ESP co-investment shares	10/09/2021	R0.00	10/09/2024	16 179	—	—	16 179
ESP retention shares	10/09/2021	R0.00	10/09/2024	10 786	—	—	10 786
ESP performance shares	23/09/2022	R0.00	23/09/2025	—	92 862	—	92 862
ESP co-investment shares	23/09/2022	R0.00	23/09/2025	—	16 387	—	16 387
Total				**366 959**	**109 249**	**(132 752)**	**343 456**
A de Bruyn							
Virtual option bonus shares	30/10/2018	R0.00	30/09/2022	2 290	—	(2 290)	—
Virtual option bonus shares	30/10/2018	R0.00	30/09/2023	2 291	—	—	2 291
Virtual option bonus shares	30/10/2019	R0.00	30/09/2022	4 662	—	(4 662)	—
Virtual option bonus shares	30/10/2019	R0.00	30/09/2023	4 662	—	—	4 662
Virtual option bonus shares	30/10/2019	R0.00	30/09/2024	4 666	—	—	4 666
ESP performance shares	05/09/2019	R0.00	05/09/2022	16 225	—	(16 225)	—
ESP co-investment shares	05/09/2019	R0.00	05/09/2022	3 880	—	(3 880)	—
ESP retention shares	05/09/2019	R0.00	05/09/2022	3 474	—	(3 474)	—
ESP performance shares	11/09/2020	R0.00	11/09/2023	21 121	—	—	21 121
ESP co-investment shares	11/09/2020	R0.00	11/09/2023	4 526	—	—	4 526
ESP retention shares	11/09/2020	R0.00	11/09/2023	4 526	—	—	4 526
ESP performance shares	10/09/2021	R0.00	10/09/2024	27 476	—	—	27 476
ESP co-investment shares	10/09/2021	R0.00	10/09/2024	5 888	—	—	5 888
ESP retention shares	10/09/2021	R0.00	10/09/2024	5 888	—	—	5 888
ESP performance shares	23/09/2022	R0.00	23/09/2025	—	35 155	—	35 155
ESP co-investment shares	23/09/2022	R0.00	23/09/2025	—	6 204	—	6 204
Total				**111 575**	**41 359**	**(30 531)**	**122 403**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

19 Share-based compensation plans continued

19.2 Cash-settled share-based payments

Employee Super Stretch Incentive (ESSI) scheme

Through participation in the ESSI scheme, the Group awarded share appreciation rights (SAR units) to Directors and senior management on 17 October 2023 as a single reward for delivery of Group strategic drivers of growth.

SAR units awarded in terms of the ESSI scheme, meet the definition of cash-settled share-based payments. The awards granted entitle the participants the right to receive cash settlement of the reward amount, equal to the appreciation in the share price of a Shoprite Holdings Ltd ordinary share on the first vesting date (19 October 2026) above the strike price of R235.63 on the date of the grant (17 October 2023), net of any applicable taxes and/or statutory deductions. The reward amount will be zero if the share price on the first vesting date is not greater than the strike price on the date of the grant.

Performance conditions, as determined by the Remuneration Committee, are attached to these awards. Vesting is dependent on the achievement of the performance criteria in June 2026, at the end of a three-year performance measurement period, and the employee meeting the service requirement of remaining employed by the Group throughout the vesting period. If the performance targets are achieved, the qualifying reward amount will be calculated on 19 October 2026 as a share appreciation right. One third of the reward amount will vest immediately and vesting of the remaining two thirds will be deferred in two equal annual tranches on 18 October 2027 and 17 October 2028.

The Group has recognised the liability in respect of the cash-settled share-based payments and included it in employee benefit and other provisions (refer to note 23). Refer to note 28.1 for the expense recognised in the statement of comprehensive income as employee benefits.

Reconciliation of movement in rights to cash-settled share-based payments granted by the Group:

	Strike price per SAR unit		Number of SAR units on which rights are based	
	2024	2023	2024	2023
Balance at the beginning of the year	–	–	–	–
SAR units awarded on 17 October 2023	R235.63	–	2 600 000	–
Balance at the end of the year	**R235.63**	**–**	**2 600 000**	**–**
Rights to cash-settled share-based payments outstanding at year-end are conditional on the following dates:				
19 October 2026	R235.63	–	866 666	–
18 October 2027	R235.63	–	866 667	–
17 October 2028	R235.63	–	866 667	–
	R235.63	**–**	**2 600 000**	**–**

19.2.1 Cash-settled share-based payments issued to Directors

Expiry date	Exercise date	Strike price per SAR unit	Number of SAR units on which rights are based 2024	2023
PC Engelbrecht				
19 October 2026	19 October 2026	235.63	213 333	–
18 October 2027	18 October 2027	235.63	213 333	–
17 October 2028	17 October 2028	235.63	213 334	–
			640 000	**–**
A de Bruyn				
19 October 2026	19 October 2026	235.63	83 333	–
18 October 2027	18 October 2027	235.63	83 333	–
17 October 2028	17 October 2028	235.63	83 334	–
			250 000	**–**

	2024 Rm	2023 Rm
20 Reserves		
Retained earnings	31 172	28 636
Other reserves (note 20.1)	(8 281)	(7 398)
	22 891	**21 238**
20.1 Other reserves		
Share-based payments reserve (note 20.1.1)	441	456
Foreign currency translation reserve (note 20.1.2)	(8 749)	(7 854)
Fair value reserve (note 20.1.3)	27	–
	(8 281)	**(7 398)**
20.1.1 Share-based payments reserve		
Reconciliation of carrying amount:		
Carrying amount at the beginning of the year	456	442
Share-based payments – value of employee services	218	229
Modification of cash bonus arrangement transferred from employee benefit provisions	17	11
Realisation of share-based payment reserve	(250)	(226)
Carrying amount at the end of the year	**441**	**456**
20.1.2 Foreign currency translation reserve		
Reconciliation of carrying amount:		
Carrying amount at the beginning of the year	(7 854)	(6 005)
Foreign currency translation differences including hyperinflation effect, net of income tax	(615)	(1 728)
Group	(544)	(1 728)
Income tax effect of foreign currency translation differences including hyperinflation effect	(38)	–
Release of foreign currency translation reserve on deemed disposal of associates	(33)	–
Loss on effective net investment hedge, net of income tax	(280)	(121)
Loss on effective net investment hedge	(396)	(164)
Income tax effect of effective net investment hedge	116	43
Carrying amount at the end of the year	**(8 749)**	**(7 854)**
20.1.3 Fair value reserve		
Reconciliation of carrying amount:		
Carrying value at the beginning of the year	–	–
Fair value adjustments	27	–
Carrying value at the end of the year	**27**	**–**
21 Lease liabilities		
Reconciliation of carrying amounts:		
Balance at the beginning of the year	35 582	31 623
New leases and remeasurements	8 530	6 621
Acquisition of select businesses from Massmart Holdings Ltd (note 38.6)	–	784
Lease terminations	(295)	(205)
Transfer to other financial payables	–	(84)
Lease payments	(6 839)	(6 354)
Principal lease liability payments	(3 386)	(3 282)
Interest paid	(3 453)	(3 072)
Interest accruals	3 602	3 073
Exchange rate differences	396	164
Foreign currency translation differences	(499)	(40)
Balance at the end of the year	**40 477**	**35 582**
Analysis of total lease liabilities:		
Non-current	36 702	32 482
Current	3 775	3 100
	40 477	**35 582**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

21 Lease liabilities continued

The Group's leasing activities and how they are accounted for are disclosed in note 1.13.1.

Material concentrations of currency risk within the Group's lease liabilities are presented in note 43.4.2(a). Refer to note 43.4.3 for a maturity analysis of contractual undiscounted future lease payments, including renewal options reasonably assured.

The Group is exposed to the following potential future undiscounted cash outflows which are not included in the measurement of lease liabilities:

	2024 Rm	2023 Rm
Extension and termination options not reasonably assured	147 089	131 144
Leases not yet commenced to which the Group is committed	16 516	12 294

Right-of-use assets recognised in the statement of financial position in relation to the Group's lease liabilities are disclosed in note 6.

The statement of comprehensive income includes the following amounts relating to leases:

	2024 Rm	2023 Rm
Depreciation charge of right-of-use assets (note 27)	4 387	3 859
Impairment of right-of-use assets (included in items of a capital nature, note 31)	58	75
Interest expense (included in finance costs, note 33)	3 602	3 070
Expense relating to short-term leases (included in other operating expenses, note 30)	309	333
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses, note 30)	4	4
Expense relating to variable lease payments not included in lease liabilities (included in other operating expenses, note 30)	580	450

Total cash outflows for leases amounted to R7.7 billion (2023: R7.1 billion) during the reporting period.

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 two of its malls (2023: two of its distribution centres), namely the Sun Valley Mall and Brickhill Road Mall (2023: Canelands and Wells Estate distribution centres) to Heriot REIT Ltd (2023: Retail Logistics Fund (RF) (Pty) Ltd). The sale of the Sun Valley Mall and Brickhill Road Mall (2023: Canelands and Wells Estate distribution centres) generated cash inflows of R304 million and R34 million (2023: R716 million and R166 million) as well as a profit of R51 million and loss of R2 million (2023: R51 million profit per distribution centre) respectively.

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

	2024 Rm	2023 Rm
Cash proceeds received	338	882
Carrying amount at disposal date	(231)	(684)
Right-of-use assets recognised	100	357
Lease liabilities recognised	(158)	(453)
Profit on sale and leaseback transactions	**49**	**102**
Interest rate implicit to the leases	9.6%-10.4%	13.7%-14.2%
Average lease term (years)	5 to 12	20

The age and the minimum estimated useful life of the malls (2023: distribution centres) were used to determine a fair lease period and rental based on market values.

Payments not included in the measurement of the lease liabilities relating to the malls (2023: distribution centres) include any operational costs, security and insurance costs, administration and maintenance costs, rates and taxes and any other municipal costs for water, electricity, sewerage and refuse. Only the rental portion, directly related to the market value of the properties, is included in the measurement of the lease liabilities. 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 liabilities.

22 Borrowings

	2024 Rm	2023 Rm
Consisting of:		
ABSA Bank Ltd (note 22.2)	2 151	2 487
FirstRand Bank Ltd (note 22.3)	1 502	1 502
Standard Bank Ltd (note 22.4)	2 004	2 006
Standard Chartered Bank (Mauritius) Ltd (note 22.5)	—	99
Stanbic Bank Botswana Ltd (note 22.6)	290	274
Other	46	—
	5 993	**6 368**
Analysis of total borrowings:		
Non-current	5 788	5 770
Current	205	598
	5 993	**6 368**

22.1 Reconciliation of movement in liabilities arising from financing activities:

	2024 Rm	2023 Rm
Carrying amount at the beginning of the year	6 368	5 512
Borrowings raised	1 316	2 165
Repayment of borrowings	(1 714)	(1 467)
Interest paid	(588)	(400)
Accrued interest	577	455
Acquisition of subsidiaries (note 38.5)	47	—
Foreign currency translation differences	(13)	103
Carrying amount at the end of the year	**5 993**	**6 368**

22.2 ABSA Bank Ltd

South Africa rand denominated borrowings amount to R2.0 billion (2023: R2.0 billion) at the reporting date was extended during the year. This loan is unsecured, payable after 15 months from the reporting date and bears interest at an average rate of 9.6% (2023: 7.9%) p.a.

US dollar denominated borrowings amount to R104 million (2023: R441 million) at the reporting date. This loan is unsecured, payable after one to three months from the reporting date and bears interest at an average rate of 7.3% (2023: 5.8%) p.a.

22.3 FirstRand Bank Ltd

This loan was extended during the year, is denominated in South Africa rand and unsecured, payable after 14 months from the reporting date and bears interest at an average rate of 9.5% (2023: 7.9%) p.a.

22.4 Standard Bank Ltd

This loan was extended during the year, is denominated in South Africa rand, unsecured, payable after 13 months from the reporting date and bears interest at an average rate of 9.6% (2023: 7.7%) p.a.

22.5 Standard Chartered Bank (Mauritius) Ltd

This loan was settled during the financial year, denominated in US dollar, unsecured and bore interest at an average rate of 7.6% (2023: 5.9%) p.a.

22.6 Stanbic Bank Botswana Ltd

This loan was extended during the year, is denominated in Botswana pula, unsecured, payable after 20 months from the reporting date and bears interest at an average rate of 7.7% (2023: 7.4%) p.a.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	2023 Rm
23 Employee benefit and other provisions		
Provision for post-employment medical benefits	14	16
Provision for long-term employee benefits	436	410
Provision for cash-settled share-based payments	31	—
Reinstatement provision	203	198
	684	**624**

Reconciliation of carrying amounts:	Post-employment medical benefits Rm	Long-term employee benefits Rm	Cash-settled share-based payments Rm	Reinstatement provision Rm	Total Rm
Balance at 3 July 2022	18	360	—	180	558
Additional provisions	—	137	—	16	153
Additions against right-of-use assets	—	—	—	17	17
Unused amounts reversed	—	(3)	—	(2)	(5)
Re-measurements recognised directly in other comprehensive income	(2)	—	—	—	(2)
Utilised during the year	(2)	(71)	—	(19)	(92)
Accretion of discount	2	—	—	7	9
Modification of cash bonus arrangement transferred to share-based payments reserve	—	(11)	—	—	(11)
Foreign currency translation differences	—	(2)	—	(1)	(3)
Balance at 2 July 2023	**16**	**410**	**—**	**198**	**624**
Additional provisions	—	214	31	19	264
Additions against right-of-use assets	—	—	—	15	15
Unused amounts reversed	—	—	—	(6)	(6)
Re-measurements recognised directly in other comprehensive income	(2)	—	—	—	(2)
Utilised during the year	(2)	(171)	—	(27)	(200)
Accretion of discount	2	—	—	7	9
Modification of cash bonus arrangement transferred to share-based payments reserve	—	(17)	—	—	(17)
Foreign currency translation differences	—	—	—	(3)	(3)
Balance at 30 June 2024	**14**	**436**	**31**	**203**	**684**

Analysis of total provisions:

2023					
Non-current	14	229	—	157	400
Current	2	181	—	41	224
	16	**410**	**—**	**198**	**624**

2024					
Non-current	13	290	31	148	482
Current	1	146	—	55	202
	14	**436**	**31**	**203**	**684**

Discount rates used				
2023	12.8%	9.4%	—	12.3%
2024	12.5%	9.3%	9.2%	11.8%

	2024 Rm	Restated* 2023 Rm
24 Trade and other payables		
Trade payables	22 949	16 924
Other payables and accruals (note 24.1)	5 781	4 730
Deposits and third-party payments liability	640	642
Employee benefit accruals	2 552	2 307
Indirect taxes payable	547	508
Refund liability	75	64
	32 544	**25 175**
Analysis of trade and other payables:		
Non-current	86	69
Current	32 458	25 106
	32 544	**25 175**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

24.1 Deferred shares

Authorised:

720 000 000 (2023: 720 000 000) non-convertible, non-participating, non-transferable no par value deferred shares

Issued:

	2024 Rm	2023 Rm
305 621 601 (2023: 305 621 601) non-convertible, non-participating, non-transferable no par value deferred shares	—	—

The deferred share liability of R0.3 million (2023: R0.3 million) is included in other payables at the reporting date.

All shares are fully paid up.

In terms of the transaction agreement concluded between the Company, Thibault Square Financial Services (Pty) Ltd and Titan Premier Investments (Pty) Ltd on 18 April 2019, the voting rights attached to 40 652 489 deferred shares held by Thibault Square Financial Services (Pty) Ltd will remain restricted whilst all the required approvals are obtained to enable the acquisition of these deferred shares as required in the Memorandum of Incorporation (MOI) of the Company. All other deferred shares carry the same voting rights as the ordinary shares.

The deferred shares are not convertible into shares of any other class, are not entitled to participate in any profits of the Company and no dividends may be declared or paid in respect of these shares. The holder of these shares is entitled to be present at any meeting of the Company and is entitled on a poll to one vote in respect of every share held.

The Company shall proportionally acquire deferred shares in relation to the extent to which the shareholder disposes of his interest in ordinary shares in the Company. The Company shall acquire all issued deferred shares, should the shareholder's interest in ordinary shares become less than 10%. These shares are not listed on any stock exchange.

Subject to certain limitations, the unissued deferred share capital is under the control of the Directors, who may issue it under predetermined circumstances at the nominal value as set out in the MOI of Shoprite Holdings Ltd.

	2024 Rm	2023 Rm
25 Contract liabilities		
Gift vouchers, saving stamps and lay-by sales	1 219	1 023
Reconciliation of contract liabilities:		
Balance at the beginning of the year	1 023	991
Prepayments received during the year	5 957	4 298
Revenue recognised upon redemption	(5 690)	(4 217)
Prepayments included in opening balance	(899)	(997)
Prepayments received during the year	(4 791)	(3 220)
Revenue recognised upon expiry date	(37)	(18)
Breakage amount recognised as revenue during the year	(25)	(30)
Foreign currency translation differences	(9)	(1)
Balance at the end of the year	**1 219**	**1 023**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

26 Revenue

	2024 Rm	Restated* 2023 Rm
Revenue from contracts with customers	244 272	217 874
Sale of merchandise (note 26.1)	240 718	214 956
Commissions received (note 26.2)	1 236	1 107
Franchise fees received	183	166
Marketing and media	473	383
Delivery recoveries	768	627
Other revenue from contracts with customers	894	635
Operating lease income (note 26.3)	461	468
Other income[9]	46	273
Dividends received from unlisted share investments	246	79
Interest revenue (note 26.4)	759	701
Insurance revenue (note 12)	298	250
	246 082	**219 645**
Consisting of:		
Sale of merchandise	240 718	214 956
Other operating income	4 307	3 738
Interest revenue	759	701
Insurance revenue	298	250
	246 082	**219 645**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

9 The prior financial year includes insurance claims due to the 2021 social unrest of R244 million.

26.1 Sale of merchandise has been disaggregated as follows:

	2024 Rm	Restated* 2023 Rm
Supermarkets RSA	195 041	173 634
Shoprite and Usave	99 634	90 036
Checkers and Checkers Hyper[10]	77 852	69 306
LiquorShop[11]	16 718	13 932
Other[12]	837	360
Supermarkets Non-RSA	20 822	19 622
Shoprite and Usave	18 914	18 095
Checkers and Checkers Hyper	1 542	1 312
LiquorShop	355	205
Other	11	10
Furniture	7 230	7 064
RSA	5 413	5 343
Non-RSA	1 817	1 721
Other operating segments	17 718	14 636
Drop-shipment sales to franchisees	9 430	7 602
Other sales	8 288	7 034
Total operating segments	240 811	214 956
Hyperinflation effect	(93)	–
Consolidated sale of merchandise	**240 718**	**214 956**

10 Checkers and Checkers Hyper includes sale of merchandise through the Checkers Sixty60 application which is less than 10% of the Group's consolidated sale of merchandise.

11 LiquorShop includes sale of merchandise through LiquorShop Online and the Checkers Sixty60 application which is less than 10% of the Group's consolidated sale of merchandise.

12 Other includes sale of merchandise through Petshop Online which is less than 10% of the Group's consolidated sale of merchandise.

26 Revenue continued

26.2 Commissions received

	2024 Rm	Restated* 2023 Rm
Commission on Computicket ticket sales	172	162
Commission on money transfers	258	245
Commission on third-party account and insurance payments	177	167
Commission on third-party products	287	235
Other commissions received	342	298
	1 236	**1 107**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

26.3 Operating lease income

	2024 Rm	Restated* 2023 Rm
Rental income from properties	455	468
Rental income from investment properties	6	–
	461	**468**

The Group has entered into various operating lease agreements as the lessor of property.

Leases on properties and investment properties are contracted for periods of between one and 11 years (2023: one and 20 years). Rental comprises mainly minimum monthly payments. Rental escalations vary, but average at a rate of 6.4% (2023: 6.3%) p.a for properties and 18.7% for investment properties.

26.4 Interest revenue

	2024 Rm	Restated* 2023 Rm
Finance income earned from instalment sale receivables	437	343
Interest received from government bonds and bills (note 13)	90	153
Interest received from associates	76	62
Interest received from third-party insurance cell captive arrangements	61	36
Interest received other	95	107
	759	**701**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

27 Depreciation and amortisation

	2024 Rm	Restated* 2023 Rm
Property, plant and equipment	3 138	2 752
Investment properties	1	–
Right-of-use assets	4 387	3 859
Intangible assets	594	520
	8 120	7 131
Disclosed as cost of sales	(856)	(826)
	7 264	**6 305**

28 Employee benefits

	2024 Rm	Restated* 2023 Rm
Wages, salaries and other staff benefits	19 938	17 684
Share-based payment arrangements (note 28.1)	249	229
Post-employment medical benefits	2	2
Retirement benefit contributions (note 42)	823	728
	21 012	18 643
Disclosed as cost of sales	(1 770)	(1 616)
	19 242	**17 027**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	2023 Rm
28 Employee benefits continued		
28.1 Share-based payment arrangements		
Equity-settled share-based payments (note 19.1)	218	229
Cash-settled share-based payments (note 19.2)	31	—
	249	**229**
28.2 Learnership allowances		
The Group has, during the year under review, received certain learnership allowances.		
Sector Educational Training Authorities (SETA) grants		
In terms of the SETA grant in South Africa, the Group can recoup Skills Development Levies (SDLs) to the extent that training, as prescribed by SETA, is provided to its employees. The resulting reduction in SDLs is set out below. The net amount is taxed at 27%.		
Mandatory grants received	30	27
Discretionary grants received	12	11
	42	**38**
28.3 Employment tax incentive (ETI)		
The Group has, during the year under review, received an ETI allowance.		
In terms of the Employment Tax Incentive Act of 2013, the Group can recoup rebates for hiring young work seekers in South Africa. The ETI rebate allowance promulgation was extended and will apply up until 28 February 2029. The resulting reduction in employee benefit expenses amounted to R258 million (2023: R310 million).		
29 Directors' remuneration		
Executive Directors	72	81
Non-executive Directors	13	12
	85	**93**

The prescribed officers of the Group are listed below.

For details of equity-settled share-based payment instruments issued to Directors refer to note 19.

R'000	Remuneration	Short-term performance bonus	Long-term incentive bonus[13 and 14]	Retirement and medical benefits	Other benefits	Total
2024						
Executive Directors and Alternates						
PC Engelbrecht	18 863	17 082	14 703	503	919	52 070
A de Bruyn	7 765	5 694	6 063	393	341	20 256
	26 628	**22 776**	**20 766**	**896**	**1 260**	**72 326**
2023						
Executive Directors and Alternates						
PC Engelbrecht	17 700	16 982	22 924	496	556	58 658
A de Bruyn	6 607	5 197	8 679	394	295	21 172
B Harisunker (retired 14/11/2022)	744	—	—	—	66	810
	25 051	**22 179**	**31 603**	**890**	**917**	**80 640**

13 Long-term incentive bonuses include the grant date fair value of shares granted in terms of the ESP without spreading the expense over the vesting period. Refer to note 19.1 for further details. Share appreciation rights with no intrinsic value were granted during the year. Refer to note 19.2.

14 The decrease in the long-term incentive bonus is due to the restructuring of the ESP share-based incentive schemes to include an executive deferred incentive scheme from which shares will only be granted in September 2024, subject to performance conditions being met.

29 Directors' remuneration continued

R'000	2024 Board fees paid	2024 Committee fees paid	2024 Total	2023 Board fees paid	2023 Committee fees paid	2023 Total
Non-executive Directors[15]						
WE Lucas-Bull	3 775	—	3 775	3 561	—	3 561
P Cooper	549	592	1 141	518	506	1 024
L de Beer	549	616	1 165	518	574	1 092
GW Dempster	549	389	938	518	365	883
NN Gobodo	947	633	1 580	772	556	1 328
MLD Marole	549	138	687	518	129	647
SN Maseko (appointed 27/06/2023)	520	127	647	—	—	—
H Mathebula (appointed 27/06/2023)	520	115	635	—	—	—
PD Norman	549	289	838	518	286	804
CH Wiese[16]	549	591	1 140	518	555	1 073
EA Wilton	549	375	924	518	353	871
JF Basson (retired 14/11/2022)	—	—	—	167	117	284
ATM Mokgokong (retired 14/11/2022)	—	—	—	288	165	453
JA Rock (retired 14/11/2022)	—	—	—	167	165	332
	9 605	**3 865**	**13 470**	**8 581**	**3 771**	**12 352**

15 Non-executive Directors' remuneration reflects approved fees accrued, excluding VAT to the extent that VAT is apportioned to the taxable supplies of the Company.

16 Paid to Titan Financial Services (Pty) Ltd.

	2024 Rm	Restated* 2023 Rm
30 Other operating expenses		
Advertising	4 114	3 724
Cleaning	1 233	1 124
Commission paid	1 478	1 394
Delivery expenses	1 536	1 028
Electricity and water	5 243	5 144
Fees for professional services	775	823
Motor vehicle expenses	1 781	1 718
Lease expenses (note 21)	893	787
Repairs and maintenance	2 780	2 480
Security services	2 470	2 179
Other expenses	3 513	3 314
	25 816	23 715
Disclosed as cost of sales	(2 763)	(2 717)
	23 053	**20 998**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

		2024 Rm	Restated* 2023 Rm
31	**Items of a capital nature**		
	Profit on disposal of assets classified as held for sale (note 4)	9	132
	Profit on sale and leaseback transaction (note 21)	49	102
	Loss on disposal and scrapping of property, plant and equipment and intangible assets (note 3 and note 7)	(143)	(126)
	Impairment of property, plant and equipment (note 3)	(36)	(96)
	Impairment of investment properties (note 5)	(123)	–
	Impairment of right-of-use assets (note 6)	(58)	(75)
	Impairment of intangible assets (note 7)	(33)	(37)
	Impairment of investment in associate (note 9)	(14)	–
	Insurance claims receivable	45	82
	Loss on disposal of subsidiary	(27)	–
	Profit on other investing activities	1	2
		(330)	**(16)**
32	**Operating profit**		
	Determined after taking into account the following:		
	Auditors' remuneration (note 32.1)	71	69
	Fair value (losses)/gains on financial instruments	(32)	167

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

32.1 Auditors' remuneration[17]

	Ernst & Young Inc.	Other	Total
2024			
Audit services	38	22	60
Audit-related assurance services	2	–	2
Tax advisory and compliance services	–	7	7
Other non-audit services	–	2	2
	40	**31**	**71**
2023			
Audit services	–	57	57
Audit-related assurance services	–	1	1
Tax advisory and compliance services	–	7	7
Other non-audit services	–	4	4
	–	**69**	**69**

17 Ernst & Young Inc. was appointed as the Group's external auditors during the current financial year as part of audit firm rotation. In the prior year PricewaterhouseCoopers Inc. was the Group's external auditors.

		2024 Rm	Restated* 2023 Rm
33	**Finance costs**		
	Lease liabilities finance charges	3 602	3 070
	Borrowings and other finance charges	845	650
		4 447	3 720
	Borrowing costs capitalised	(141)	(52)
		4 306	**3 668**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

		2024 Rm	Restated* 2023 Rm
34	**Income tax expense**		
34.1	**Classification**		
	South African income tax	2 502	2 463
	Foreign income tax	334	349
		2 836	**2 812**
34.2	**Consisting of:**		
	Current income tax	3 161	3 018
	Prior year income tax	(11)	11
	Withholding income tax	93	107
		3 243	3 136
	Deferred income tax	(407)	(324)
		2 836	**2 812**

		2024 %	2023 %
34.3	**Reconciliation of the effective tax rate**		
	South African current income tax at 27%	27.0	27.0
	Net adjustments	3.2	3.8
	Dividend income	(0.9)	(0.3)
	Exempt income[18]	(2.4)	(2.6)
	Non-deductible expenses[19]	3.3	1.8
	Income tax allowances	(0.1)	(0.1)
	Deferred income tax asset previously not recognised	0.2	0.2
	Prior year income tax	(0.1)	0.1
	Effect of foreign income tax rates	(0.1)	0.3
	Withholding income tax	1.0	1.2
	Deferred income tax asset not recognised[20]	2.3	3.2
	Effective tax rate	**30.2**	**30.8**

18 The majority of exempt income relates to interest and real estate income, which is ring-fenced from corporate income tax in certain countries, as well as employment tax incentives and fair value adjustments on the Group's cell captive insurance arrangements. In the prior year the majority also included the contribution to the employee share trust.

19 Non-deductible expenses mainly comprise impairment of investments and loans, expenses incurred on exempt income, interest disallowed due to thin capitalisation tax rules, amortisations of refurbishments, corporate social investment donations and bad debt written off. In the prior year the majority also included unrealised foreign exchange on long-term loans and professional fees.

20 Deferred income tax assets not recognised mainly relates to countries which have assessed losses, where it is not considered probable that taxable profit will be available in the future against which the unused tax losses can be utilised.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

35 Discontinued operations

The Group's discontinued operations are detailed in this note.

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. The statement of comprehensive income includes exchange rate losses and net finance income for the current and comparative year which relate to a bank account denominated in Nigeria naira which holds the proceeds from the sale of this subsidiary. During the current financial year, the constraints on the Nigeria naira were eased, and the US dollar became readily available, consequently allowing for the Nigeria naira to be repatriated.

Shoprite RDC SARL

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

Other discontinued operations

Shoprite Checkers Kenya Ltd, Shoprite Checkers Uganda Ltd and Shoprite Madagascar S.A. were classified as discontinued operations in prior financial years. The entities' results are not considered material to the Group's consolidated financial statements and are included in other discontinued operations.

35.1 Financial performance and cash flow information

	Retail Supermarkets Nigeria Ltd Rm	Shoprite RDC SARL Rm	Other Rm	Total Rm
2024				
(Loss)/profit from discontinued operations				
Other operating income	–	–	1	1
Interest revenue	2	–	2	4
Other operating (expenses)/reversals	(130)	3	(3)	(130)
Trading (loss)/profit	(128)	3	–	(125)
Exchange rate losses	(203)	–	–	(203)
Operating (loss)/profit	(331)	3	–	(328)
Interest received from bank account balances	6	–	–	6
(Loss)/profit before income tax	(325)	3	–	(322)
Income tax expense	–	–	–	–
(Loss)/profit after income tax	**(325)**	**3**	**–**	**(322)**
Other comprehensive income from discontinued operations				
Foreign currency translation differences from discontinued operations for the year	–	1	–	1
Cumulative foreign currency translation losses recognised in other comprehensive income	–	(72)	(39)	(111)
Net cash inflows/(outflows) attributable to discontinued operations				
Operating activities	–	5	1	6
Investing activities	21	–	18	39
Financing activities	–	–	–	–
Net increase/(decrease) in cash generated by discontinued operations	**21**	**5**	**19**	**45**

35 Discontinued operations continued

35.1 Financial performance and cash flow information continued

	Retail Supermarkets Nigeria Ltd Rm	Shoprite RDC SARL Rm	Other Rm	Total Rm
2023				
(Loss)/profit from discontinued operations				
Sale of merchandise	–	94	–	94
Gross profit	–	7	–	7
Other operating income	25	–	3	28
Depreciation and amortisation	–	(11)	–	(11)
Employee benefits (expenses)/reversals	–	(20)	1	(19)
Other operating (expenses)/reversals	(6)	(26)	7	(25)
Trading profit/(loss)	19	(50)	11	(20)
Exchange rate losses	(272)	(31)	(1)	(304)
Loss on lease modifications and terminations	–	(65)	–	(65)
Items of a capital nature	–	(34)	–	(34)
Operating (loss)/profit	(253)	(180)	10	(423)
Net finance income/(costs)	9	(3)	–	6
(Loss)/profit before income tax	(244)	(183)	10	(417)
Income tax expense	–	(2)	–	(2)
(Loss)/profit after income tax	**(244)**	**(185)**	**10**	**(419)**
Other comprehensive loss from discontinued operations				
Foreign currency translation differences from discontinued operations for the year	–	(7)	(2)	(9)
Cumulative foreign currency translation losses recognised in other comprehensive income	–	(73)	(39)	(112)
Net cash inflows/(outflows) attributable to discontinued operations				
Operating activities	–	(29)	19	(10)
Investing activities	49	–	10	59
Financing activities	–	(5)	–	(5)
Net increase/(decrease) in cash generated by discontinued operations	**49**	**(34)**	**29**	**44**

35.2 Details of the disposal of discontinued operations

	Retail Supermarkets Nigeria Ltd Rm	Shoprite RDC SARL Rm	Other Rm	Total Rm
2024				
Cash received from outstanding debtor from sale of discontinued operations	21	–	18	39
2023				
Cash received from outstanding debtor from sale of discontinued operations	49	–	–	49

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

36 Earnings/(loss) per share

	Gross Rm	Income tax effect Rm	Net Rm
2024			
Net profit attributable to owners of the parent			6 248
Loss from discontinued operations			322
Earnings from continuing operations			6 570
Profit on disposal of assets classified as held for sale (note 4)	(9)	–	(9)
Profit on sale and leaseback transaction (note 21)	(49)	17	(32)
Loss on disposal and scrapping of property, plant and equipment and intangible assets (note 3 and note 7)	143	(37)	106
Impairment of property, plant and equipment (note 3)	36	(5)	31
Impairment of investment properties (note 5)	123	–	123
Impairment of right-of-use assets (note 6)	58	(22)	36
Impairment of intangible assets (note 7)	33	(3)	30
Impairment of investment in associate	14	–	14
Insurance claims receivable	(45)	12	(33)
Loss on disposal of subsidiary	27	–	27
Profit on other investing activities	(1)	–	(1)
Re-measurements attributable to non-controlling interest	(58)	–	(58)
Headline earnings from continuing operations	**272**	**(38)**	**6 804**
Loss from discontinued operations			(322)
Headline earnings	**272**	**(38)**	**6 482**
2023			
Net profit attributable to owners of the parent			5 886
Loss from discontinued operations			419
Earnings from continuing operations			6 305
Profit on disposal of assets classified as held for sale (note 4)	(132)	29	(103)
Profit on sale and leaseback transaction (note 21)	(102)	20	(82)
Loss on disposal and scrapping of property, plant and equipment and intangible assets (note 3 and note 7)	126	(30)	96
Impairment of property, plant and equipment (note 3)	96	(5)	91
Impairment of right-of-use assets (note 6)	75	(16)	59
Impairment of intangible assets (note 7)	37	(10)	27
Insurance claims receivable	(82)	21	(61)
Profit on other investing activities	(2)	–	(2)
Headline earnings from continuing operations	**16**	**9**	**6 330**
Loss from discontinued operations			(419)
Items of a capital nature from discontinued operations	34	–	34
Headline earnings	**50**	**9**	**5 945**

Number of ordinary shares	2024 '000	2023 '000
– In issue	543 849	543 063
– Weighted average	543 866	542 882
– Weighted average adjusted for dilution	546 172	546 082
Reconciliation of weighted average number of ordinary shares in issue during the year:		
Weighted average number of ordinary shares	543 866	542 882
Adjustments for dilutive potential of full share grants	2 306	3 200
Weighted average number of ordinary shares for diluted earnings per share	**546 172**	**546 082**

36 Earnings/(loss) per share continued

	2024			2023		
Earnings/(loss) per share (cents)	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
– Basic earnings	1 207.7	(59.1)	1 148.6	1 161.4	(77.1)	1 084.3
– Diluted earnings	1 202.6	(58.9)	1 143.7	1 154.6	(76.7)	1 077.9
– Headline earnings	1 250.5	(59.1)	1 191.4	1 166.2	(70.9)	1 095.3
– Diluted headline earnings	1 245.2	(58.9)	1 186.3	1 159.4	(70.5)	1 088.9

	2024 cents	2023 cents
37 Dividends per share		
37.1 Dividends per share paid		
No. 149 paid 2 October 2023 (2023: No. 147 paid 3 October 2022)	415.0	367.0
No. 150 paid 2 April 2024 (2023: No. 148 paid 11 April 2023)	267.0	248.0
	682.0	**615.0**
37.2 Dividends per share declared		
No. 151 payable 30 September 2024 (2023: No. 149 paid 2 October 2023)	445.0	415.0

The final dividend payable on 30 September 2024 (2023: 2 October 2023) will amount to R2.4 billion (2023: R2.3 billion) (excluding treasury shares).

	Rm	Restated* Rm
38 Cash flow information		
38.1 Non-cash items		
Depreciation of property, plant and equipment and investment properties	3 139	2 755
Depreciation of right-of-use assets	4 387	3 867
Amortisation of intangible assets	594	520
Share of profit of equity accounted investments	(268)	(251)
Credit impairment losses on loans receivable and government bonds and bills	150	143
Net fair value losses/(gains) on financial instruments	32	(4)
Movement in third-party cell captive contracts	(120)	(117)
Net monetary gain	(135)	–
Exchange rate losses/(gains)	217	(80)
(Profit)/loss on lease modifications and terminations	(101)	5
Profit on disposal of assets classified as held for sale	(9)	(132)
Profit on sale and leaseback transaction	(49)	(102)
Loss on disposal and scrapping of property, plant and equipment and intangible assets	143	160
Impairment of property, plant and equipment	36	96
Impairment of investment properties	123	–
Impairment of right-of-use assets	58	75
Impairment of intangible assets	33	37
Impairment of investment in associate	14	–
Loss on disposal of subsidiary	27	–
Movement in employee benefit and other provisions	67	65
Movement in share-based payment reserve	218	229
Movement in fixed escalation operating lease accruals	1	2
	8 557	**7 268**

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 45 for details of this change in accounting policy.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

38 Cash flow information continued

38.2 Changes in working capital

	2024 Rm	2024 Rm
Inventories	(3 637)	(3 059)
Trade and other receivables	(1 046)	(687)
Short-term supplier financing arrangements	9	–
Trade and other payables	7 721	3 538
Contract liabilities	205	33
	3 252	**(175)**

38.3 Dividends paid

	2024 Rm	2024 Rm
Shareholders for dividends at the beginning of the year	(16)	(14)
Dividends distributed to equity holders	(3 728)	(3 362)
Dividends distributed to non-controlling interest	(10)	(10)
Shareholders for dividends at the end of the year	11	16
	(3 743)	**(3 370)**

38.4 Income tax paid

	2024 Rm	2024 Rm
(Payable)/prepaid at the beginning of the year	(345)	108
Per statement of comprehensive income	(3 243)	(3 136)
Income tax expense from discontinued operations	–	(2)
Foreign currency translation differences including hyperinflation effect	12	(29)
Disposal of investment in subsidiary	9	–
Payable at the end of the year	48	345
	(3 519)	**(2 714)**

38.5 Acquisition of subsidiaries

At the end of March 2024, the Group acquired an additional 60.9% of the share capital of its associates Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd, for a cash consideration of R1. The agreement was entered into with Resilient Properties (Pty) Ltd which involved the simultaneous settlement of the loan receivable by the Group of R959 million with the acquisition of subsidiaries. These wholly owned subsidiaries are incorporated in South Africa and are involved in the investment and letting of properties in Nigeria. As a result of this acquisition, the Group acquired five Nigeria companies which own three malls namely Delta, Owerri and Asaba Mall.

The assets and liabilities arising from this acquisition were as follows:	2024 Rm	2024 Rm
Investment properties (note 5)	849	–
Cash and cash equivalents	25	–
Borrowings (note 22)	(47)	–
Previously held loans to subsidiary	(959)	–
Trade and other payables	(49)	–
Net identifiable liabilities acquired	(181)	–
Less: Non-controlling interest	158	–
Less: Previously held interest	23	–
Purchase consideration	–	–
Less: Bank balance acquired on acquisition	25	–
Net inflow of cash on acquisition of subsidiaries	**25**	**–**

Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd contributed revenue of R6 million and a loss for the year of R102 million to the consolidated statement of comprehensive income for the year under review, since the acquisition date.

38 Cash flow information continued

38.6 Acquisition of select businesses from Massmart Holdings Ltd

The Group acquired select businesses from Massmart Holdings Ltd with an effective date of 9 January 2023. The transaction led to the Group acquiring one meat plant and 94 stores which have been rebranded as 51 Shoprite, 42 Shoprite LiquorShop and one Usave. Furthermore, the acquisition contributed R5.9 billion (2023: R2.4 billion) to sale of merchandise and included 4 480 staff members joining the Group (who would be eligible to receive the Shoprite Employee Trust distributions subject to certain qualifying criteria).

The assets and liabilities arising from this acquisition were as follows:	2024 Rm	2023 Rm
Property, plant and equipment (note 3)	–	322
Right-of-use assets (note 6)	–	784
Inventories	–	367
Lease liabilities (note 21)	–	(784)
Trade and other payables	–	(27)
Fair value of net assets acquired	–	662
Purchase consideration consisting of:		
Total purchase consideration	–	662
Purchase consideration payable	–	(32)
Purchase consideration paid on acquisition	**–**	**630**

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

38.7 Cash outflow on disposal of investment in subsidiary

On 5 October 2023, the Group completed the sale of its investment in Thuthuka Nathi Ventures (Pty) Ltd, a subsidiary operating in the venture capital industry in South Africa. The Group received cash proceeds of R89 million as consideration for disposal of its 68.4% shareholding in the subsidiary and recognised a loss on disposal of R27 million within items of a capital nature. The net assets of Thuthuka Nathi Ventures (Pty) Ltd at the disposal date are presented in the following table.

	2024 Rm	2023 Rm
Current income tax liabilities	(9)	–
Cash and cash equivalents	140	–
Net identifiable assets disposed	131	–
Non-controlling interest	(15)	–
Proceeds on disposal	(89)	–
Loss on disposal of subsidiary	**27**	**–**
Net outflow of cash on disposal of investment in subsidiary comprise of the following:		
Cash proceeds on disposal	89	–
Cash and cash equivalents disposed	(140)	–
Cash outflow on disposal of investment in subsidiary	**(51)**	**–**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

	2024 Rm	2023 Rm
39 Contingent liabilities		
39.1 Amounts arising in the ordinary course of business relating to property transactions, uncertain tax positions and other transactions from which it is anticipated that no material liabilities will arise.	2 630	1 970

The increase in contingent liabilities from the previous year is primarily a result of additional tax assessments received, from certain tax authorities where the Group traded. Management has assessed the merits of each of these cases in close collaboration with the Group's external advisors and remain confident that those assessments leading to probable additional payments have been adequately provided for. Where these payments are considered not probable, these are disclosed as contingent liabilities.

39.2 In 2011, AIC Ltd (the Claimant), a company registered in the Federal Republic of Nigeria issued a summons against Shoprite Checkers (Pty) Ltd and Retail Supermarkets Nigeria Ltd in the Federal High Court of Nigeria for breach of a joint venture agreement (the JV Agreement) allegedly concluded during 1998. In its judgement, on 30 November 2017, damages in the sum of US$10 million plus interest at a rate of 10% per annum effective from the date of judgement until final liquidation of the entire sum were awarded. An appeal against the judgement was heard by the Court of Appeal which, in its judgement dated 21 May 2020, allowed the appeal by Retail Supermarkets Nigeria Ltd but dismissed the appeal by Shoprite Checkers (Pty) Ltd. Based on legal advice, a Notice of Appeal has been filed against the judgement to the Supreme Court of Appeal.

The Group considers it to be probable that the judgement will be in its favour, based on legal advice, and has therefore not recognised a provision in relation to this claim.

40 Commitments

40.1 Capital commitments

	2024 Rm	2023 Rm
Contracted for property, plant and equipment	2 460	2 031
Contracted for intangible assets	70	62
Authorised by Directors, but not contracted for	5 559	6 717
Total capital commitments	**8 089**	**8 810**

Funds to meet this expenditure will be provided from the Group's own resources and borrowings.

40.2 Operating lease receivables

Future minimum lease payments receivable under non-cancellable operating leases:

	2024 Rm	2023 Rm
– Not later than one year	366	337
– Later than one year, not later than two years	257	232
– Later than two years, not later than three years	154	141
– Later than three years, not later than four years	80	86
– Later than four years, not later than five years	39	31
– Later than five years	34	43
	930	870
Less: fixed escalation operating lease accruals	(38)	(40)
	892	**830**

41 Borrowing powers

In terms of the Memorandum of Incorporation of the Company, the borrowing powers of Shoprite Holdings Ltd are unlimited.

42 Post-employment benefits

Group companies provide post-employment benefits in accordance with the local conditions and practices in the countries in which they operate.

The Group provides retirement benefits to 77.7% (2023: 78.4%) of employees and 5.6% (2023: 5.7%) of the employees belong to national retirement plans. The monthly contributions are charged to the statement of comprehensive income.

All company funds are defined contribution funds. All South African funds are subject to the Pension Fund Act of 1956.

	2024 Rm	2023 Rm
During the year under review contributions to retirement funding have been calculated as (note 28):	823	728

43 Risk management and financial instrument disclosure

The Board is accountable for the process of risk management, establishing appropriate risk and control policies, and communicating these throughout the Group. The Group's risk management policies are designed to identify risks faced by the Group and establish appropriate controls and limits to mitigate the risk to acceptable levels. The Audit and Risk Committee oversees how management monitors compliance with these risk and control policies.

This note discloses information about the Group's capital risk management and exposure to risks from its use of financial instruments. It also discloses information about the Group's exposure to insurance risk and how it is mitigated.

43.1 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is considered to be equity as shown in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The gearing ratio is calculated as interest-bearing borrowings and lease liabilities divided by equity and was 167.6% (2023: 159.6%) at the reporting date.

The Group is currently maintaining a 1.75 times (2023: 1.75 times) dividend cover based on diluted headline earnings per share from continuing operations.

43.2 Fair value of financial instruments

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:
Level 1: Measurements in whole or in part are done by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
Level 2: Measurements are done by reference to inputs other than quoted prices that are included in level 1. These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).
Level 3: Measurements are done by reference to inputs that are not based on observable market data.

The Group's investments at fair value through other comprehensive income (note 11) (2023: investment in convertible loans (note 10)) and Centriq Insurance Company Ltd first-party cell captive insurance arrangements (note 12.2) are measured at fair value and classified at level 3. The fair value is based on the net asset value at the statement of financial position date. There were no transfers between levels 1 and 2 during the year.

All other financial instruments held by the Group are measured at amortised cost. The fair value of these financial instruments is calculated using cash flows discounted at a rate based on the market related borrowings rate as indicated.

The following tables reflect the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy, at the reporting date. It does not include inputs used to determine the fair value of financial assets and financial liabilities not measured at fair value of financial instruments classified at level 3 where the carrying amount approximates fair value due to the short-term nature of these current receivables. Fair value disclosures are not presented for lease liabilities, as this is not a requirement in terms of IFRS 7: Financial Instruments: Disclosures.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued

43.2 Fair value of financial instruments continued

Financial assets	Notes	Carrying amount: Financial assets at amortised cost Rm	Carrying amount: Financial assets at fair value through profit or loss Rm	Carrying amount: Financial assets at fair value through other comprehensive income Rm	Carrying amount: Total Rm	Fair value: Level 2 Rm	Fair value: Level 3 Rm	Fair value: Total Rm	Borrowing rate used
2024									
Financial assets measured at fair value									
Investments at fair value through other comprehensive income	11	—	—	67	67	—	67	67	
First-party cell captive contracts	12.2	—	181	—	181	—	181	181	
		—	181	67	248	—	248	248	
Financial assets not measured at fair value									
Government bonds and bills		886	—	—	886	915	—	915	
AOA, USD Index Linked, Angola Government Bonds	13.1	515	—	—	515	525	—	525	4.5%
AOA, Angola Government Bonds	13.2	288	—	—	288	305	—	305	13.1%
Angola Treasury Bills	13.3	66	—	—	66	67	—	67	5.9%
Nigeria Treasury Bills	13.4	17	—	—	17	18	—	18	19.8%
Loans receivable		1 109	—	—	1 109	—	1 097	1 097	
Amounts receivable from franchisees	14.2	741	—	—	741	—	741	741	11.9%
Amounts receivable from Kin Oasis Investments Ltd	14.4	147	—	—	147	—	135	135	7.6%
Supplier loans receivable from working capital advances	14.5.1	105	—	—	105	—	105	105	12.0%
Other loan amounts receivable from suppliers	14.5.2	75	—	—	75	—	75	75	12.4%
Other		41	—	—	41	—	41	41	
Instalment sale receivables		1 287	—	—	1 287	—	1 419	1 419	13.7%
Trade receivables from contracts with customers[21]		3 220	—	—	3 220	—	3 220	3 220	
Other receivables excluding prepayments and taxes receivable[21]		1 087	—	—	1 087	—	1 087	1 087	
Net investment in lease receivables[21]		302	—	—	302	—	302	302	
Restricted cash[21]		3	—	—	3	—	3	3	
Cash and cash equivalents[21]		11 732	—	—	11 732	—	11 732	11 732	
Total financial assets		**19 626**	**181**	**67**	**19 874**	**915**	**19 108**	**20 023**	

21 The maximum exposure to credit risk at the reporting date is the carrying amount which approximates fair value due to the short-term nature of these current receivables.

43 Risk management and financial instrument disclosure continued

43.2 Fair value of financial instruments continued

Financial liabilities	Notes	Carrying amount: Financial liabilities at amortised cost Rm	Carrying amount: Total Rm	Fair value: Level 2 Rm	Fair value: Level 3 Rm	Fair value: Total Rm	Borrowing rate used
2024							
Financial liabilities not measured at fair value							
Borrowings		5 993	5 993	5 957	—	5 957	
ABSA Bank Ltd							
South Africa rand	22.2	2 047	2 047	2 049	—	2 049	9.1%
US dollar	22.2	104	104	104	—	104	7.3%
FirstRand Bank Ltd	22.3	1 502	1 502	1 493	—	1 493	9.0%
Standard Bank Ltd	22.4	2 004	2 004	1 977	—	1 977	9.1%
Stanbic Bank Botswana Ltd	22.6	290	290	288	—	288	8.0%
Other		46	46	46	—	46	
Trade payables[22]		22 757	22 757	—	22 757	22 757	
Other payables and accruals excluding taxes payable and employee benefit accruals[22]		5 629	5 629	—	5 629	5 629	
Deposits and third-party payments liability[22]		640	640	—	640	640	
Refund liability[22]		75	75	—	75	75	
Bank overdrafts[22]		2 895	2 895	—	2 895	2 895	
Total financial liabilities excluding lease liabilities		37 989	37 989	5 957	31 996	37 953	
Lease liabilities	21	40 477	40 477				
Total financial liabilities		**78 466**	**78 466**				

22 The carrying amount approximates fair value due to the short-term nature of these current payables.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued

43.2 Fair value of financial instruments continued

Financial assets	Notes	Carrying amount: Financial assets at amortised cost Rm	Carrying amount: Financial assets at fair value through profit or loss Rm	Carrying amount: Total Rm	Fair value: Level 2 Rm	Fair value: Level 3 Rm	Fair value: Total Rm	Borrowing rate used
2023								
Financial assets measured at fair value								
Convertible loans	10	–	22	22	–	22	22	
First-party cell captive contracts	12.2	–	220	220	–	220	220	
		–	**242**	**242**	**–**	**242**	**242**	
Financial assets not measured at fair value								
Government bonds and bills		1 137	–	1 137	1 180	–	1 180	
AOA, USD Index Linked, Angola Government Bonds	13.1	637	–	637	637	–	637	4.8%
AOA, Angola Government Bonds	13.2	338	–	338	380	–	380	12.1%
Angola Treasury Bills	13.3	162	–	162	163	–	163	11.5%
Loans receivable		1 993	–	1 993	–	1 968	1 968	
Shareholder loan receivable from Resilient Africa (Pty) Ltd	14.1.1	190	–	190	–	176	176	7.5%
Other amounts receivable from Resilient Africa (Pty) Ltd	14.1.2	845	–	845	–	833	833	8.0%
Amounts receivable from franchisees	14.2	500	–	500	–	500	500	11.7%
Amounts receivable from Circle Mall Mauritius Ltd	14.3	257	–	257	–	257	257	8.0%
Amounts receivable from Kin Oasis Investments Ltd	14.4	157	–	157	–	158	158	7.4%
Other		44	–	44	–	44	44	
Instalment sale receivables[23]		1 195	–	1 195	–	1 195	1 195	
Trade receivables from contracts with customers[23]		2 571	–	2 571	–	2 571	2 571	
Other receivables excluding prepayments and taxes receivable[23]		1 168	–	1 168	–	1 168	1 168	
Net investment in lease receivables[23]		312	–	312	–	312	312	
Restricted cash[23]		650	–	650	–	650	650	
Cash and cash equivalents[23]		12 548	–	12 548	–	12 548	12 548	
Total financial assets		**21 574**	**242**	**21 816**	**1 180**	**20 654**	**21 834**	

23 The maximum exposure to credit risk at the reporting date is the carrying amount which approximates fair value due to the short-term nature of these current receivables.

43 Risk management and financial instrument disclosure continued

43.2 Fair value of financial instruments continued

Financial liabilities	Notes	Carrying amount: Financial liabilities at amortised cost Rm	Carrying amount: Total Rm	Fair value: Level 2 Rm	Fair value: Level 3 Rm	Fair value: Total Rm	Borrowing rate used
2023							
Financial liabilities not measured at fair value							
Borrowings		6 368	6 368	7 282	–	7 282	
ABSA Bank Ltd							
South Africa rand	22.2	2 046	2 046	2 429	–	2 429	9.5%
US dollar	22.2	441	441	438	–	438	7.0%
FirstRand Bank Ltd	22.3	1 502	1 502	1 752	–	1 752	9.5%
Standard Bank Ltd	22.4	2 006	2 006	2 297	–	2 297	9.6%
Standard Chartered Bank (Mauritius) Ltd	22.5	99	99	99	–	99	7.5%
Stanbic Bank Botswana Ltd	22.6	274	274	267	–	267	8.5%
Trade payables[24]		16 737	16 737	–	16 737	16 737	
Other payables and accruals excluding taxes payable and employee benefit accruals[24]		4 636	4 636	–	4 636	4 636	
Deposits and third-party payments liability[24]		642	642	–	642	642	
Refund liability[24]		64	64	–	64	64	
Bank overdrafts[24]		6 604	6 604	–	6 604	6 604	
Total financial liabilities excluding lease liabilities		35 051	35 051	7 282	28 683	35 965	
Lease liabilities	21	35 582	35 582				
Total financial liabilities		**70 633**	**70 633**				

24 The carrying amount approximates fair value due to the short-term nature of these current payables.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued

43.3 Offsetting of financial assets and liabilities

The table below reflects those financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

	Financial assets			Financial liabilities		
	Trade receivables Rm	Cash and cash equivalents Rm	Total assets Rm	Trade payables Rm	Bank overdrafts Rm	Total liabilities Rm
2024						
Gross amounts of recognised financial assets/(liabilities)	3 953	12 581	16 534	(23 490)	(3 744)	(27 234)
Gross amounts of recognised financial assets/(liabilities) offset in the statement of financial position	(733)	(849)	(1 582)	733	849	1 582
Net amounts of financial assets/(liabilities) presented in the statement of financial position	3 220	11 732	14 952	(22 757)	(2 895)	(25 652)
Related amounts not offset in the statement of financial position[25]						
Financial instruments	(105)	—	(105)	105	—	105
Net amounts	**3 115**	**11 732**	**14 847**	**(22 652)**	**(2 895)**	**(25 547)**
2023						
Gross amounts of recognised financial assets/(liabilities)	3 508	13 297	16 805	(17 674)	(7 353)	(25 027)
Gross amounts of recognised financial assets/(liabilities) offset in the statement of financial position	(937)	(749)	(1 686)	937	749	1 686
Net amounts of financial assets/(liabilities) presented in the statement of financial position	2 571	12 548	15 119	(16 737)	(6 604)	(23 341)
Related amounts not offset in the statement of financial position[25]						
Financial instruments	(105)	—	(105)	105	—	105
Net amounts	**2 466**	**12 548**	**15 014**	**(16 632)**	**(6 604)**	**(23 236)**

25 For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when the counterparty fails to timeously comply with its obligations.

43 Risk management and financial instrument disclosure continued

43.4 Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange rate contracts and price swap contracts as economic hedges, to hedge certain exposures. Where all relevant criteria are met, hedge accounting is applied, using non-derivative financial instruments, to remove the accounting mismatch between the hedging instrument and the hedged item.

Financial risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

43.4.1 Credit risk

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Potential concentration of credit risk consists primarily of investment in insurance cell captive arrangements, government bonds and bills, loans receivable, trade and other receivables, restricted cash as well as cash and cash equivalents. In the prior financial year convertible loans also contained potential concentration of credit risk.

The following impairment losses, including reversals of impairment losses, in relation to financial assets are presented as credit impairment losses in the statement of comprehensive income:

	2024 Rm	2023 Rm
Instalment sale receivables from contracts with customers (note 16.2)	202	138
Trade receivables from contracts with customers (note 16.1)	30	(5)
Government bonds and bills (note 13)	(5)	(10)
Loans receivable (note 14)	155	153
Other receivables (note 16.3)	(1)	(12)
Net impairment losses on financial assets	**381**	**264**

Of the previously mentioned impairment losses, R232 million (2023: R133 million) relate to receivables arising from contracts with customers.

The Group's financial assets measured at amortised cost are subject to impairment under the ECL model. The inputs, assumptions and estimation techniques used in measuring ECL are explained below.

Measurement of ECL in terms of the general model for impairment

ECL are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk (SICR) has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the probability of default (PD) and exposure at default (EAD).

- The PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- The EAD is based on the amounts the Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD).
- The Group calculates loss given default (LGD) as discounted EAD.

These three components are multiplied together. This effectively calculates the ECL which is then discounted back to the reporting date, using the original effective interest rate, and aggregated. ECL is a probability-weighted outcome.

The 12-month and lifetime EADs are determined based on the PD, which varies by type of financial asset.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

SICR in terms of the general model for impairment

The Group considers financial assets subject to assessment for ECL in terms of the general model for impairment, to have experienced a SICR since the time of initial recognition, when one or more of the following quantitative, qualitative or backstop criteria have been met. The SICR assessment happens on a bi-annual basis per financial asset class, at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the credit risk team.

Quantitative criteria

Where the counterparty has not met its minimum contractual obligations for at least one month.

Qualitative criteria

The Group considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:
- Internal and external credit ratings;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- Changes in general economic and/or market conditions;
- Changes in the amount of financial support available to the counterparty;
- Expected or potential breaches of covenants; and
- Expected delay in payment.

A backstop is applied if the borrower is more than 30 days past due on its contractual payments.

Measurement of ECL in terms of the simplified model

The Group has elected to apply the simplified model and measures the impairment allowance at an amount equal to lifetime ECL. This policy has been applied to all instalment sale and net investment in lease receivables. Lifetime ECL are assessed by determining cash flows on a probability-weighted basis and discounting these at the effective interest rate including initiation fees.

The probability-weighted cash flows are calculated using the following:
- Transition matrix and conditional probabilities; and
- Payment performance for each payment state.

Measurement of ECL in terms of the provision matrix

For short-term trade receivables, e.g. trade receivables without a significant financing component, the determination of forward-looking economic scenarios may be less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates might be an appropriate basis for the estimate of expected future losses. The Group has elected to apply the provision matrix for trade receivables without a significant financing component and measures the impairment allowance at an amount equal to lifetime ECL. Lifetime ECL are assessed by applying the relevant loss rates to the trade receivable balances outstanding (i.e. a trade receivable age analysis). Due to the diversity of the Group's customer base, the Group used appropriate groupings if the historical credit loss experience showed significantly different loss patterns for different customer segments.

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default when the counterparty fails to make contractual payments within 90 days of when they fall due. This is fully aligned with the definition of credit-impaired assets.

With regard to credit-impaired accounts, interest income is recognised by applying the effective interest rate to the amortised cost, i.e. gross carrying amount less impairment provision, resulting in lower interest revenue.

The criteria for credit-impaired accounts (i.e. when the account moves to stage 3 as a result of loss events that have occurred after initial recognition) are as follows:

Receivables arising from contracts with customers:
- *In duplum* (the National Credit Act section providing that all charges ceases to accrue once the sum of the charges equals the amount of capital outstanding at the time);
- Debt counselling accounts (as governed by the National Credit Act);
- Non-performing accounts; and
- As a backstop, accounts not included in the above categories, where no payment has been received over the last three consecutive months.

Government bonds and bills and loans receivable:
- Significant financial difficulty of the counterparty;
- Where a counterparty has not met their minimum contractual obligations; and
- The disappearance of an active market for that financial asset because of financial difficulties.

Other receivables:

Where a counterparty has not met their minimum contractual obligations for three consecutive months.

Curing

A credit-impaired account will cure when the customer does not meet the criteria for being a credit-impaired account. For a customer to cure, a significant improvement in the customer's payment behaviour is required. Curing occurs in the following instances:

Government bonds and bills:

When the outlook on the Angolan and Nigeria economy, according to major rating agencies, improves from negative to being stable or positive. This typically happens when the external credit rating improves from initial recognition or the previous reporting period from a rating below BBB- to a rating between AAA and BBB-.

Loans receivable:

Where no payment has been received in the last three consecutive months, it will cure once in receipt of a contractual repayment. If a loan receivable was determined to be credit-impaired, based on the significant difficulty of the counterparty, it will cure once there is clear evidence of financial stability from the counterparty.

Instalment sale receivables:
- Where no payment has been received in the last three consecutive months, it will cure once in receipt of a monthly instalment.
- Accounts in debt counselling will cure when the customer is no longer in debt counselling in terms of the requirements of the National Credit Act.
- Non-performing accounts will only cure when their lifetime payment rating improves to the extent that the customer has paid 55% or more of the amounts due over the contract period. Generally, this will require a significant improvement in the customer's payment behaviour.

Trade receivables:
- *In duplum* accounts will cure when they no longer meet the requirements of the National Credit Act for being defined as an *in duplum* account.
- Where no payment has been received in the last three consecutive months, it will cure once in receipt of a payment.

Other receivables:

Where no payment has been received in the last three consecutive months, it will cure once in receipt of a payment.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. This is usually the case when the Group's in-house collection department and external collection companies which supplement the Group's collection activities are unable to recover outstanding balances. Where instalment sale receivables have been written off, the Group may continue to attempt to recover the outstanding amount due.

a) **Government bonds and bills** (note 13)

The Group invests in Angola government bonds and treasury bills as well as Nigeria treasury bills. The investment in Angola government bonds and treasury bills form part of its hedging strategy against a future foreign exchange devaluation in Angola. The majority of the Angola government bonds are linked to the US dollar, which provides a natural hedge against US dollar short-term intergroup loans payable by the Group's subsidiaries in Angola, while the remaining government bonds and bills provide high returns.

None of the government bonds and bills are past due. The Group does not hold any collateral as security.

The table below reflects the maximum exposure to credit risk on government bonds and bills at the reporting date.

			2024				2023			
Internal credit rating category	Basis for recognition of ECL allowance	Financial instrument class	ECL rate	Gross amount Rm	ECL allowance Rm	Carrying amount Rm	ECL rate	Gross amount Rm	ECL allowance Rm	Carrying amount Rm
Under-performing (stage 2)	Lifetime ECL	AOA, USD Index Linked, Angola Government Bonds	2.3%	527	(12)	515	2.7%	655	(18)	637
		AOA, Angola Government Bonds	5.0%	303	(15)	288	4.8%	355	(17)	338
		Angola Treasury Bills	1.5%	67	(1)	66	0.6%	163	(1)	162
		Nigeria Treasury Bills	5.6%	18	(1)	17	0.0%	–	–	–
Total government bonds and bills				**915**	**(29)**	**886**		**1 173**	**(36)**	**1 137**

Internal credit rating categories are defined as follows with reference to external credit ratings published by Moody's for Angola and Nigeria:
- **Performing (stage 1):** Counterparty has a low risk of default and a strong capacity to meet contractual cash flows based on external credit ratings ranging between AAA and A+.
- **Underperforming (stage 2):** Investments for which there is a SICR. External credit ratings deteriorated from being internally classified as performing to between A and BBB-.
- **Non-performing (stage 3):** Interest and/or principal repayments are 90 days past due.

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

a) **Government bonds and bills** (note 13) continued

Reconciliation of loss allowance for government bonds and bills:

	2024 Under-performing (stage 2) Rm	2023 Under-performing (stage 2) Rm
Balance at the beginning of the year	36	71
New financial assets originated or purchased during the year	5	4
Unused amounts reversed	(10)	(14)
Foreign currency translation differences	(2)	(25)
Balance at the end of the year	**29**	**36**

Specific assumptions and judgements applied in the calculation of ECL of government bonds and bills in terms of the general model for impairment are detailed below.

The PD represents the likelihood of the Angola or Nigeria Government defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. The underlying PD (including their term structure) used to construct the estimates of PD are sourced from Moody's publications of historical default ratings for sovereign debt and no adjustments are made to these historical PD.

It is assumed that Angola and Nigeria will have through-the-cycle (TTC) performance and therefore the Group made no macroeconomic adjustment to the ECL allowance for government bonds and bills. A flat LGD assumption of 40% was applied across all bonds and time periods. This is in line with historical statistics that are available from Moody's publications for comparable instruments. The PD curves are built on the credit ratings published by Moody's for Angola and Nigeria.

b) **Loans receivable** (note 14)

The Group provides financing to trading partners, such as franchisees, suppliers and certain landlords. Collateral held by the Group as security for these loans receivable is disclosed below.

At the end of March 2024 the Group acquired additional shares in Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd. This acquisition resulted in these entities being accounted for as subsidiaries and no longer as associates. In the prior year the Group did not hold any collateral as security for the South Africa rand denominated shareholder loan receivable from Resilient Africa (Pty) Ltd (refer to note 14.1.1). The Group managed its credit risk by holding share pledges and cession agreements in the underlying subsidiaries of Resilient Africa (Pty) Ltd as collateral for the US dollar denominated loan receivable (refer to note 14.1.2).

The loan receivable from Circle Mall Mauritius Ltd was repaid during the financial year. In the previous financial year Circle Mall Mauritius Ltd's holding company provided a guarantee and indemnity for 50% of the loan amount which was in turn secured by a pledge of 100% of the shareholding in Circle Mall Mauritius Ltd to the Group (refer to note 14.3).

Kin Oasis Investments Ltd's holding company, Kinois Investments Ltd, provided a guarantee and indemnity for 100% of all present and future payment obligations and liabilities which is in turn secured by a pledge of 60% of the shareholding in Kin Oasis Investments Ltd to the Group (refer to note 14.4).

Suppliers of the Group can obtain funding in the form of secured or unsecured loans. Security for these loans include cession over future payments from the Group, mortgages, notarial bonds over stock or equipment and cession over future rental payments to landlords (refer to note 14.5).

Amounts receivable from franchisees relate to a wide-spread number of franchisees which are individually insignificant. The credit history of all franchisees are verified with an external credit bureau. Notarial and mortgage bonds and bank guarantees to the value of R575 million (2023: R695 million) are held as collateral for these amounts. Amounts are due within 30 days of statement date and the age analysis of these amounts are reviewed on a monthly basis.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

b) **Loans receivable** (note 14) continued

The table below reflects the maximum exposure to credit risk on loans receivable at the reporting date.

Internal credit rating category	Basis for recognition of ECL allowance	Financial instrument class	2024 ECL rate	2024 Gross amount Rm	2024 ECL allowance Rm	2024 Carrying amount Rm	2023 ECL rate	2023 Gross amount Rm	2023 ECL allowance Rm	2023 Carrying amount Rm
Performing (stage 1)	12-month ECL	Amounts receivable from franchisees	3.2%	374	(12)	362	1.8%	281	(5)	276
		Amounts receivable from Circle Mall Mauritius Ltd	0.0%	—	—	—	5.5%	272	(15)	257
		Amounts receivable from Kin Oasis Investments Ltd	2.0%	150	(3)	147	12.3%	179	(22)	157
		Amounts receivable from supplier loans for working capital advances	0.0%	105	—	105	0.0%	—	—	—
		Amounts receivable from suppliers for other loans	2.6%	76	(2)	74	0.0%	—	—	—
		Other	0.0%	36	—	36	0.0%	44	—	44
Under-performing (stage 2)	Lifetime ECL	Shareholder loan receivable from Resilient Africa (Pty) Ltd	0.0%	—	—	—	68.2%	598	(408)	190
		Other amounts receivable from Resilient Africa (Pty) Ltd	0.0%	—	—	—	0.0%	845	—	845
		Amounts receivable from franchisees	0.0%	164	—	164	6.0%	83	(5)	78
		Other	0.0%	5	—	5	0.0%	—	—	—
Non-performing (stage 3)	Lifetime ECL	Amounts receivable from franchisees	29.3%	304	(89)	215	18.0%	178	(32)	146
		Amounts receivable from suppliers for other loans	80.0%	5	(4)	1	0.0%	—	—	—
Total loans receivable				**1 219**	**(110)**	**1 109**		**2 480**	**(487)**	**1 993**

Internal credit rating categories are defined as follows:

- **Performing (stage 1):** Counterparty has a low risk of default and a strong capacity to meet contractual cash flows.
- **Underperforming (stage 2):** Loans for which there is a SICR. A SICR is presumed if interest and/or principal repayments are 30 days past due.
- **Non-performing (stage 3):** Interest and/or principal repayments are 90 days past due.

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

b) **Loans receivable** (note 14) continued

Reconciliation of loss allowance for loans receivable:	2024 Performing (stage 1) Rm	2024 Under-performing (stage 2) Rm	2024 Non-performing (stage 3) Rm	2024 Total loans receivable Rm	2023 Performing (stage 1) Rm	2023 Under-performing (stage 2) Rm	2023 Non-performing (stage 3) Rm	2023 Total loans receivable Rm
Balance at the beginning of the year	42	413	32	487	27	297	49	373
New financial assets originated or purchased during the year	13	4	16	33	—	—	37	37
Individual financial assets transferred to underperforming (lifetime ECL)	(3)	(4)	15	8	—	5	(5)	—
Individual financial assets transferred to performing (12-month ECL)	(15)	3	4	(8)	5	—	(5)	—
Changes in risk parameters[26]	(19)	111	90	182	5	111	—	116
Amounts written off during the year as uncollectible	—	—	(13)	(13)	—	—	(44)	(44)
Unused amounts reversed	(1)	(8)	(51)	(60)	—	—	—	—
Acquisition of subsidiaries (note 38.5)[26]	—	(519)	—	(519)	—	—	—	—
Foreign currency translation differences	—	—	—	—	5	—	—	5
Balance at the end of the year	**17**	**—**	**93**	**110**	**42**	**413**	**32**	**487**

26 The decrease in loss allowance is mainly due to the acquisition of subsidiaries which is offset by an increase in loss allowance due to an increase in the PD used to calculate the 12-month and lifetime ECL for the underperforming and non-performing loans receivable.

Specific assumptions and judgements applied in the calculation of ECL of loans receivable in terms of the general model for impairment are detailed below.

The PD represents the likelihood of the counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. Default, Transition, and Recovery: 2023 Annual Global Corporate Default And Rating Transition Study (1981 – 2023) (%) as published on 28 March 2024 by Standard and Poor's for corporate exposures are used as input to these calculations. The rating is then adjusted to represent the appropriate risk appetite for a specific instrument.

The Group has performed historical analyses and identified certain macroeconomic variables correlating with credit losses. Macroeconomic variables used for financial assets at amortised cost include G7 real GDP growth, total unemployment rate (both formal and informal), prime overdraft rate, US$/ZAR exchange rate and inflation rate.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

c) Trade and other receivables

Instalment sale receivables from contracts with customers (note 16.2)

Instalment sale receivables comprise a wide-spread client base and external credit checks are made to ensure that all instalment sale clients have an appropriate credit history.

The Group's instalment sale receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. These receivables contain a significant financing component with terms of business varying from six to 36 months. The Group has developed advanced credit-granting systems to properly assess the creditworthiness of its customers.

Credit granting:

The credit underwriting process flows through the following stages:

(i) **Credit scoring:** This involves the gathering of appropriate information from the client, use of credit bureaus and third parties such as employers. These input variables are run through the various credit scorecards. In assessing applications for credit, strict affordability criteria are applied together with in-house developed scorecards based on credit bureau data. Industry-wide fraud detection tools are used to identify potentially fraudulent applications. The Group deals with its new customers and existing customers differently when credit scoring takes place.

Customer acquisition takes into account the risk level, repurchase propensity and profitability of new customers. Behaviour scorecards are used to determine credit extension to customers in good standing, to drive repurchase rates and repeat loans, and reduce average bad debt. These scorecards are regularly reviewed and upgraded to ensure the Group's credit policy remains in line with an acceptable level of risk for repeat business.

(ii) **Assessing client affordability:** This process involves collecting information regarding the customer's income levels, expenses and current debt obligations. The Group has its own priority expense model based on surveys conducted with customers in addition to the National Credit Regulator's expense table. The following factors are then taken into consideration to conclude on the affordability of each customer:

- Assessing existing financial means and prospects;
- Assessing existing financial obligations;
- Assessing debt repayment history; and
- Ignoring credit agreements that will be substituted.

The total cost of credit is disclosed to the consumer.

(iii) **Determining the credit limit for the customer:** The customer's risk score determined by the scorecard together with the expense assessment and outstanding obligations are used to calculate a credit limit within the customer's affordability level.

The credit granting systems enable the Group to determine its appetite for risk. In determining the acceptable level of risk, the potential loss is weighed up against the revenue potential using the predictive behavioural models inherent in the credit-granting system. The Group monitors any variances from the level of risk that has been adopted and adjusts the credit-granting process on a regular basis.

The Group manages its risk effectively by assessing the customer's ability to service the proposed monthly instalment.

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

c) Trade and other receivables continued

Instalment sale receivables from contracts with customers (note 16.2) continued

Contractual arrears:

Contractual arrears are calculated by reference to the actual arrears in terms of the original signed agreement. The key aspect of the arrear calculation is the Group's policy not to reschedule arrears nor to amend the terms of the original contract.

From the onset of the agreement, contractual arrears are calculated by comparing payments made life to date with the originally calculated instalments due life to date, causing a customer who is paying less than the required contracted instalment to immediately fall into arrears. Once the customer exceeds the term of the agreement by paying less than the required contracted instalments, the full balance owing will be in arrears. The Group does not consider arrears the leading indicator, but rather payment ratings for the reasons mentioned above.

The tables below reflect the maximum exposure to credit risk on instalment sale receivables as well as the ECL allowance and contractual arrears per customer grouping at the reporting date. Customer groupings are determined as follows:

- **Satisfactory paid:** Customers who have paid 70% or more of amounts due over the contract period.
- **Slow payers:** Customers who have paid 55% to 69% of amounts due over the contract period.
- **Non-performing accounts:** Customers who have paid less than 55% of amounts due over the contract period.

Analysis of instalment sale receivables at 30 June 2024

Customer grouping	Total number of customers	Gross carrying amount Rm	ECL allowance Rm	ECL allowance %	Total arrears Rm	Number of instalments in arrears: 1 instalment Rm	2 instalments Rm	>2 instalments Rm
Satisfactory paid	170 311 60.1%	1 067 49.5%	214 24.6%	20.1%	80	37	22	21
Slow payers	31 982 11.3%	276 12.8%	113 13.0%	40.9%	79	17	17	45
Non-performing accounts	81 259 28.7%	813 37.7%	542 62.4%	66.7%	370	18	19	333
Total instalment sale receivables	**283 552**	**2 156**	**869**	**40.3%**	**529**	**72**	**58**	**399**

Analysis of credit-impaired instalment sale receivables at 30 June 2024 included in the table above

Credit-impaired categories	Non-performing accounts Rm	*In duplum*: Satisfactory paid Rm	*In duplum*: Slow payers Rm	Debt counselling: Satisfactory paid Rm	Debt counselling: Slow payers Rm	No payment in 3 consecutive months: Satisfactory paid Rm	No payment in 3 consecutive months: Slow payers Rm	Total Rm
Gross carrying amount	813	11	130	44	28	23	48	1 097
ECL allowance	(542)	(3)	(59)	(9)	(14)	(7)	(8)	(642)
Amortised cost	**271**	**8**	**71**	**35**	**14**	**16**	**40**	**455**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

c) Trade and other receivables continued

Instalment sale receivables from contracts with customers (note 16.2) continued

Analysis of instalment sale receivables at 2 July 2023

Customer grouping	Total number of customers	Gross carrying amount Rm	ECL allowance Rm	ECL allowance %	Total arrears Rm	Number of instalments in arrears: 1 instalment Rm	2 instalments Rm	>2 instalments Rm
Satisfactory paid	145 546 54.9%	886 44.3%	181 22.4%	20.4%	63	29	17	17
Slow payers	35 147 13.3%	311 15.5%	118 14.6%	37.9%	70	15	17	38
Non-performing accounts	84 498 31.9%	805 40.2%	508 62.9%	63.1%	325	20	19	286
Total instalment sale receivables	**265 191**	**2 002**	**807**	**40.3%**	**458**	**64**	**53**	**341**

Analysis of credit-impaired instalment sale receivables at 2 July 2023 included in the table above

Credit-impaired categories	Non-performing accounts Rm	*In duplum*: Satisfactory paid Rm	*In duplum*: Slow payers Rm	Debt counselling: Satisfactory paid Rm	Debt counselling: Slow payers Rm	No payment in 3 consecutive months: Satisfactory paid Rm	No payment in 3 consecutive months: Slow payers Rm	Total Rm
Gross carrying amount	805	11	69	37	34	21	45	1 022
ECL allowance	(508)	(3)	(31)	(7)	(17)	(6)	(9)	(581)
Amortised cost	**297**	**8**	**38**	**30**	**17**	**15**	**36**	**441**

Reconciliation of loss allowance for instalment sale receivables:

	2024 Accounts not credit-impaired Rm	2024 Credit-impaired accounts Rm	2024 Total instalment sale receivables Rm	2023 Accounts not credit-impaired Rm	2023 Credit-impaired accounts Rm	2023 Total instalment sale receivables Rm
Balance at the beginning of the year	226	581	807	265	587	852
New financial assets originated or purchased during the year	150	62	212	151	60	211
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(134)	134	—	(174)	174	—
Amounts recovered during the year	—	(4)	(4)	—	(4)	(4)
Changes in risk parameters	(12)	6	(6)	(25)	(44)	(69)
Amounts written off during the year as uncollectible	—	(129)	(129)	—	(204)	(204)
Foreign currency translation differences	(3)	(8)	(11)	9	12	21
Balance at the end of the year	**227**	**642**	**869**	**226**	**581**	**807**

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

c) Trade and other receivables continued

Instalment sale receivables from contracts with customers (note 16.2) continued

Specific assumptions and judgements applied in the calculation of ECL of instalment sale receivables in terms of the simplified approach for impairment are detailed below.

Probability-weighted cash flows:
The expected credit loss is a probability-weighted estimate and represents the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows the Group expects to receive, discounted at the original effective interest rate including initiation fees.

The probability-weighted cash flows are calculated using the debtor book population's payment behaviour in combination with a transition matrix. The transition matrix and payment performance for each payment state has been developed utilising customer payment history. The transition matrix predicts the population's payment behaviour and probability of the account being in a particular payment state and transitioning into future payment states. The key states in the transitional matrix are the customer's lifetime payment rating, age of the account and contractual term. The lifetime payment rating measures the customer's actual payments received over the lifetime of the account relative to the contractual instalments due.

For modelling purposes, cash flows are forecast on an individual customer level and aggregated over all the customer's sub-accounts until the account is settled or written off. For each contractual term, lifetime payment rating and age, the transitional matrix maps the probability of an account transitioning into future lifetime payment ratings for the remaining months on book.

The payment performance for each payment state is calculated using the actual payment history for each payment rating over the last five years to ensure the recency of the impairment model as required by IFRS 9.

Economic overlay:
An economic overlay has been developed by performing a regression analysis between key economic variables with reference to the payment yields over a ten-year period. The model considers a number of macroeconomic variables including gross domestic product (GDP). The consumer price index and prime overdraft rate were also considered as variables during the previous financial year.

The Group makes use of a cash flow model adjusted for coverage percentages unique to each country and each state. The process of determining adjusted coverage percentages involved applying an adjustment to the PDs. The scalar was based on country-specific GDP forecasts.

The GDP forecasts used for South Africa are listed below. The IMF GDP forecasts were used for the other African countries.

Scenario	Calendar year 2024	2025	2026
Upside	1.5%	2.0%	2.5%
Base	1.2%	1.5%	1.7%
Downside	0.6%	0.8%	1.0%

Upside, base and downside scenarios using the economic variables above are determined and a weighted average scenario is prepared. This is compared to the base position and an appropriate adjustment is made to the whole trade receivables book.

The three scenarios project the future impact of the economic variables on the impairment provision. Management has assigned a probability of 30.0% (2023: 0.0%) to the upside scenario, 50.0% (2023: 20.0%) to the base scenario and 20.0% (2023: 80.0%) to the downside scenario for the 12-month forecast for South Africa.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued
c) Trade and other receivables continued

Instalment sale receivables from contracts with customers (note 16.2) continued

South Africa

Impact of forward-looking information on ECL:	2024 Rm	2024 % change	2023 Rm	2023 % change
Probability-weighted impact of all three scenarios	616		507	
100% upside scenario	610	(0.9)	470	(7.3)
100% base scenario	614	(0.3)	480	(5.3)
100% downside scenario	623	1.2	511	0.9

Trade receivables from contracts with customers (note 16.1)

Sales to retail customers are settled in cash or using debit and credit cards. Except for the total exposure represented by the respective statement of financial position items, the Group has no other significant concentration of credit risk.

The Group has policies in place to ensure that all sales of goods and services on credit are made to customers with an appropriate credit history. Balances are due within 30 days of statement date and the age analysis of these amounts are reviewed on a monthly basis. Franchisees comprise a wide-spread client base and the credit history of all franchisees are verified with an external credit bureau. Notarial and mortgage bonds and bank guarantees to the value of R1.2 billion (2023: R1.5 billion) are held as collateral for these amounts. Long standing trading relationships exist with the buying aid societies and the Group reviews the credit history of these societies, based on its own records as well as information from an external credit bureau, on a cyclical basis. Based on this, the Group considers the credit quality of all fully performing amounts as satisfactory.

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime ECL. The ECL on trade receivables are estimated using a provision matrix. The behavioural matrix looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the contracts. The behavioural matrix is based on historically observed data and is assumed to be the same across all assets within a portfolio and credit band. This is supported by historical analysis. The following table details the risk profile of trade receivables at the reporting date, based on the Group's provision matrix.

		Trade receivables – days past due				
	Current Rm	31 – 60 days past due Rm	61 – 90 days past due Rm	91 – 120 days past due Rm	More than 120 days past due Rm	Total Rm
As at 30 June 2024						
Gross carrying amount	2 562	438	111	44	197	3 352
Lifetime ECL	(19)	(20)	(7)	(3)	(83)	(132)
Net carrying amount	**2 543**	**418**	**104**	**41**	**114**	**3 220**
Expected credit loss rate	0.7%	4.6%	6.3%	6.8%	42.1%	3.9%
As at 2 July 2023						
Gross carrying amount	2 036	337	90	45	193	2 701
Lifetime ECL	(16)	(7)	(3)	(1)	(103)	(130)
Net carrying amount	**2 020**	**330**	**87**	**44**	**90**	**2 571**
Expected credit loss rate	0.8%	2.1%	3.3%	2.2%	53.4%	4.8%

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued
c) Trade and other receivables continued

Trade receivables from contracts with customers (note 16.1) continued

Reconciliation of loss allowance for trade receivables:

	Accounts not credit-impaired			Credit-impaired accounts				
	Receivables from franchisees Rm	Buying aid societies and other receivables Rm	Total trade receivables not credit-impaired Rm	Receivables from franchisees Rm	Receivables from medical aid schemes, pharmacies and doctors Rm	Buying aid societies and other receivables Rm	Total credit-impaired trade receivables Rm	Total trade receivables Rm
2024								
Balance at the beginning of the year	—	54	54	7	47	22	76	130
New financial assets originated or purchased during the year	—	15	15	—	9	4	13	28
Individual financial assets transferred to non-performing (credit-impaired financial assets)	3	—	3	(3)	—	—	(3)	—
Amounts recovered during the year	—	(11)	(11)	—	—	(1)	(1)	(12)
Changes in risk parameters	12	—	12	2	—	1	3	15
Amounts written off during the year as uncollectible	—	(5)	(5)	—	(29)	(8)	(37)	(42)
Unused amounts reversed	—	—	—	—	—	(1)	(1)	(1)
Acquisition of subsidiaries (note 38.5)	—	—	—	—	—	20	20	20
Foreign currency translation differences	—	—	—	—	—	(6)	(6)	(6)
Balance at the end of the year	**15**	**53**	**68**	**6**	**27**	**31**	**64**	**132**
2023								
Balance at the beginning of the year	—	59	59	18	46	41	105	164
New financial assets originated or purchased during the year	—	13	13	4	3	10	17	30
Amounts recovered during the year	—	(15)	(15)	—	—	—	—	(15)
Changes in risk parameters	—	—	—	—	—	(10)	(10)	(10)
Amounts written off during the year as uncollectible	—	(3)	(3)	(15)	(2)	(7)	(24)	(27)
Unused amounts reversed	—	—	—	—	—	(10)	(10)	(10)
Foreign currency translation differences	—	—	—	—	—	(2)	(2)	(2)
Balance at the end of the year	**—**	**54**	**54**	**7**	**47**	**22**	**76**	**130**

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

c) **Trade and other receivables** continued

Trade receivables from contracts with customers (note 16.1) continued

Assumptions and judgements applied in the calculation of ECL of trade receivables in terms of the simplified approach for measuring impairment are detailed below.

To measure ECL, trade receivables have been grouped by shared credit risk characteristics by considering the different revenue streams within each operating segment such as franchise, retail and wholesale of pharmaceutical products, furniture, travel packages and ticket sales through Computicket as well as by geographical location and days past due.

ECL are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic/proxy write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations.

For receivables from franchisees, the expected loss ratios are based on the payment profiles of sales during the last 36 months before each reporting period. The expected loss ratios of other trade receivables are based on the payment profiles of sales during the last 12 months before each reporting period.

The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of trade receivables at the reporting date to the extent that there is a strong correlation between the forward-looking information and the ECL. The Group has performed historical analyses and identified certain macroeconomic variables correlating with credit losses.

Macroeconomic variables used for financial assets at amortised cost include G7 real GDP growth, total unemployment rate (both formal and informal), prime overdraft rate, US$/ZAR exchange rate and inflation rates. The selected macroeconomic variables are appropriate drivers of default rates.

Due to the relative short-term nature of the book and constantly evolving credit criteria being applied, the impact of extrapolating the forward-looking information against credit variables was not material. It will, however, continue to be monitored and will be reassessed at each reporting date.

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued

c) **Trade and other receivables** continued

Other receivables (note 16.3)

Other receivables consist of various operational debtors such as municipal deposits refundable, insurance claims receivable and staff debtors and bursaries. The age analysis of these amounts are reviewed on a monthly basis and creditworthiness assessed. If the credit risk of any individual receivable is deemed to be material, the credit history of the relevant client will be verified with an external credit bureau. No security is held for these balances.

The table below reflects the maximum exposure to credit risk on other receivables at the reporting date.

			2024				2023			
Internal credit rating category	**Basis for recognition of ECL allowance**	**Financial instrument class**	**ECL rate**	**Gross amount Rm**	**ECL allowance Rm**	**Carrying amount Rm**	**ECL rate**	**Gross amount Rm**	**ECL allowance Rm**	**Carrying amount Rm**
Performing (stage 1)	12-month ECL	Insurance claims receivable	0.0%	112	–	112	0.0%	109	–	109
		Staff debtors and bursaries	0.0%	30	–	30	3.8%	79	(3)	76
		Various other receivables	2.7%	881	(24)	857	2.5%	930	(23)	907
Under-performing (stage 2)	Lifetime ECL	Staff debtors and bursaries	0.0%	1	–	1	0.0%	2	–	2
Non-performing (stage 3)	Lifetime ECL	Staff debtors and bursaries	100.0%	31	(31)	–	100.0%	31	(31)	–
		Various other receivables	1.1%	88	(1)	87	62.1%	195	(121)	74
Total other receivables				**1 143**	**(56)**	**1 087**		**1 346**	**(178)**	**1 168**

Internal credit rating categories are defined as follows:

- **Performing (stage 1):** Counterparty has a low risk of default and a strong capacity to meet contractual cash flows.
- **Underperforming (stage 2):** Receivables for which there is a SICR. A SICR is presumed if interest and/or principal repayments are 30 days past due.
- **Non-performing (stage 3):** Interest and/or principal repayments are 90 days past due.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued
c) **Trade and other receivables** continued

Other receivables (note 16.3) continued

Reconciliation of loss allowance for other receivables:

	2024			2023		
	Performing (stage 1) Rm	Non-performing (stage 3) Rm	Total other receivables Rm	Performing (stage 1) Rm	Non-performing (stage 3) Rm	Total other receivables Rm
Balance at the beginning of the year	26	152	178	70	120	190
New financial assets originated or purchased during the year	—	1	1	—	32	32
Changes in risk parameters[27]	(2)	—	(2)	(44)	—	(44)
Unused amounts reversed	—	(121)	(121)	—	—	—
Balance at the end of the year	**24**	**32**	**56**	**26**	**152**	**178**

27 The decrease in the loss allowances is due to a decrease in the PD used to calculate the 12-month ECL for certain performing other receivables.

Specific assumptions and judgements applied in the calculation of ECL of other receivables in terms of the general model for impairment are detailed below.

To measure ECL, other receivables have been grouped by shared credit risk characteristics and days past due. Other receivables include significant amounts of insurance claims receivable and staff debtors and bursaries. The remaining balance comprises of various other receivables which are individually insignificant.

The PD represents the likelihood of the counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. The rating is then adjusted to represent the appropriate risk appetite for a specific instrument.

Macroeconomic variables used for financial assets at amortised cost include G7 real GDP growth, total unemployment rate (both formal and informal), prime overdraft rate, US$/ZAR exchange rate and inflation rates. The selected macroeconomic variables are appropriate drivers of default rates.

Due to the relative short-term nature of other receivables and constantly evolving credit criteria being applied, the impact of extrapolating the forward-looking information against credit variables was not material. It will, however, continue to be monitored and will be reassessed at each reporting date.

d) **Restricted cash**

In the prior year the Group classified the funds received from the sale of its Nigeria subsidiary, Retail Supermarkets Nigeria Ltd, and receipts in terms of the related administration agreement as restricted cash deposits. This was due to the Group not having significant short-term cash commitments to be settled in Nigeria naira and repatriation challenges. These cash balances remained restricted until US dollar became available in the Nigerian market. During the current financial year, the constraints had eased, and the US dollar became more readily available, consequently these funds are no longer classified as restricted cash. Furthermore, ring-fenced guarantees reserved in Angola on behalf of the Angola General Tax Administration for objections to tax assessments are classified as restricted cash. These restricted cash balances held by the Group are not available for general use by the holding company or other subsidiaries in the Group. During the financial year, most of the tax assessments were finalised and the related ring-fenced guaranteed amounts were released.

The Group applies the general model to measure the loss allowance for restricted cash. All the restricted cash was determined to be in stage 1 as the counterparties have low risk of default and a strong capacity to meet contractual cash flows. There was no SICR of the Group's restricted cash. ECL were therefore limited to 12-month expected losses.

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.1 Credit risk continued
d) **Restricted cash** continued

	2024 Rm	2023 Rm
Analysis of total restricted cash:		
Ring-fenced Angola tax guarantees	3	292
Short-term deposits in Nigeria	—	373
Gross restricted cash	3	665
Provision for impairment	—	(15)
Carrying amount included in statement of financial position	**3**	**650**
Reconciliation of restricted cash included in statement of cash flows:		
Carrying amount included in statement of financial position	3	650
Less ring-fenced Angola tax guarantees not available for use by the Group	(3)	(292)
Restricted cash included in statement of cash flows	**—**	**358**

e) **Cash and cash equivalents**

The Group uses subsidiaries of rated South African and/or international financial institutions as its bankers. However, due to the Group's international operational requirements it is forced to transact with financial institutions in certain countries where independent internationally accredited credit ratings are not available. In these instances the Group's exposure to credit risk at each of these financial institutions is evaluated by management on a case by case basis. Cash balances deposited with these financial institutions are kept to an operational minimum and are transferred, subject to exchange control regulations and available suitable foreign currency, to financial institutions with acceptable credit ratings. The Group has policies that limit the amount of credit exposure to any one financial institution.

ECL of cash and cash equivalents are calculated in terms of the general model for impairment. All cash and cash equivalents were determined to be in stage 1 as the counterparties have low risk of default and a strong capacity to meet contractual cash flows. There was no SICR of the Group's cash and cash equivalents. ECL were therefore limited to 12-month expected losses and the identified impairment loss was considered immaterial.

The table below shows the cash invested at the reporting date at financial institutions grouped per Moody's short-term credit rating of the financial institutions.

	National scale	Global scale	2024 Rm	2023 Rm
Standard Chartered Bank		P-1	758	833
Citibank		P-1	208	178
Barclays Bank		P-1	117	40
Standard Bank	P-1	P-3	3 129	6 065
ABSA	P-1	P-3	3 224	1 791
Nedbank	P-1	P-3	1 970	1 633
FirstRand	P-1	P-3	924	662
Other banks			285	236
Cash on hand and in transit			1 117	1 110
Total cash and cash equivalents			**11 732**	**12 548**

Local currency cash and short-term deposits of R489 million (2023: R575 million) are held in Angola, Nigeria and Malawi (2023: Angola and Malawi) and are subject to onerous local exchange control regulations. These local exchange control regulations impose restrictions on exporting capital from the country, other than through normal dividends. These restricted cash balances held by the respective subsidiaries are not available for general use by the holding company or other subsidiaries in the Group.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.2 Market risk

a) **Currency risk**

The Group operates internationally and is exposed to currency risk arising from various currency exposures. The treasury department hedges the Group's net position in each foreign currency by using call deposits in foreign currencies and derivative financial instruments in the form of forward foreign exchange rate contracts for all cumulative foreign commitments of three months or more. Forward foreign exchange rate contracts are not used for speculative purposes. These instruments are not designated as hedging instruments for purposes of accounting.

Currency exposure arising from the net monetary assets in individual countries, held in currencies other than the functional currency of the Group, are managed primarily through converting cash and cash equivalents not required for operational cash flows to US dollar, subject to exchange control regulations. The US dollar is the preferred currency due to its history of stability, liquidity and availability in most markets.

Short-term loans between subsidiaries of the Group expose the Group to currency risk resulting from fluctuations in local currency exchange rates to the US dollar (2024: R559 million liability; 2023: R1.1 billion liability) and South Africa rand (2024: R852 million liability; 2023: R503 million liability). This US dollar currency risk is mitigated by the investment in AOA, USD Index Linked, Angola Government Bonds (2024: R515 million asset; 2023: R637 million asset) (refer to note 13.1) which serves as a natural hedge against the Group's currency risk on short-term US dollar loans between Group subsidiaries.

Material concentrations of currency risk also exist within the Group's lease liabilities and net cash and cash equivalents (including restricted cash) as follows:

Foreign currency	Lease liabilities 2024 Rm	Lease liabilities 2023 Rm	Net cash and cash equivalents 2024 Rm	Net cash and cash equivalents 2023 Rm
South Africa rand	—	—	27	133
United States dollar	1 417	1 652	264	1 004
Nigeria naira	—	—	5	344
Euro	—	—	2	4
Other currencies	1	—	1	3
	1 418	**1 652**	**299**	**1 488**

The Group does not have significant foreign creditors as most inventory imports are prepaid.

Hedge of net investment in foreign operation

The Group hedges a designated portion of its US dollar net assets in Shoprite International Ltd for foreign currency exposure arising between the US dollar and South Africa rand as part of the Group's risk management objectives. Shoprite International Ltd has a US dollar functional currency. Shoprite Holdings Ltd's net investment in Shoprite International Ltd is therefore exposed to fluctuations in the US$/ZAR spot exchange rate. Shoprite International Ltd uses these dollars in order to fund the operations in the various countries outside of South Africa, which also have liabilities denominated in US dollar. As a result of this exposure, the Group designates external lease liabilities denominated in US dollar as hedging instruments. Foreign exchange movements on translation of these hedging instruments are recognised in other comprehensive income and accumulated in the FCTR within shareholders' equity for the duration of the hedging relationship, offsetting the exchange rate differences recognised in other comprehensive income, arising on translation of the designated US dollar net assets of Shoprite International Ltd to South Africa rand. The cumulative foreign exchange movement recognised in other comprehensive income will only be reclassified to profit or loss upon loss of control, joint control or significant influence due to the disposal or abandonment of Shoprite International Ltd. The hedging relationship is reset on a monthly basis, whereby the designated portion of the net investment is adjusted to equal the value of the hedging instruments.

Hedge effectiveness is determined at the inception of the hedging relationship and through periodic prospective effectiveness assessments, by comparing the changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the net assets designated in Shoprite International Ltd. Hedge ineffectiveness could arise due to a decrease in the net investment in a foreign operation to a level below that of the designated lease liabilities. No hedge ineffectiveness was recognised in the statement of comprehensive income.

43 Risk management and financial instrument disclosure continued
43.4 Financial risk management continued
43.4.2 Market risk continued

a) **Currency risk** continued

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

	2024 US$m	2023 US$m
Nominal amount of US dollar denominated lease liabilities (non-current liabilities)	77	88
	Rm	**Rm**
Carrying amount of US dollar denominated lease liabilities (non-current liabilities)	1 417	1 652
Total carrying amount of US dollar denominated lease liabilities	**1 417**	**1 652**
Change in carrying amount of designated lease liabilities as a result of foreign currency losses	(396)	(164)
Change in value of hedged item used to determine hedge effectiveness	396	164
Hedge ratio	100%	100%
Reconciliation of amounts accumulated in the FCTR relating to hedges of net investments in foreign operations:		
Balance at the beginning of the year	(528)	(407)
Change in carrying amount of hedging instruments as a result of foreign currency losses recognised in other comprehensive income, net of income tax (note 20.1.2)	(280)	(121)
Balance at the end of the year	**(808)**	**(528)**

Sensitivity analysis of material concentrations of currency risk

Where material concentrations of currency risk exist within the Group, a sensitivity analysis was performed to calculate what the increase/decrease in profit for the year would have been if the various individual currencies strengthened or weakened against the South Africa rand and the US dollar. At 30 June 2024, the total possible decrease in Group post-tax profit, calculated for all estimated currency movements, was R3 million. This amount considers movement in the Nigeria naira (R27 million increase) and South Africa rand (R42 million decrease) exchange rates to the US dollar (with an expected strengthening of 2.3% and 3.3% respectively). Furthermore, the US dollar exchange rate to the South Africa rand (with an expected weakening of 3.4%) contributes a R24 million increase to this amount. At 2 July 2023, the total possible decrease in Group post-tax profit, calculated for all estimated currency movements, was R123 million with the Zambia kwacha exchange rate to the US dollar and South Africa rand (with an expected decline of 11.2% against the US dollar and 18.1% against the South Africa rand) contributing R56 million and R12 million respectively to this number. These changes had no material effect on the Group's equity.

The amounts were calculated with reference to the financial instruments, exposed to currency risk at the reporting date and do not reflect the Group's exposure throughout the reporting period, as these balances may vary significantly due to the self-funding nature of the Group's required working capital and cyclical nature of cash received from the sale of merchandise and payments to trade and other payables. The possible currency movements were determined based on management's best estimates taking into account prevailing economic and market conditions and future expectations.

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to foreign currency translation risk. Although not subject to market risk, the following constituted significant concentrations of net monetary assets/(liabilities), including short-term surplus funds, in currencies other than the reporting currency as at the reporting date, subject to translation risk.

Foreign currency	2024 Rm	2023 Rm
Angola kwanza	343	700
Botswana pula	(570)	(682)
United States dollar	1 352	2 032
Zambia kwacha	(319)	(652)

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued

43.4 Financial risk management continued

43.4.2 Market risk continued

b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises mainly from daily call accounts, bank overdrafts and borrowings. The Group does not account for any fixed rate financial assets or liabilities at fair value through profit and loss and therefore a change in interest rates at the reporting date would not affect profit or loss. Fixed rate financial instruments include government bonds and bills (refer to note 13), loans receivable (refer to note 14) and instalment sale receivables (refer to note 16.2).

Daily call accounts and bank overdrafts carry interest at rates fixed on a daily basis and expose the Group to cash flow interest rate risk. The Group analyses this interest rate exposure on a dynamic basis. Daily cash flow forecasts are done and combined with interest rates quoted on a daily basis. This information is then taken into consideration when reviewing refinancing/reinvesting and/or renewal/cancellation of existing positions and alternative financing/investing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for cash/borrowings that represent the major interest-bearing positions. The weighted average effective interest rate on call accounts was 9.0% (2023: 7.4%).

As part of the process of managing floating rate interest-bearing debt, the interest rate characteristics of borrowings (refer to note 22) are positioned according to the expected movements in interest rates. Interest rate profiles are analysed by the changes in borrowing levels and the interest rates applicable to the facilities available to the Group. The Chief Financial Officer has the mandate to approve the use of fixed interest debt and interest rate swaps as circumstances dictate. No interest rate swaps were entered into during the current year.

Exposure to interest rate risk on other monetary items consists of amounts receivable from franchisees (note 14.2).

Sensitivity analysis of material concentrations of interest rate risk

Where material concentrations of interest rate risk exists within the Group, a sensitivity analysis was performed to calculate what the increase/decrease in profit for the year would have been if the various individual interest rates the Group's financial instruments are subject to strengthened or weakened. At 30 June 2024, the total possible decrease in Group post-tax profit, calculated for all estimated interest rate movements, was R66 million. The estimated increase of 75 basis points in the South African prime rate would have resulted in a possible decrease in Group post-tax profit of R56 million. At 2 July 2023, the total possible decrease in Group post-tax profit, calculated for all estimated interest rate movements, was R65 million. The estimated increase of 25 basis points in the South African prime rate would have resulted in a possible decrease in Group post-tax profit of R31 million. These changes had no material effect on the Group's equity.

The amounts were calculated with reference to the financial instruments exposed to interest rate risk at the reporting date and do not reflect the Group's exposure throughout the reporting period, as these balances may vary significantly due to the self-funding nature of the Group's required working capital and cyclical nature of cash received from the sale of merchandise and payments to trade and other payables. The possible interest rate movements were determined based on management's best estimates taking into account prevailing economic and market conditions and future expectations.

43.4.3 Liquidity risk

The risk of illiquidity is managed by using cash flow forecasts, maintaining adequate unutilised banking facilities (2024: R9.0 billion; 2023: R4.8 billion) and unlimited borrowing powers. All unutilised facilities are controlled by the Group's treasury department in accordance with a treasury mandate as approved by the Board of Directors.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants, calculated on the basis that IAS 17: Leases is still applied:

- The leverage ratio (net debt to earnings before interest, income tax, depreciation and amortisation (EBITDA)) must not exceed 2.75 times;
- The net finance costs cover ratio (EBITDA divided by net finance costs) must be a minimum of 3.5 times; and
- The finance costs cover ratio (EBITDA divided by finance costs) must be a minimum of 3.5 times.

The Group has complied with these covenants throughout the reporting period. As at the reporting date, these ratio's measured as follows:

	2024 times	2023 times
– Leverage	0.31	0.05
– Net finance costs cover	52.79	60.60
– Finance costs cover	13.20	14.46

43 Risk management and financial instrument disclosure continued

43.4 Financial risk management continued

43.4.3 Liquidity risk continued

The following table analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period, at the reporting date, to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the earliest date on which the Group can be required to pay and include both interest and principal cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Non-derivative financial liabilities	Book value Rm	Total Rm	Not later than one year Rm	Between one and two years Rm	Between two and five years Rm	Between five and ten years Rm	After ten years Rm
2024							
Lease liabilities[28]	40 477	65 743	7 217	6 855	19 031	21 771	10 869
Borrowings	5 993	6 614	679	5 935	—	—	—
Trade payables	22 757	22 757	22 757	—	—	—	—
Other payables and accruals excluding taxes payable and employee benefit accruals	5 629	5 629	5 629	—	—	—	—
Deposits and third-party payments liability	640	640	640	—	—	—	—
Refund liability	75	75	75	—	—	—	—
Bank overdrafts	2 895	2 895	2 895	—	—	—	—
	78 466	**104 353**	**39 892**	**12 790**	**19 031**	**21 771**	**10 869**
2023							
Lease liabilities[28]	35 582	58 250	6 061	6 017	16 247	19 213	10 712
Borrowings	6 368	7 366	1 111	3 921	2 334	—	—
Trade payables	16 737	16 737	16 737	—	—	—	—
Other payables and accruals excluding taxes payable and employee benefit accruals	4 636	4 636	4 636	—	—	—	—
Deposits and third-party payments liability	642	642	642	—	—	—	—
Refund liability	64	64	64	—	—	—	—
Bank overdrafts	6 604	6 604	6 604	—	—	—	—
Financial commitment	—	5	5	—	—	—	—
	70 633	**94 304**	**35 860**	**9 938**	**18 581**	**19 213**	**10 712**

28 The maturity analysis of contractual undiscounted future lease payments includes renewal options reasonably assured.

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

43 Risk management and financial instrument disclosure continued

43.5 Insurance risk

The Group provides insurance products through its investment in insurance cell captive arrangements with the following terms and conditions:

- Credit protection which covers the risk of the customer being unable to settle the terms of the Credit agreement as a result of death, disability or qualifying retrenchment.
- All risk cover, which covers the repair or replacement of the product due to accidental loss or damage within the terms and conditions of the policy, and extended guarantees which covers the repair or replacement of faulty products as an extension of the suppliers' guarantees.

The Group is exposed to insurance risk through its investment in insurance cell captive arrangements. The insurance risk relates to the risk that there will be insufficient capital available to honour the claims made by the policyholders in the insurance cell captive arrangements.

The risk under any one insurance contract is the possibility that an insured event occurs as well as the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and unpredictable.

Key assumptions and estimates

The asset for remaining coverage includes insurance acquisition cash flows incurred before the related group of insurance contracts has been recognised. The Group does not adjust the asset for remaining coverage for the time value of money as the receipt of premiums occur within less than one year from the provision of coverage.

The liabilities for incurred claims are estimated as the ultimate cost of outstanding claims by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. These techniques rely on the premise that the Group's historical claims development can forecast future claims progression and, consequently, ultimate claims expenses. Past data is utilised to extrapolate the development of paid and incurred losses, average costs per claim (inclusive of claims handling expenses), and claim counts based on previous years' trends and expected loss ratios. Analysis of historical claims development primarily focuses on accident years, but can also delve into geographical regions, significant business segments, and types of claims.

Future rates of claims inflation or loss ratios are usually not explicitly assumed; instead, implicit assumptions from historical data guide the projections. Furthermore, qualitative judgement is applied to evaluate the extent to which past trends may not apply in the future, considering factors such as one-off events, shifts in external or market conditions (for example public attitudes towards claiming, economic circumstances, inflation levels, legal decisions and regulations), as well as internal factors such as portfolio composition, policy characteristics, and claims handling methods. This assessment aims to determine the estimated ultimate claims cost, accounting for all uncertainties by presenting the probability-weighted expected value outcome from a range of potential scenarios.

The reliability of the assumptions is further affected by variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

The risk adjustment for non-financial risk represents compensation required by the Group for bearing the uncertainty surrounding the amount and timing of the cash flows of insurance contracts.

The Group has estimated the risk adjustment using a confidence level approach. For insurance cell captive arrangements with Old Mutual Life Insurance Company (Namibia) Ltd, the probability distribution of the expected present value of the future cash flows from insurance contracts is estimated at each reporting date and it calculates the risk adjustment as the excess of the value at risk at the 75th percentile over the expected present value of the future cash flows.

For insurance cell captive arrangements with Centriq Insurance Company Ltd, the risk adjustment is calculated as a best estimate reserve where there is an equal probability of the actual future claims' payment being higher or lower than the best estimate. The risk adjustment is estimated for the technical reserves to fall within the 75th and 95th percentile of the net ultimate loss distribution.

Within the insurance process, concentration risk may arise where a particular event or series of events could impact heavily on the Group's resources. The Group has not formally monitored the concentration risk; however, it has mitigated against concentration risk by structuring event limits in every policy to ensure that the probability is minimised. Therefore, the Group does not consider its concentration risk to be high.

44 Related party information

Related party relationships exist between the Company, subsidiaries, Directors, as well as their close family members, and key management of the Company.

During the year under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. All these intergroup transactions have been eliminated in the consolidated annual financial statements on consolidation.

44.1 Key management personnel compensation

Details of the remuneration of Directors and share-based payment instruments issued to Directors, are disclosed in notes 19 and 29.

Details of the Directors' interests in ordinary and non-convertible, non-participating, non-transferable no par value deferred shares of the Company are provided in the Directors' report.

Key management personnel compensation	2024 Rm	2023 Rm
Short-term employee benefits	142	136
Post-employment benefits	5	4
Long-term incentive bonuses including share-based payments	92	57
Directors' fees	13	12
	252	**209**

During the year, key management have purchased goods at the Group's usual prices less a 15% discount. Discount ranging from 5% to 15% is available to all qualifying permanent full-time and part-time employees.

During the financial year under review, in the ordinary course of business, certain companies in the Group entered into transactions with certain entities in which Director CH Wiese, or his close family members, have a significant influence.

These transactions and related balances were as follows:	2024 Rm	2023 Rm
Purchase of merchandise	1 670	484
Rent paid	59	60
Year-end balances owed by the Group	223	235

Notes to the consolidated annual financial statements continued

Shoprite Holdings Ltd and its subsidiaries for the year ended 30 June 2024

44 Related party information continued

44.2 Equity accounted investments

At the previous reporting date, the Group held a 39.1% equity interest in Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd, classified as equity accounted investments in associates (refer to note 9). During the year the Group entered into an agreement with Resilient Properties (Pty) Ltd, being the owner of the remaining 60.9% shareholding, and acquired their equity interest, with suspensive conditions met, the Group increased its ownership percentage to 100%.

The following transactions took place between the Resilient Africa associates and the Group up to March 2024 (2023: during the year under review):

	2024 Rm	2023 Rm
Interest received by the Group	76	62
The year-end balances relating to the prior year loans receivable from Resilient Africa (Pty) Ltd are disclosed in note 14.1.		
The Group has a 49.9% interest in Retail Logistics Fund (RF) (Pty) Ltd (refer to note 9).		
The following transactions took place between Retail Logistics Fund (RF) (Pty) Ltd and the Group during the year under review:		
Rent paid to associate	322	278
Year-end balances owed by the Group	(6)	6
The Group entered into a sale and leaseback transaction on two distribution centres with Retail Logistics Fund (RF) (Pty) Ltd during the previous financial year. Refer to note 21.		
The Group has an interest in LBB Foods (Pty) Ltd (51.0%), Red Baron Agri (Pty) Ltd (41.0%), Trans Africa IT Solutions (Pty) Ltd (49.0%) and Zulzi On Demand (Pty) Ltd (26.0%) (refer to note 9).		
The following transactions took place between associates LBB Foods (Pty) Ltd, Red Baron Agri (Pty) Ltd, Trans Africa IT Solutions (Pty) Ltd, Zulzi On Demand (Pty) Ltd and the Group during the year under review:		
Purchase of merchandise	109	92
Services rendered by the associates	96	72
Year-end balances owed by the Group	(2)	1
The Group has a 50% interest in Pingo Delivery (Pty) Ltd (refer to note 9).		
The following transactions took place between Pingo Delivery (Pty) Ltd and the Group during the year under review:		
Delivery fees paid to joint venture	1 448	962

45 Change in accounting policy

45.1 Adoption of IFRS 17

IFRS 17 is effective for the year commencing 3 July 2023 and replaces IFRS 4: Insurance Contracts. The Group implemented the standard using the full retrospective approach. Accordingly, the comparative information in these consolidated financial statements has been restated from a transition date of 4 July 2022. The adoption of IFRS 17 applying the premium allocation approach resulted in two new line items on the statement of comprehensive income namely insurance revenue and insurance service expenses. The adjustments recognised for each individual line item affected in the Group's consolidated statement of comprehensive income, statement of financial position and the statement of cash flows are detailed on the next page.

The Group's first-party cell captive arrangements continue to be accounted for under IFRS 9: Financial Instruments.

45 Change in accounting policy continued

	Audited 52 weeks 2023 Rm
45.2 Impact of the adoption of IFRS 17 on the statement of comprehensive income	
Decrease in other operating income	(171)
Increase in interest revenue	36
Increase in insurance revenue	250
Increase in insurance service expenses	(133)
(Increase)/decrease in other operating expenses	21
Increase in trading profit	3
Increase in finance costs (included in borrowings and other finance charges)	(3)
Profit for the period	**–**
45.3 Impact of the adoption of IFRS 17 on the statement of financial position	
Assets	
Current assets	
Increase in investment in insurance cell captive arrangements	94
Liabilities	
Non-current liabilities	
Increase in trade and other payables	69
Current liabilities	
Increase in trade and other payables	25
45.4 Impact of the adoption of IFRS 17 on the statement of cash flows	
Increase in operating profit	3
Increase in interest revenue earned	(36)
Increase in non-cash items	33
Cash flows from operating activities	**–**

46 Events after the reporting date

46.1 Furniture division disposal

The Group signed an agreement on 2 September 2024 to dispose of the furniture business including the OK Furniture and House & Home brands, excluding Angola and Mozambique operations to Pepkor Holdings Ltd. The agreement is pending the fulfilment of the conditions precedent and the purchase consideration will be determined at the closing date of the transaction.

46.2 Acquisition of Pingo Delivery (Pty) Ltd

At the reporting date, the Group held a 50% equity interest in Pingo Delivery (Pty) Ltd, classified as equity accounted investments in joint ventures (refer to note 9). After the reporting date, the Group entered advanced discussions to purchase the remaining 50% shareholding. As these discussions remain ongoing, the successful completion of this transaction is not yet confirmed and the financial impact of the transaction cannot yet be determined.

47 Going concern

The Board of Directors evaluated the going concern assumption as at 30 June 2024, taking into account the current financial position and their best estimate of the cash flow forecasts and considered it to be appropriate in the presentation of these consolidated annual 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.

Financial covenants:

As at the reporting date, the Group had unutilised banking facilities of R9.0 billion and is well within the financial covenants with its various financiers. Refer to note 43.4.3.

Company annual financial statements

Separate statement of financial position

Shoprite Holdings Ltd as at 30 June 2024

	Notes	2024 Rm	2023 Rm
Assets			
Non-current assets		9 671	10 814
Investments in subsidiaries	2	9 670	10 813
Deferred income tax assets	4	1	1
Current assets		1 048	2 513
Trade and other receivables	5	4	14
Current income tax assets		—	4
Amounts receivable from subsidiaries	2	10	71
Cash and cash equivalents		1 034	2 424
Total assets		**10 719**	**13 327**
Equity			
Capital and reserves attributable to owners of the parent			
Stated capital	6	7 516	7 516
Retained earnings		3 162	5 781
Total equity		**10 678**	**13 297**
Liabilities			
Current liabilities		41	30
Trade and other payables	7	12	30
Current income tax liabilities		29	—
Total liabilities		**41**	**30**
Total equity and liabilities		**10 719**	**13 327**

Separate statement of comprehensive income

Shoprite Holdings Ltd for the year ended 30 June 2024

	Notes	52 weeks 2024 Rm	52 weeks 2023 Rm
Dividend income from subsidiaries		2 602	2 696
Interest received from subsidiaries		—	8
Guarantee fees		3	5
Other revenue		12	2
Revenue		2 617	2 711
Expenses	9	(26)	(58)
Impairment losses	10	(1 142)	(1 834)
Loss on disposal of investment in subsidiary		(1)	—
Profit before interest received from bank account balances		1 448	819
Interest received from bank account balances		68	56
Profit before income tax		1 516	875
Income tax expense	11	(102)	(46)
Profit for the year		1 414	829
Total comprehensive income for the year		**1 414**	**829**

Separate statement of changes in equity

Shoprite Holdings Ltd for the year ended 30 June 2024

Rm	Total equity	Stated capital	Retained earnings
Balance at 3 July 2022	**16 105**	**7 516**	**8 589**
Total comprehensive income			
Profit for the year	829	–	829
Dividends distributed to shareholders	(3 637)	–	(3 637)
Balance at 2 July 2023	**13 297**	**7 516**	**5 781**
Total comprehensive income			
Profit for the year	1 414	–	1 414
Dividends distributed to shareholders	(4 033)	–	(4 033)
Balance at 30 June 2024	**10 678**	**7 516**	**3 162**

Separate statement of cash flows

Shoprite Holdings Ltd for the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
Cash flows utilised by operating activities		(1 368)	(1 135)
Profit before interest received from bank account balances		1 448	819
Less: investment income and interest revenue earned		(2 602)	(2 704)
Non-cash items	13.1	1 142	1 834
Changes in working capital	13.2	72	90
Cash generated from operations		60	39
Interest received		76	44
Dividends received		2 602	2 496
Dividends paid	13.3	(4 037)	(3 642)
Income tax paid	13.4	(69)	(72)
Cash flows (utilised by)/from investing activities		(22)	1 435
Amounts paid to subsidiaries		(1 620)	(2 114)
Amounts received from subsidiaries		1 598	3 549
Net movement in cash and cash equivalents		(1 390)	300
Cash and cash equivalents at the beginning of the year		2 424	2 124
Cash and cash equivalents at the end of the year	15.3.1(b)	**1 034**	**2 424**

Notes to the separate annual financial statements

Shoprite Holdings Ltd for the year ended 30 June 2024

1 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those applied in the previous year, except where the Company has applied new accounting policies or adopted new accounting standards effective for year-ends starting on or after 1 January 2023.

The Company's separate financial statements were authorised for issue by the Board of Directors on 27 September 2024. Other than the facts in the annual financial statements, there have been no material changes in the affairs or financial position of the Company from 30 June 2024 that have an impact on the financial results or disclosures in these annual financial statements.

1.1 Basis of preparation

The Company 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 52-week period, ended 30 June 2024, compared to 52 weeks in the previous financial year.

The financial statements have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Limited Listings Requirements and the requirements of the South African Companies Act, 71 of 2008. The financial statements are prepared under the historical cost convention. The financial statements are prepared on a going concern basis.

1.1.1 Use of judgements, assumptions and estimates

1.1.1.1 Judgements

The preparation of the financial statements in accordance with IFRS Accounting Standards requires management to exercise its judgement in the process of applying the Company's accounting policies.

1.1.1.2 Assumptions and estimates

The preparation of the financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates and assumptions. The most significant assumptions and estimates used in applying the Company's accounting policies relate to the following:

a) **Allowance for expected credit losses (ECL) on financial assets:** The Company assesses on a forward-looking basis the ECL associated for all debt instruments not held at fair value through profit or loss (FVPL) and the Company recognises an allowance for ECL on these financial assets. The measurement of the ECL allowance is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The ECL allowances on financial assets are based on assumptions about risk of default and expected loss rates. The Company uses its judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Company's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 15.3.1.

All estimates and underlying assumptions are based on historical experience and various other factors that management believes are reasonable under the circumstances. The results of these estimates form the basis of judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any affected future periods.

1.2 Investments in subsidiaries

Subsidiaries are entities (including structured entities) which are, directly or indirectly, controlled by the Company. Control is established where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The nature and effect of existing rights that give the Company the current ability to direct the relevant activities of the entity are considered when assessing whether the Company controls another entity.

The Company's investments in the ordinary shares of its subsidiaries are carried at cost less impairment losses and, if denominated in foreign currencies, are translated at historical rates. Purchases and sales of these investments are recognised on the trade date at cost, including transaction costs.

1 Accounting policies continued

1.3 Investments in associates

Associates are those entities over which the Company exercises significant influence but not control. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting rights of another entity.

The Company's investments in the ordinary shares of its associates are carried at cost less impairment losses and, if denominated in foreign currencies, are translated at historical rates. Purchases and sales of these investments are recognised on the trade date at cost, including transaction costs.

1.4 Other financial instruments

1.4.1 Initial recognition and measurement

Financial instruments recognised on the statement of financial position include trade and other receivables, amounts receivable from subsidiaries, cash and cash equivalents and trade and other payables.

These financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Initial recognition is measured at fair value including directly attributable transaction costs for financial instruments not measured at FVPL. Transaction costs of financial instruments carried at FVPL are expensed in profit or loss.

1.4.2 Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occurs.

1.4.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.4.4 Classification and subsequent measurement

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost.

The classification and subsequent measurement of debt investments depend on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost, using the effective interest rate method, less allowance made for impairment of these assets.

Interest income from these financial assets is calculated by applying the effective interest rate to the gross carrying amount, except for:

- Purchased or originated credit-impaired financial assets. For these financial assets the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition; and
- Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For these financial assets, the Company applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

Any gain or loss arising on derecognition, modification or impairment is recognised directly in profit or loss.

The Company reclassifies debt investments when and only when its business model for managing those financial assets changes.

The following debt investments are measured at amortised cost in terms of the Company's business model of holding these financial assets to collect solely payments of principal and interest:

a) **Trade and other receivables:** Trade and other receivables consist mainly of interest accrued.
b) **Amounts receivable from subsidiaries:** Amounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services directly to a subsidiary with no intention of trading the receivable. The Company holds the amounts receivable with the objective to collect contractual cash flows and the contractual terms of the amounts receivable are solely payments of principal and interest. These financial assets are included under current assets unless they mature later than 12 months after the reporting date. Interest on amounts receivable is recognised in the statement of comprehensive income as part of interest received from subsidiaries.
c) **Cash and cash equivalents:** Cash comprises cash at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Interest on cash and cash equivalents is recognised in the statement of comprehensive income as interest received from bank account balances.

Notes to the separate annual financial statements continued

Shoprite Holdings Ltd for the year ended 30 June 2024

1 Accounting policies continued

1.4 Other financial instruments continued

1.4.4 Classification and subsequent measurement continued

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities measured at amortised cost on the statement of financial position include trade and other payables.

d) **Trade and other payables:** Trade and other payables mainly comprise of other payables and accruals and are short-term in nature.

Non-convertible, non-participating, non-transferable no par value deferred shares, which are mandatorily acquirable on a specific date, are classified as other payables.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:
(a) The amount determined in accordance with the expected credit loss model under IFRS 9: Financial Instruments; and
(b) The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third-party for assuming the obligations.

1.4.5 Impairment

The Company assesses on a forward-looking basis the ECL associated for all debt instruments not held at FVPL and the Company recognises an allowance for ECL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk (SICR).

The Company has the following types of financial assets measured at amortised cost that are subject to impairment under the general impairment approach:
- Other receivables
- Amounts receivable from subsidiaries
- Cash and cash equivalents

General impairment approach

The Company applies the general impairment approach to measure ECL for other receivables, amounts receivable from subsidiaries and cash and cash equivalents. The Company assesses at the end of each reporting period whether the credit risk on a financial instrument has increased significantly since initial recognition.

In the event of a SICR since initial recognition, the Company recognises an allowance (or provision) for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a SICR are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default, or otherwise credit-impaired, are in 'stage 3'.

The measurement of ECL under the general impairment approach reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the Company. The probability-weighted outcome incorporates the probability of default (PD), exposure at default (EAD), timing of when default is likely to occur and loss given default (LGD).

The Company recognises in profit or loss, as an impairment loss or reversal, the amount of ECL (or reversal) that is required to adjust the loss allowance at the end of the reporting period. When a receivable is uncollectible, it is written off against the allowance for impairment for that receivable. Subsequent recoveries of amounts previously written off are recognised in the statement of comprehensive income.

Note 15.3.1 provides more detail on how the Company determines a SICR and how the expected credit loss allowance is measured.

1 Accounting policies continued

1.5 Stated capital

Ordinary shares, including incremental costs directly attributable to the issue of new shares, are both classified as equity.

1.6 Revenue

Revenue is recognised as follows:

1.6.1 Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

1.6.2 Effective interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that have subsequently become credit-impaired (or "stage 3") for which interest revenue is calculated by applying the effective interest rate to their net carrying amount (i.e. gross carrying amount less impairment provision). The effective interest rate calculation does not consider ECL but includes initiation fees as they are integral to the effective interest rate.

1.6.3 Guarantee fees

Guarantee fees are recognised over the period of the financial guarantee contract at a percentage of the amount guaranteed.

1.7 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred income tax is recognised, using the liability method, for calculated income tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Management applies judgement to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as profit histories, forecasted cash flows and budgets.

Deferred income tax liabilities are recognised on taxable temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

1.8 Dividends distributed to shareholders

Dividends are accounted for on the date they have been declared by the Company.

1.9 Related parties

Individuals, as well as their close family members, or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions or if the parties are jointly controlled in a joint venture. Key management personnel are defined as all Directors of Shoprite Holdings Ltd.

Notes to the separate annual financial statements continued

Shoprite Holdings Ltd for the year ended 30 June 2024

1 Accounting policies continued

1.10 Standards, interpretations and amendments that are not yet effective as at 30 June 2024

The Company has considered the following new standards, interpretations and amendments to existing standards, which are relevant to the Company's operations and had been issued by the reporting date, but are not yet effective as at 30 June 2024:

Number	Title	Effective for year ending
IFRS 18	Presentation and Disclosure of Financial Statements	2028
Amendments to IAS 1	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants	2025
Amendments to IAS 12	International Tax Reform, Pillar Two Model Rules	2025

The Company has not early adopted any of the above. The application thereof in future financial periods is not expected to have a significant impact on the Company's reported results, financial position and cash flows, except for the standard set out hereafter.

Title of standard	IFRS 18: Presentation and Disclosure in Financial Statements
Nature of change	IFRS 18 was issued as a replacement for IAS 1. The standard introduces categories and defined subtotals in the statement of comprehensive income with the purpose of providing additional relevant information and a structure that is more comparable between entities.
Impact	IFRS 18 will result in the Company's statement of comprehensive income being reclassified into categories namely, operating, investing, financing, income tax and discontinued operations. The disclosure of management-defined performance measures (MPM) will be introduced in the notes to the financial statements. MPM will constitute subtotals of income and expenses to communicate management's perspective of an aspect of the Company's performance. MPM will be disclosed in a single note which will describe why management believes it provides useful information on the Company's performance from their perspective. Furthermore, the note will describe how the MPM is calculated, considering the effect of tax and non-controlling interests where there are differences between the MPM and the most directly comparable subtotals and totals specified by IFRS Accounting Standards.
Mandatory application date/Date of adoption by the Company	IFRS 18 is mandatory for financial years commencing on or after 1 January 2027. At this stage, the Company does not intend to adopt the standard before its effective date.

1.11 New standards, interpretations and amendments effective for the year ended 30 June 2024

The following amendments to existing standards are effective for the year ended 30 June 2024:

Number	Title
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The amendment listed above had no significant effect on the Company's operations.

	2024 Rm	2023 Rm
2 Interests in subsidiaries		
Investments in subsidiaries (note 2.1)	9 670	10 813
Amounts receivable from subsidiaries (note 2.2)	10	71
	9 680	**10 884**
Analysis of total interests in subsidiaries:		
Non-current	9 670	10 813
Current	10	71
	9 680	**10 884**

Details of interests in subsidiaries are disclosed in Annexure A.

2.1 Investments in subsidiaries

	2024 Rm	2023 Rm
Cost	17 798	17 793
Accumulated impairment	(8 128)	(6 980)
	9 670	**10 813**
Reconciliation of investment in subsidiaries:		
Balance at the beginning of the year	10 813	12 667
Decrease in investments in subsidiaries	(1)	(20)
Investment in subsidiaries	—	—
Cost	6	—
Accumulated impairment	(6)	—
Impairment of investments in subsidiaries	(1 142)	(1 834)
Balance at the end of the year	**9 670**	**10 813**

During the current and prior financial years the Company's investment in Shoprite International Ltd was assessed and deemed to be impaired. The recoverable amount of R7.9 billion (2023: R9.1 billion) was determined by reference to the investment's fair value less costs of disposal (level 3 within the fair value hierarchy). The impairment was due to constrained future growth expectations in the countries where Shoprite International Ltd's subsidiaries trade. Furthermore, the majority of the countries' local currencies depreciated against the US dollar from the end of the 2022 financial year to the end of the current and prior financial years, decreasing the US dollar value of the denominated subsidiary.

Impairment methodology

The Company considers its investment in subsidiaries for impairment at each reporting date. The investments' carrying amounts are written down to their recoverable amounts if the investments' carrying amounts are greater than their estimated recoverable amounts. Shoprite International Ltd is the holding company of the majority of the Group's retail and property investments outside of South Africa. Shoprite International Ltd's investment in each country is seen as a separate cash generating unit (CGU).

The recoverable amount of each CGU is the higher of its value-in-use and its fair value less costs of disposal.

Each CGU is assessed at the reporting date to determine if any indicators of impairment have been identified.

Value-in-use

The cash flow projections used in value-in-use calculations are based on financial budgets, approved by management, covering five-year planning periods. Cash flow projections are derived from an analysis of historic performance and knowledge of the current market, together with the Company's views on the future achievable growth and the impact of committed initiatives, the results of which are reviewed by management. Cash flows beyond these planning periods are extrapolated into the future over the useful life of the CGU, using a steady long-term growth rate which is derived from inflation and GDP growth forecasts by recognised bodies and does not exceed the long-term average growth rate for the industry and country in which the CGUs operate.

In determining the value-in-use of each CGU, projected cash flows are discounted using the entity-specific pre-tax discount rate which includes an adjustment for risks, specific to the country in which a CGU operates. The value of properties is determined by using the capitalisation rate per country.

Fair value less costs of disposal

In determining the fair value less costs of disposal, the net asset value along with fair value excess of land and buildings of the CGU is considered.

Notes to the separate annual financial statements continued

Shoprite Holdings Ltd for the year ended 30 June 2024

2 Interests in subsidiaries continued

2.1 Investments in subsidiaries continued

Key assumptions

The key assumptions in the value-in-use calculations are the expected trading profit growth rates, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the country's weighted average cost of capital. The rates are calculated by taking into account the cost of equity and borrowings, excluding the cost of leasing, to which specific market-related premium adjustments are made for each country.

For fair value less costs of disposal calculations of land and buildings, the key assumption is the market capitalisation rate used.

The following table sets out the key assumptions applied in determining the recoverable amount of each CGU, summarised by geographical region:

	Discount rate		Trading profit growth rate		Long-term growth rate		Market capitalisation rate	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Angola	38.1	29.3	22.4	14.3	22.4	14.3	19.0	19.0
Botswana	12.8	11.4	8.4	9.0	8.4	9.0	–	–
Ghana	35.8	42.5	14.8	19.7	14.8	19.7	19.0	32.0
Malawi	39.2	39.8	15.2	16.2	15.2	16.2	19.0	13.0

2.2 Amounts receivable from subsidiaries

Amounts receivable from subsidiaries of the Company are unsecured and payable on demand. During the financial year, all amounts receivable from subsidiaries were interest-free. In the prior financial year, amounts receivable from Shoprite Financial Services Ltd earned interest at an average rate of 7.5%, while all other amounts receivable from subsidiaries were interest-free.

Amounts receivable from subsidiaries of the Company are considered to have low credit risk where they have a low risk of default and the subsidiary has a strong capacity to meet its contractual cash flow obligations in the near term. The majority of amounts receivable from subsidiaries is receivable from the Company's main trading subsidiary, Shoprite Checkers (Pty) Ltd, which is in good financial standing.

The maximum exposure to credit risk at the reporting date is the carrying amount. None of the amounts receivable from subsidiaries are either past due or impaired.

3 Investments in associates

The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Company. These are private companies and no quoted market prices are available for its shares.

	% Owned by the Company 2024	% Owned by the Company 2023	2024 Rm	2023 Rm
Resilient Africa (Pty) Ltd	–	39.1%	–	–
Resilient Africa Managers (Pty) Ltd	–	39.1%	–	–
			–	–

At the end of March 2024, the Company acquired the remaining 60.9% of shares in associates Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd, increasing its ownership percentage to 100%.

There were no contingent liabilities relating to the Company's interests in associates.

	2024 Rm	2023 Rm
4 Deferred income tax assets		
Provisions and accruals	1	1
Net deductible temporary differences to be recovered within 12 months	1	1
5 Trade and other receivables		
Interest accrued	4	12
Indirect taxes receivable	–	2
	4	**14**
6 Stated capital		
Stated capital	7 516	7 516

6 Stated capital

Authorised:
1 300 000 000 (2023: 1 300 000 000) no par value ordinary shares

Issued:
591 338 502 (2023: 591 338 502) no par value ordinary shares

Details of the beneficial shareholders holding 5.0% or more of the total issued shares are disclosed in Annexure B.

The unissued ordinary shares are under the control of the Directors who may issue them on such terms and conditions as they deem fit until the Company's next Annual General Meeting.

All shares are fully paid up.

Details of special resolutions passed by the Company during the reporting period are provided in the Directors' report.

7 Trade and other payables

	2024 Rm	2023 Rm
Other payables and accruals	12	30

7.1 Deferred shares

Authorised:
720 000 000 (2023: 720 000 000) non-convertible, non-participating, non-transferable no par value deferred shares

Issued:
305 621 601 (2023: 305 621 601) non-convertible, non-participating, non-transferable no par value deferred shares – –

The deferred share liability of R0.3 million (2023: R0.3 million) is included in other payables at the reporting date.

All shares are fully paid up.

In terms of the transaction agreement concluded between the Company, Thibault Square Financial Services (Pty) Ltd and Titan Premier Investments (Pty) Ltd on 18 April 2019, the voting rights attached to 40 652 489 deferred shares held by Thibault Square Financial Services (Pty) Ltd will remain restricted whilst all the required approvals are obtained to enable the acquisition of these deferred shares as required in the Memorandum of Incorporation (MOI) of the Company. All other deferred shares carry the same voting rights as the ordinary shares.

The deferred shares are not convertible into shares of any other class, are not entitled to participate in any profits of the Company and no dividends may be declared or paid in respect of these shares. The holder of these shares is entitled to be present at any meeting of the Company and is entitled on a poll to one vote in respect of every share held.

The Company shall proportionally acquire deferred shares in relation to the extent to which the shareholder disposes of his interest in ordinary shares in the Company. The Company shall acquire all issued deferred shares, should the shareholder's interest in ordinary shares become less than 10%. These shares are not listed on any stock exchange.

Subject to certain limitations, the unissued deferred share capital is under the control of the Directors, who may issue it under predetermined circumstances as set out in the MOI of Shoprite Holdings Ltd.

Notes to the separate annual financial statements continued

Shoprite Holdings Ltd for the year ended 30 June 2024

	2024 Rm	2023 Rm
8 Directors' remuneration		
Executive Directors	72	81
Non-executive Directors	13	12
	85	93
Less: paid by subsidiaries	(72)	(81)
	13	**12**

Refer to notes 19 and 29 of the consolidated annual financial statements for details of share-based payment instruments issued to Directors and Directors' remuneration.

	2024 Rm	2023 Rm
9 Expenses		
Fees for professional services	2	36
Other expenses	24	22
	26	**58**
10 Impairment losses		
Impairment of investments in subsidiaries (note 2.1)	1 142	1 834
11 Income tax expense		
11.1 Consisting of:		
Current income tax	98	46
Prior year income tax	4	—
	102	**46**

	%	%
11.2 Reconciliation of the effective tax rate		
South African current income tax at 27% (2023: 27%)	27.0	27.0
Net adjustments	(20.3)	(21.5)
Dividend income	(46.4)	(83.2)
Non-deductible expenses[1]	26.1	61.7
Effective tax rate	**6.7**	**5.5**

1 Non-deductible expenses mainly comprise of the impairment of subsidiary investments.

	cents	cents
12 Dividends per share		
12.1 Dividends per share paid		
No. 149 paid 2 October 2023 (2023: No. 147 paid 3 October 2022)	415.0	367.0
No. 150 paid 2 April 2024 (2023: No. 148 paid 11 April 2023)	267.0	248.0
	682.0	**615.0**
12.2 Dividends per share declared		
No. 151 payable 30 September 2024 (2023: No. 149 paid 2 October 2023)	445.0	415.0

The final dividend payable on 30 September 2024 (2023: 2 October 2023) will amount to R2.6 billion (2023: R2.5 billion).

	2024 Rm	2023 Rm
13 Cash flow information		
13.1 Non-cash items		
Impairment of investments in subsidiaries	1 142	1 834
13.2 Changes in working capital		
Trade and other receivables	2	—
Trade and other payables	70	90
	72	**90**
13.3 Dividends paid		
Shareholders for dividends at the beginning of the year	(13)	(18)
Dividends distributed to equity holders	(4 033)	(3 637)
Shareholders for dividends at the end of the year	9	13
	(4 037)	**(3 642)**
13.4 Income tax paid		
Prepaid/(payable) at the beginning of the year	4	(22)
Per statement of comprehensive income	(102)	(46)
Payable/(prepaid) at the end of the year	29	(4)
	(69)	**(72)**

14 Borrowing powers

In terms of the Memorandum of Incorporation of the Company the borrowing powers of Shoprite Holdings Ltd are unlimited.

15 Risk management and financial instrument disclosure

The Board is accountable for the process of risk management, establishing appropriate risk and control policies, and communicating these throughout the Company. The Company follows the Shoprite Holdings Ltd Group's risk management policies which are designed to identify risks faced by the Group and establish appropriate controls and limits to mitigate the risk to acceptable levels. The Audit and Risk Committee of the Group oversees how management monitors compliance with these risk and control policies.

This note discloses information about the Company's capital risk management and exposure to risks from its use of financial instruments.

15.1 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is considered to be equity as shown in the statement of financial position.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

15.2 Fair value of financial instruments

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:

- **Level 1:** Measurements in whole or in part are done by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- **Level 2:** Measurements are done by reference to inputs other than quoted prices that are included in level 1. These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).
- **Level 3:** Measurements are done by reference to inputs that are not based on observable market data.

All financial instruments held by the Company are measured at amortised cost.

The book value of all financial assets and liabilities approximate the fair values thereof.

Notes to the separate annual financial statements continued

Shoprite Holdings Ltd for the year ended 30 June 2024

15 Risk management and financial instrument disclosure continued

15.3 Financial risk management

The Company's activities expose it to a variety of financial risks which include the effects of changes on debt and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Financial risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

15.3.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Potential concentration of credit risk consists primarily of amounts receivable from subsidiaries, cash and cash equivalents as well as financial guarantee contracts.

The Company's financial assets measured at amortised cost are subject to impairment under the ECL model. The inputs, assumptions and estimation techniques used in measuring ECL are explained below.

Measurement of ECL in terms of the general model for impairment

ECL are measured on either a 12-month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the probability of default (PD) and exposure at default (EAD).

- The PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- The EAD is based on the amounts the Company expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD).
- The Company calculates loss given default (LGD) as discounted EAD.

These three components are multiplied together. This effectively calculates the ECL which is then discounted back to the reporting date, using the original effective interest rate, and aggregated. ECL is a probability-weighted outcome.

The 12-month and lifetime EADs are determined based on the PD, which varies by type of financial asset.

SICR in terms of the general model for impairment

The Company considers financial assets subject to assessment for ECL in terms of the general model for impairment to have experienced a SICR since the time of initial recognition when one or more of the following quantitative, qualitative or backstop criteria have been met. The SICR assessment happens on a bi-annual basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the credit risk team.

Quantitative criteria

Where the counterparty has not met its minimum contractual obligations for at least one month.

Qualitative criteria

The Company considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Internal and external credit ratings;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- Changes in general economic and/or market conditions;
- Changes in the amount of financial support available to the counterparty;
- Expected or potential breaches of covenants; and
- Expected delay in payment.

15 Risk management and financial instrument disclosure continued

15.3 Financial risk management continued

15.3.1 Credit risk continued

a) Amounts receivable from subsidiaries

The following table reflects the maximum exposure to credit risk on amounts receivable from subsidiaries at the reporting date:

Internal credit rating category	Basis of reconciliation of ECL allowance	ECL rate	Gross amount Rm	ECL allowance Rm	Carrying amount Rm
2024					
Stage 1	12-month ECL	0.0%	10	–	10
2023					
Stage 1	12-month ECL	0.0%	71	–	71

Internal credit rating categories are determined as follows:

- **Performing (stage 1):** Counterparty has a low risk of default and a strong capacity to meet contractual cash flows.
- **Underperforming (stage 2):** Receivables for which there is a SICR. A SICR is presumed if interest and/or principle repayments are 30 days past due.
- **Non-performing (stage 3):** Interest and/or principal repayments are 90 days past due.

b) Cash and cash equivalents

The Company uses rated South African financial institutions as its bankers.

ECL of cash and cash equivalents are calculated in terms of the general model for impairment. All cash and cash equivalents were determined to be in stage 1 as the counterparties have low risk of default and a strong capacity to meet contractual cash flows. There was no SICR of the Company's cash and cash equivalents. ECL were therefore limited to 12-month expected losses and the identified impairment loss was immaterial.

The table below shows the cash invested at the reporting date at financial institutions grouped per Moody's short-term credit rating of the financial institutions.

	National Scale	Global Scale	2024 Rm	2023 Rm
Standard Bank	P-1	P-3	1 034	2 424

c) Financial guarantee contracts

The Company has guaranteed various revolving credit facilities of R24.2 billion (2023: R24.0 billion) in favour of its subsidiaries. The fair value of these guarantees is estimated at R37 million (2023: R46 million) at the reporting date. The guarantees have also been disclosed as part of the liquidity risk hereafter. Financial guarantees are kept to an operational minimum and reassessed regularly. The maximum potential exposure to credit risk under financial guarantee contracts amounts to R24.2 billion (2023: R24.0 billion).

Notes to the separate annual financial statements continued

Shoprite Holdings Ltd for the year ended 30 June 2024

15 Risk management and financial instrument disclosure continued

15.3 Financial risk management continued

15.3.2 Market risk

Cash flow and fair value interest rate risk

The Company's interest rate risk arises mainly from daily call accounts. The Company does not account for any fixed rate financial assets or liabilities at FVPL and therefore a change in interest rates at the reporting date would not affect profit or loss.

Daily call accounts and bank overdrafts carry interest at rates fixed on a daily basis and expose the Company to cash flow interest rate risk. The Company analyses this interest rate exposure on a dynamic basis. Daily cash flow forecasts are done and combined with interest rates quoted on a daily basis. This information is then taken into consideration when reviewing, reinvesting and/or renewal/cancellation of existing positions and alternative investing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for cash that represent the major interest-bearing positions. The weighted average effective interest rate on call accounts was 9.0% (2023: 7.4%).

15.3.3 Liquidity risk

The risk of illiquidity is managed by using cash flow forecasts and unlimited borrowing powers. The unlimited borrowing powers are controlled by the Company's treasury department in accordance with a treasury mandate as approved by the Board of Directors.

The following table analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the earliest date on which the Company can be required to pay and include both interest and principal cash flows. All the balances are due within 12 months and equal their carrying balances as the impact of discounting is not significant.

Non-derivative financial liabilities	Book value Rm	Not later than one year Rm
2024		
Other payables and accruals excluding taxes payable and employee benefit accruals	12	12
Financial guarantees	—	24 172
	12	**24 184**
2023		
Other payables and accruals excluding taxes payable and employee benefit accruals	30	30
Financial guarantees	—	23 974
	30	**24 004**

16 Related party information

Related party relationships exist between the Company, subsidiaries, Directors, as well as their close family members, and key management of the Company.

Details of the remuneration of Directors are disclosed in note 8.

Details of the Directors' interests in ordinary and non-convertible, non-participating, non-transferable no par value deferred shares of the Company are provided in the Directors' report.

At the end of March 2024, the Company acquired the remaining 60.9% of shares in associates, Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd, obtaining control of these entities. Previously the Company had a 39.1% interest in Resilient Africa (Pty) Ltd and Resilient Africa Managers (Pty) Ltd.

Details of the Company's interests in subsidiaries are provided in note 2 and Annexure A.

The Company paid dividends of R305 million (2023: R275 million) to Shoprite Checkers (Pty) Ltd during the year under review.

The Company received the following from its subsidiaries:	2024 Rm	2023 Rm
Annual administration fee received from Shoprite Checkers (Pty) Ltd	3	2
Dividends received from Shoprite Checkers (Pty) Ltd	2 602	2 496
Dividends received from Rogel Wholesalers (Pty) Ltd	—	200
Guarantee fee received from Shoprite International Ltd	2	3
Guarantee fee received from Retail Holdings Botswana (Pty) Ltd	2	2
Interest received from Shoprite Financial Services Ltd	—	8

Annexures


MEDI RITE
PHARMACY
INSIDE SELECTED
Checkers
STORES
www.medirite.co.za
Medirite

Annexure A – Interests in subsidiaries

Shoprite Holdings Ltd as at 30 June 2024

	Country of incorporation and place of business	Issued ordinary and preference share capital and premium Rm	Percentage shares held by Group %	Investment in shares		Amount owing by	
				2024 Rm	2023 Rm	2024 Rm	2023 Rm
Direct subsidiaries							
Resilient Africa (Pty) Ltd	South Africa	–	100	–	–	–	–
Resilient Africa Managers (Pty) Ltd	South Africa	–	100	–	–	–	–
Shoprite Checkers (Pty) Ltd	South Africa	2 017	100	174	174	7	66
Shoprite DTMC (Pty) Ltd	South Africa*	1 187	100	1 187	1 187	–	–
Shoprite Financial Services Ltd	South Africa	400	100	400	400	–	–
Shoprite International Ltd	Mauritius*	16 030	100	7 909	9 051	2	3
Shoprite Insurance Company Ltd**	South Africa	–	–	–	1	–	–
				9 670	10 813	9	69
Indirect subsidiaries							
Africa Supermarkets Ltd	Zambia*	657	100				
Checkers (Chatsworth) Ltd***	South Africa	2	48				
Computicket (Pty) Ltd	South Africa	69	100				
Mercado Fresco de Angola, Lda	Angola*	801	100				
OK Bazaars (Lesotho) (Pty) Ltd***	Lesotho*	–	50				
OK Bazaars (Namibia) Ltd	Namibia*	1	100				
OK Bazaars (Swaziland) (Pty) Ltd	Eswatini*	–	100				
OK Bazaars (Venda) Ltd***	South Africa	2	50				
Rainmaker Services (Pty) Ltd	South Africa	1 286	100				
Retail Holdings Botswana (Pty) Ltd	Botswana*	370	100			1	2
Shoprite Angola Imobiliária, Lda	Angola*	1 971	100				
Shoprite Ghana (Pty) Ltd	Ghana*	259	100				
Shoprite Lesotho (Pty) Ltd	Lesotho*	–	100				
Shoprite Mozambique, Lda	Mozambique*	149	100				
Shoprite Namibia (Pty) Ltd	Namibia*	970	100				
Shoprite Supermarkets (Pty) Ltd	South Africa	646	100				
Shoprite Supermercados, Lda	Angola*	1 262	100				
Shoprite Trading Ltd	Malawi*	445	100				
				9 670	10 813	10	71

* Investments in subsidiaries with functional currencies other than South Africa rand are converted at historical exchange rates.
** Shoprite Insurance Company Ltd was deregistered during the financial year.
*** Non-controlling interests in respect of these subsidiaries are not material.

Note:
General information in respect of subsidiaries is set out in respect of only those subsidiaries of which the financial position or results are material for a proper appreciation of the affairs of the Group. A full list of subsidiaries is available on request.

Annexure B – Shareholder analysis

Shoprite Holdings Ltd as at 30 June 2024

Shareholder spread	No. of shareholdings	%	No. of shares	%
1 – 1 000 shares	55 498	88.52	8 957 956	1.51
1 001 – 10 000 shares	5 601	8.93	15 553 058	2.63
10 001 – 100 000 shares	1 174	1.87	38 265 573	6.47
100 001 – 1 000 000 shares	352	0.56	105 950 694	17.92
1 000 001 – 10 000 000 shares	71	0.11	200 638 020	33.93
10 000 001 shares and over	8	0.01	221 973 201	37.54
Totals	**62 704**	**100.00**	**591 338 502**	**100.00**

Distribution of shareholders				
Banks/brokers	242	0.39	142 014 052	24.02
Close corporations	258	0.41	1 057 683	0.18
Endowment funds	299	0.48	2 283 924	0.39
Individuals	52 217	83.28	23 618 923	4.00
Insurance companies	322	0.51	12 149 416	2.05
Investment companies	9	0.01	531 678	0.09
Medical schemes	49	0.08	1 707 912	0.29
Mutual funds	717	1.14	117 511 986	19.87
Other corporations	326	0.52	199 531	0.03
Private companies	1 268	2.02	79 657 511	13.47
Public companies	14	0.02	140 436	0.02
Retirement funds	1 278	2.04	146 969 451	24.85
Sovereign wealth funds	17	0.03	9 871 523	1.67
Treasury shares	7	0.01	44 073 173	7.45
Trusts	5 681	9.06	9 551 303	1.62
Totals	**62 704**	**100.00**	**591 338 502**	**100.00**

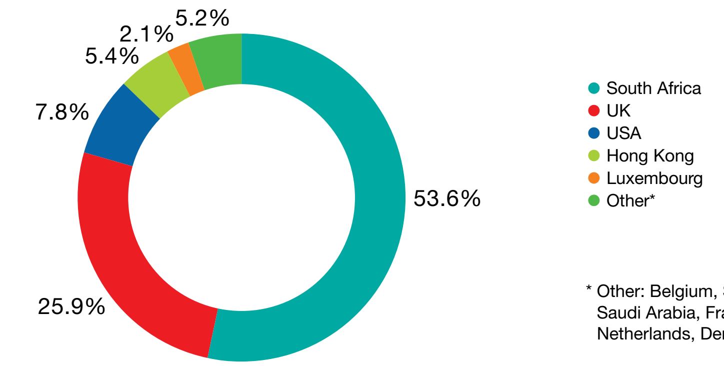
Public/non-public shareholders				
Non-public shareholders	39	0.06	111 582 288	18.87
Directors of the Company	19	0.03	63 992 285	10.83
Directors of major subsidiaries	13	0.02	490 929	0.08
Shares held for benefit of participants to equity-settled share-based payments arrangements*	1	0.00	3 025 901	0.51
Treasury shares	6	0.01	44 073 173	7.45
Public shareholders	62 665	99.94	479 756 214	81.13
Totals	**62 704**	**100.00**	**591 338 502**	**100.00**

* Excludes shares held by Directors in Shoprite Holdings Ltd Executive Share Plan.

Beneficial shareholders holding 1% or more		
Government Employees Pension Fund	99 565 839	16.85
CH Wiese	63 118 920	10.67
Shoprite Checkers (Pty) Ltd	44 073 173	7.45
GIC Private Limited	23 168 735	3.92
Fidelity	22 018 046	3.72
JPMorgan	20 582 413	3.48
Vanguard	19 505 464	3.30
Old Mutual	15 613 722	2.64
BlackRock	11 661 678	1.97
JF le Roux	8 321 737	1.41
Government Pension Fund – Norway	7 804 867	1.32
Sanlam	7 512 858	1.27
Ninety One	6 288 095	1.06
Alexforbes	6 048 873	1.02
Totals	**355 284 420**	**60.08**

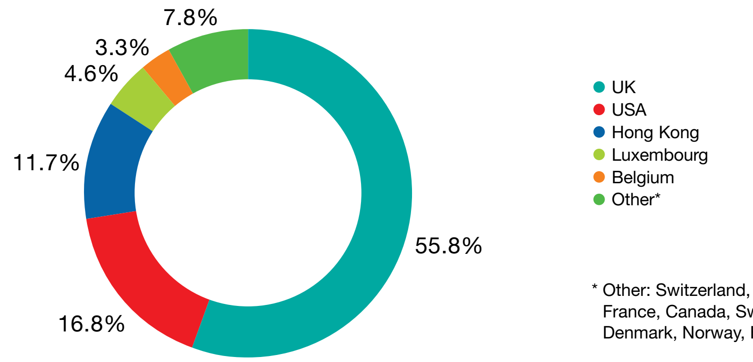
Shareholders' country classification

Fund managers



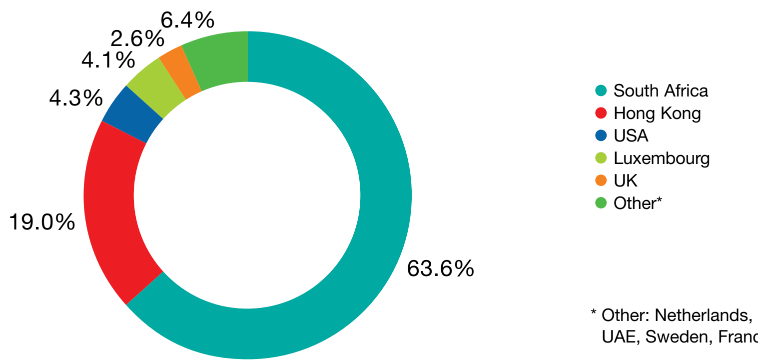
* Other: Belgium, Switzerland, UAE, Kuwait, Namibia, Ireland, Japan, Saudi Arabia, France, Canada, Sweden, Singapore, Germany, Australia, Netherlands, Denmark, Norway, Botswana, Hungary

Foreign fund managers



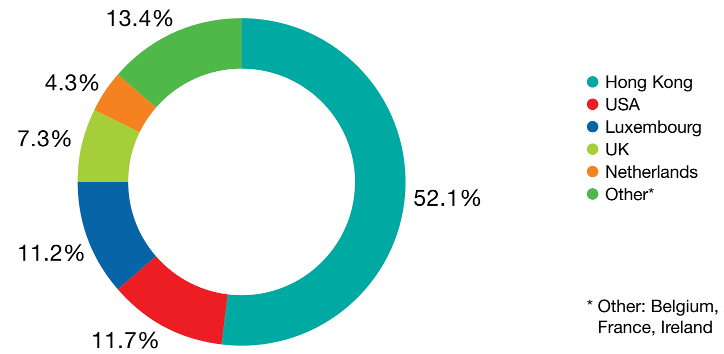
* Other: Switzerland, UAE, Kuwait, Namibia, Ireland, Japan, Saudi Arabia, France, Canada, Sweden, Singapore, Germany, Australia, Netherlands, Denmark, Norway, Botswana, Hungary

Beneficial shareholders



* Other: Netherlands, Belgium, Zambia, Saudi Arabia, Namibia, Kuwait, UAE, Sweden, France

Foreign beneficial shareholders



* Other: Belgium, Zambia, Saudi Arabia, Namibia, Kuwait, UAE, Sweden, France, Ireland

Administration

Registration number
1936/007721/06

Registered office
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Website: www.shopriteholdings.co.za

Company Secretary
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Transfer secretaries

South Africa
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Facsimile: +27 (0)11 688 5238
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AIRTEL +260 777 774 775
E-mail: sharetrack@scs.co.zm
Website: www.sharetrackzambia.com

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Telephone: +27 (0)21 443 0200
Facsimile: +27 (0)21 443 1200
Website: www.ey.com/en_za

Bankers
- Absa Bank Ltd
- Citibank N.A.
- FirstRand Ltd
- Investec Bank Ltd
- Nedbank Ltd
- The Standard Bank of South Africa Ltd

Shareholders' diary

June	September	October	November	December	March	April
• Financial year-end	• Reviewed results • Payment of final ordinary dividend	• Publishing of Integrated Report	• Annual General Meeting	• End of financial half-year	• Interim results	• Payment of interim ordinary dividend

Please consult our website www.shopriteholdings.co.za for the latest published diary dates.

SHOPRITE HOLDINGS LTD

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