

SHOPRITE

HOLDINGS LTD



UNAUDITED RESULTS

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023
AND CASH DIVIDEND DECLARATION



(Reg. No. 1936/007721/06)
 (ISIN: ZAE000012084)
 (JSE Share code: SHP)
 (A2X Share code: SHP)
 (NSX Share code: SRH)
 (LuSE Share code: SHOPRITE)
 ("Shoprite Holdings" or "the Group")

Unaudited results for the 26 weeks ended 31 December 2023 and cash dividend declaration

Double-digit growth sees half year sales reaching R121 billion

Key information – continuing operations

- > Group sale of merchandise increased by 13.9% to R121.1 billion
- > Supermarkets RSA sale of merchandise increased by 14.6% to R97.5 billion
- > Diluted headline earnings per share (DHEPS) increased by 7.6% to 621.4 cents (H1 2023: 577.5 cents)
- > Interim dividend per share increased by 7.7% to 267 cents (H1 2023: 248 cents)
- > The Group opened a net number of 369 stores during the past 12 months
- > The Group's supermarket operations created 2 202 new jobs over the six months

Pieter Engelbrecht, Chief Executive Officer:

The Shoprite Group's results for the six-month period under review reflect the business's incredible dedication to our customers whose support of our operations, both in-store and online via our digital Checkers Sixty60 app has resulted in us extending our period of uninterrupted market share gains in our core South African supermarket business to 58 months. The 14.6% increase in sales from our core business segment equates to R12.4 billion in additional customer spend with us on the same period last year. Despite reporting against an exceptionally high base of sales growth of 17.5% for the same period last year, the 14.6% increase in sales for this interim period compares admirably to the rest-of-market growth in South Africa, per NielsenIQ, for the same period of 7.6%.

Checkers and Checkers Hyper's 13.7% sales increase is a result of unwavering execution of the brand's clear value proposition, continued store upgrades and advances in the areas of fresh, private label and on-demand execution by Checkers Sixty60, which, notwithstanding a base of considerable growth built up over a number of years, increased sales by a further 63.1% over the six months.

Shoprite and Usave increased sales by 13.1%. Shoprite, with the inclusion of 51 stores acquired from Massmart Holdings Ltd ("Massmart"), increased sales by 13.2% whilst Usave, our limited assortment discounter, increased sales by 12.3%. This customer's challenges and needs remain front and centre in our business, resulting in a steadfast commitment to lowest prices, in-stock availability, efficient operations and ongoing product and store development.

Whilst the operating context in South Africa remains challenging and costly, especially taking into consideration the ongoing cost of diesel generators during load-shedding, we are most pleased to report an increase in profits and dividends for the period.

The Group continues to invest in the business on a number of fronts: tech and digital, supply chain, stores and of course, people. Over the six months we added a net of 197 new stores to total 3 543 stores and as a Group our commitment to employment growth resulted in the creation of 2 617 new jobs. In addition, our Shoprite Employee Trust expensed R122 million in employee distributions to eligible employees in South Africa with equivalent awards granted by subsidiaries in countries outside South Africa.

The well-known African proverb 'it takes a village' is no understatement at Shoprite today as we strive to meaningfully improve the lives of millions of people on a daily basis. My sincere thanks to Team Shoprite, our base of close to 161 000 employees; the Group's customer base who number 29 million in South Africa alone and our many stakeholders including our valued suppliers and SMME partners. As a Group we are authentically purpose led in all that we do and I am incredibly proud of how our collective efforts are increasingly borne out not just in our results but in the difference we make to the lives of our people and customers every day.



Results commentary for the 26 weeks ended 31 December 2023

Introduction

The results referred to in this commentary pertain to the Group's continuing operations after the adoption of IFRS 17: Insurance Contracts (IFRS 17), which replaces IFRS 4: Insurance Contracts. Prior year comparative figures, where applicable, have been restated for the adoption of IFRS 17.

The Group has delivered strong financial results, increasing sales by 13.9% to R121.1 billion. This was a well-rounded result, underpinned by our core Supermarkets RSA segment, to which all supermarket brands contributed significantly.

The Group's 23.6% reported gross margin is marginally higher year-on-year (H1 2023: 23.5%) owing to supply chain efficiencies allowing for increased volumes through our distribution centres as well as the respite in fuel prices over the six months.

Trading profit increased by 10.7% resulting in a trading margin of 5.5% (restated H1 2023: 5.7%). Reported trading profit continues to be notably impacted by the R500 million diesel expense to power generators in our South African operations.

The Group's earnings before interest, income tax, depreciation and amortisation (EBITDA) increased by 10.3% and measured R10.2 billion.

During the period the Group opened 215 stores expanding its continuing operations footprint to 3 543 stores. Total operations capital expenditure to continuing operations' sales for the period measured 3.1%.

The Group's cash generative capability is reflected in its cash generated from operations in the amount of R12.4 billion for the period.

The Board has declared an interim dividend of 267 cents per share, representing year-on-year dividend per share growth of 7.7%.

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

Earnings per share (EPS)

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

	Change %	26 weeks 31 Dec '23 cents	26 weeks 1 Jan '23 cents
EPS from continuing operations:			
Basic EPS	4.6	627.2	599.5
HEPS	7.3	624.0	581.3
DHEPS	7.6	621.4	577.5
EPS including discontinued operations:			
Basic EPS	6.9	613.7	574.3
HEPS	8.6	610.5	562.3
DHEPS	8.8	608.0	558.7

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

This measure is not adjusted for the impact of any other abnormal or external events.

	Change %	26 weeks 31 Dec '23 cents	26 weeks 1 Jan '23 cents
DHEPS continuing operations	7.6	621.4	577.5
Adjusted for the impact of:			
Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa	0.5	22.3	22.2
Exchange rate differences		4.9	(4.5)
Hyperinflation effect	(59.2)	2.0	4.9
Lease modifications and terminations	3.7	(8.5)	(8.2)
Related income tax effect	(80.0)	0.7	3.5
Adjusted DHEPS* from continuing operations	8.0	642.8	595.4

* The adjusted DHEPS from continuing operations constitutes pro forma financial information in terms of the JSE Limited Listings Requirements, is the responsibility of the Board of Directors of Shoprite Holdings, has been prepared for illustrative purposes only and may not fairly present the Group's financial position. For a full appreciation of the pro forma financial information please refer to pages 8 to 12.

Sale of merchandise

The Group's sale of merchandise increased by 13.9% to R121.1 billion. Like-for-like sales increased by 6.5%.

The following table outlines the sale of merchandise growth per segment:

	Change %	26 weeks 31 Dec '23 Rm	26 weeks 1 Jan '23 Rm
Supermarkets RSA	14.6	97 517	85 084
Supermarkets Non-RSA	6.2	10 606	9 987
Furniture	1.7	3 975	3 909
Other operating segments	23.1	8 983	7 296
Total continuing operating segments	13.9	121 081	106 276
Hyperinflation effect		(2)	—
Consolidated continuing operations	13.9	121 079	106 276
Discontinued operations		—	94
Total operating segments including discontinued operations	13.8	121 079	106 370

Supermarkets RSA: R97.5 billion (H1 2023: R85.1 billion)

The Group's core business, Supermarkets RSA, making up 80.5% of Group sales is represented by 2 237 stores across our major trading brands Shoprite, Usave, Checkers, Checkers Hyper, LiquorShop and other.

As a segment, Supermarkets RSA achieved 14.6% sales growth, with like-for-like sales increasing by 6.3%. Internal selling price inflation measured 7.7% for the period (H1 2023: 9.4%). Excluding the R2.9 billion sales contribution from the stores acquired from Massmart, Supermarkets RSA increased sales by 11.2%.

Customer visits for the period increased by 6.4% and average basket spend increased by 7.7%.

Private label brands participate in a number of categories across all of our supermarket chains, measuring 20.6% excluding liquor for the period (H1 2023: 20.7%), somewhat constrained by global supply chain and domestic port challenges as well as avian flu related product shortages.

The Checkers mid-to-upper segment supermarket chain, including its 38 larger format Checkers Hypers, increased its sale of merchandise by 13.7% (H1 2023: 16.9%), contributing 39.5% to the Group's core Supermarkets RSA segment's sales. Checkers Sixty60, the Group's on-demand grocery delivery app increased sales by 63.1% (H1 2023: 86.8%), expanding the store base from which it services Checkers customers to 505 stores (H1 2023: 394 stores).

Checkers, inclusive of Checkers Hyper increased its store base over 12 months by a net of 16 stores to end the period with 306 supermarkets.

In terms of store openings and upgrade activity over the six-month interim period under review:

- › Checkers and Checkers Hyper opened a net of nine new stores, two of which were in our new smaller Checkers Foods neighbourhood format bringing the total in this new smaller format to nine stores;
- › Checkers' successful FreshX conversion programme continued, ending the period with 104 stores trading in this format (approximately one third of the Checkers store footprint);
- › In terms of smaller, adjacent stand-alone format stores, 41 were opened during the six months:
 - 22 Petshop Science premium pet stores to total 75;
 - Two Little Me baby stores to total 11;
 - 10 UNIQ clothing by Checkers stores to total 19; and
 - Seven Checkers Outdoor stores to total 15.

The Shoprite and Usave supermarket businesses increased sales by 13.1% (H1 2023: 15.1%) for the period (7.8% excluding the contribution from the 52 stores acquired from Massmart), contributing 50.8% to Supermarkets RSA sales.

- › Shoprite, our price fighting supermarket business increased sales by 13.2% (H1 2023: 14.8%). Net store openings of 75 stores over the 12-month period (51 related to the Massmart acquisition) resulted in Shoprite ending the period with 628 stores. Over the six-month interim period Shoprite opened a net of 11 supermarkets.
- › Usave, our limited assortment no frills discount supermarket, increased sales by 12.3% (H1 2023: 17.9%). Net store openings of 24 stores over the 12-month period resulted in Usave ending the period with 453 stores. Over the six months under review Usave opened a net of 12 supermarkets.

The segment's LiquorShop business increased sales by 25.2% (H1 2023: 35.6%) (17.4% excluding the contribution from Massmart) contributing 9.4% to the segment's sales. Net store openings of 105 stores over the 12-month period (42 related to the Massmart acquisition) resulted in LiquorShop ending the period with 725 stores. Over the six months under review Liquorshop opened a net of 43 stores.



Results commentary for the 26 weeks ended 31 December 2023 continued

Supermarkets Non-RSA: R10.6 billion (H1 2023: R10.0 billion)

Supermarkets Non-RSA continuing operations increased sales in rand terms by 6.2% and contributed 8.8% to Group sales. In constant currency, sales increased by 20.0%.

We estimate internal food inflation for the region averaged 8.8% for the period.

The segment operates in nine countries with 258 stores. Over the 12 months, the segment's store base increased by a net of nine stores.

Furniture: R4.0 billion (H1 2023: R3.9 billion)

Sales in the Group's Furniture segment, representing 3.3% of Group sales, increased by 1.7%. Like-for-like sales increased by 0.7%. Credit sales participation increased from 14.9% to 15.3% for the period under review.

On a net basis, the segment's store base remained unchanged over the past 12 months to end the period with 432 stores (South Africa: 344 stores, Outside of South Africa: 88 stores).

Other operating segments: R9.0 billion (H1 2023: R7.3 billion)

The Group's Other operating segments include OK Franchise, Transpharm, Medirite Pharmacies, Red Star Wholesale Catering Services (previously Checkers Food Services) and Computicket. Sales generated by this segment increased by 23.1% for the period and represents 7.4% of Group sales.

Sales to our OK Franchise business increased by 25.0% and the franchise division ended the period with 605 stores.

Gross margin

Gross margin for the period increased marginally to 23.6% (H1 2023: 23.5%) owing to improved supply chain efficiencies as well as a decline in fuel prices.

Other operating income

Other operating income, made up of various adjacent revenue streams increased by 1.8%.

Excluding the non-recurring income of R244 million relating to a loss of profit insurance claim arising from the 2021 social unrest accounted for as part of other income in the comparative period, total other operating income increased by 15.5%.

	Change %	26 weeks 31 Dec '23 Rm	Restated* 26 weeks 1 Jan '23 Rm
Commissions received*	8.6	606	558
Franchise fees received	9.5	92	84
Marketing and media	24.0	279	225
Delivery recoveries	32.5	379	286
Other revenue	32.1	407	308
Operating lease income	(3.7)	232	241
Other income	(96.1)	11	284
Dividends received from unlisted share investments	23.1	96	78
Other operating income	1.8	2 102	2 064

* Restated for the adoption of IFRS 17: Insurance Contracts.

Expenses

Total expense growth for the period measured 14.8% and can be attributed to the following:

- › Depreciation and amortisation increased by 16.9% to measure 2.9% of Group sales (H1 2023: 2.8%).
- › Employee benefits increased by 14.2% reflecting the overall growth of the business, our increased headcount and additional factors, specifically:
 - R122 million expensed to eligible employees in South Africa from the Shoprite Employee Trust and equivalent awards granted by subsidiaries in countries outside South Africa.
 - R46 million spent on training 1 464 participants in the Youth Employment Service (YES) programme which trains unemployed youth and provides them with workplace experience.
- › Other operating expenses increased by 14.6%, inclusive of:
 - A 14.5% increase in electricity and water expense as a result of: i) the 18.65% National Energy Regulator of South Africa (NERSA) electricity cost increase and ii) continued electricity load-shedding in South Africa resulting in a R500 million diesel expense to operate generators across our South African supermarket business.
 - Delivery expenses increased by 50.9%, repairs and maintenance by 14.2%, advertising expenses by 16.4% and the cost of security services increased by 15.8%.

Trading profit

Trading profit from continuing operations increased by 10.7% to R6.7 billion, and as a result, the Group's trading margin measured 5.5% (restated H1 2023: 5.7%). Noteworthy is the impact on Supermarkets RSA's trading profit, materially impacted by the aforementioned diesel charge, whilst also in the prior year period still reduces overall profitability and trading margin for the segment and the Group.

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

	Change %	Trading margin		Restated*	Restated*
		26 weeks 31 Dec '23 Rm	26 weeks 31 Dec '23 %	26 weeks 1 Jan '23 Rm	26 weeks 1 Jan '23 %
Supermarkets RSA	8.8	5 844	6.0	5 370	6.3
Supermarkets Non-RSA	37.3	434	4.1	316	3.2
Furniture*	(3.1)	125	3.1	129	3.3
Other operating segments	18.1	268	3.0	227	3.1
Total continuing operating segments	10.4	6 671	5.5	6 042	5.7
Hyperinflation effect		(11)		(26)	
Consolidated continuing operations	10.7	6 660	5.5	6 016	5.7

* Restated for the adoption of IFRS 17: Insurance Contracts.

Supermarkets RSA's trading profit increased by 8.8% to measure R5.8 billion (H1 2023: R5.4 billion) resulting in the segment reporting a 6.0% trading margin (H1 2023: 6.3%).

Supermarkets Non-RSA reported a R434 million trading profit (H1 2023: R316 million) of which R84 million (H1 2023: R101 million) can be attributed to interest revenue included in trading profit.

The Furniture segment's trading profit decreased by 3.1% to R125 million due to the combined impact of a lower gross margin and provisioning for bad debt on the back of credit sales increasing by 1.4% during the period. Based on the external assessment of expected credit losses, the furniture division's debtors book provision increased to 41.0% (H1 2023: 40.8%).

Other operating segments' trading profit increased by 18.1%. This segment, underpinned by the continued growth and improvement of our OK Franchise business was also positively impacted by an improved contribution from Computicket.

Exchange rate losses

The Group recorded exchange rate losses of R27 million (H1 2023: R24 million gain) for the period.

Items of a capital nature

Items of a capital nature amounted to a net income of R41 million (H1 2023: R129 million), driven by profit realised on the sale of properties classified as held for sale during the period.

Net finance costs

Net finance costs increased by 22.2% to R1.8 billion (restated H1 2023: R1.5 billion), impacted mostly by the increase in interest on the Group's lease liabilities to R1.7 billion (H1 2023: R1.4 billion).

	Change %	26 weeks 31 Dec '23 Rm	Restated* 26 weeks 1 Jan '23 Rm
Interest received from bank account balances	16.7	259	222
Finance charges: lease liabilities	18.2	(1 692)	(1 432)
Finance charges: borrowings and other finance charges*	39.7	(366)	(262)
Net finance costs	22.2	(1 799)	(1 472)

* Restated for the adoption of IFRS 17: Insurance Contracts.

Taxation

The Group's effective income tax rate measured 30.8% (H1 2023: 31.1%).

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



Results commentary for the 26 weeks ended 31 December 2023 continued

Capital expenditure

The Group's total capital spend amounted to R3.7 billion for the period (H1 2023: R3.4 billion) and represented 3.1% of Group sales (H1 2023: 3.2%). The majority of the capital expenditure relates to an investment in expanding the store portfolio.

Government bonds and bills

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

	31 Dec '23 Rm	1 Jan '23 Rm
AOA, USD Index Linked, Angola Government Bonds	540	721
AOA, Angola Government Bonds	335	494
Angola Treasury Bills	172	592
Nigeria Treasury Bills	26	—
Total government bonds and bills	1 073	1 807

Inventories

Inventories increased by 15.4% to R29.3 billion (H1 2023: R25.4 billion), representing an inventory to sales ratio of 12.7% (H1 2023: 12.7%) based on the last 12 months' sales.

The increase in inventory is as a result of a number of factors, including:

- › Support of the business and its elevated level of sales growth especially with regard to Checkers Sixty60 which utilises our in-store inventories.
- › Expanded store footprint with the opening of 315 corporate stores over the last 12 months.
- › Maintaining our required levels of safety stock given that inbound service levels remain less than optimal and, from time to time, face external disruption.
- › Increased general merchandise stockholding in response to global supply chain constraints.
- › Increased inventory holding in distribution centres owing to expansion in supply chain network.

Inventories as % of sales over a 52-week period	31 Dec '23 %	1 Jan '23 %
Supermarkets RSA	12.7	12.6
Supermarkets Non-RSA	11.7	12.1
Furniture	28.6	27.7
Other operating segments	7.6	7.0
Total continuing operations	12.7	12.7

Cash and cash equivalents and bank overdrafts

Net cash (including restricted cash and after deducting bank overdrafts) amounted to R8.3 billion (H1 2023: R8.7 billion).

	31 Dec '23 Rm	1 Jan '23 Rm
Restricted cash	549	393
Cash and cash equivalents	9 539	9 519
Bank overdrafts	(1 761)	(1 261)
Net cash	8 327	8 651

Borrowings and lease liabilities

Total borrowings decreased by R15 million to R6.3 billion (H1 2023: R6.4 billion). The majority of the Group's borrowings remain rand denominated with an exposure of US\$28 million (H1 2023: US\$35 million) to foreign exchange movements. The borrowings to equity ratio decreased to 23.8% (H1 2023: 24.5%).

The Group's lease liabilities increased by R5.2 billion owing to new leases and renewals.

	31 Dec '23 Rm	1 Jan '23 Rm
Borrowings	6 342	6 357
Lease liabilities	37 716	32 551
Total debt	44 058	38 908

Group outlook

For the first six weeks of our 2024 financial year second half period, sales growth in our core Supermarkets RSA segment is in the region of 10%. Factors influencing the run rate of second half growth include: i) sales growth in the comparable second half period last year measuring 18.2%; ii) the stores acquired from Massmart forming part of our second half reporting base for our Shoprite and LiquorShop businesses; and iii) Supermarkets RSA internal selling price inflation for February slowing to 5.3% compared to 7.7% for the interim period under review.

As a business we are fortunate to be in food retail, with the frequency of purchases powering our data-led ecosystem approach. We continue to invest behind our supermarket brand segmentation strategy which continues to be met with incredible customer advocacy. We are doubling down on innovation and improvement at all levels, be it product, service, stores and supply chain. Price, value and availability remain at the forefront of our day-to-day decision making whilst strategically we continue to build out our digital plans, leveraging our execution capabilities, scale and considerable corporate owned store base.

The information in the Group outlook section has not been reviewed or reported on by the Group's auditors.

2024 interim period results presentation webcast today:

Shoprite Holdings CEO Pieter Engelbrecht invites all who would like to attend the Group's 2024 interim results presentation webcast at 9:30am today to please register via the Group website www.shopriteholdings.co.za or via Register.

Next reporting date:

The Group plans to report its 2024 financial results on 3 September 2024 ahead of which our 2024 operational update will be communicated via the JSE SENS. Any updates to this timing will be reflected on the Group shareholder diary as part of the Shareholder and Investor relations page on the Group website.

5 March 2024

Enquiries:

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Pro forma financial information

Certain financial information presented in these condensed consolidated interim results for the 26 weeks ended 31 December 2023 constitutes pro forma financial information. The pro forma financial information is the responsibility of the Board of Directors of the Company and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows. The pro forma financial information has neither been reviewed nor been reported on by the Group's external auditors.

The reported amounts and adjustments are extracted without adjustment, from the condensed consolidated interim financial statements or underlying accounting records of the Group for the periods ended 31 December 2023 and 1 January 2023, respectively.

Like-for-like comparisons

Like-for-like sales is a measure of the growth in the Group's year-on-year sales, removing the impact of new store openings and closures in the current or previous reporting periods. In addition, in respect of Ghana, the like-for-like sales have been prepared excluding the impact of hyperinflation which is minimal in terms of its impact on the Supermarkets Non-RSA result. For the period ended 31 December 2023, the economy of Ghana was assessed to be hyperinflationary. Hyperinflation accounting was applied with effect from 3 July 2023.

References were made to the following subtotals of sale of merchandise	Like-for-like change %	As reported	Like-for-like	As reported	Like-for-like
		unaudited 26 weeks 31 Dec '23 Rm	26 weeks 31 Dec '23 Rm	unaudited 26 weeks 1 Jan '23 Rm	26 weeks 1 Jan '23 Rm
Total continuing operations	6.5	121 081	112 555	106 276	105 727
Supermarkets RSA	6.3	97 517	90 168	85 084	84 794
Supermarkets Non-RSA continuing operations	4.8	10 606	10 451	9 987	9 975
Furniture	0.7	3 975	3 903	3 909	3 875
Other operating segments	13.4	8 983	8 033	7 296	7 083

Impact of the Group's pro forma constant currency disclosure

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

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

% Change in sales on comparative period 26 weeks	Average exchange rates		Reported currency	Constant currency
	31 Dec '23	1 Jan '23		
Angola kwanza	0.022	0.038	(8.3)	55.2
Ghana cedi	1.589	1.558	7.9	5.8
Mozambique metical	0.290	0.267	6.3	(2.2)
Zambia kwacha	0.881	1.056	6.2	27.3
Total Supermarkets Non-RSA			6.2	20.0

Impact of hyperinflation adjustment

For the 26 weeks ended 31 December 2023, the economy of Ghana was assessed to be hyperinflationary. Accordingly, the Group accounted for the results of its Ghana operations on a hyperinflationary basis as required by IAS 29: Financial Reporting in Hyperinflationary Economies (IAS 29) with effect from 3 July 2023. Refer to note 1 of the condensed consolidated interim financial statements for the basis of preparation of the Group's Ghanaian operations in accordance with IAS 29.

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

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

The pro forma financial information was calculated through applying all the accounting policies adopted by the Group in the latest audited annual financial statements, except for the hyperinflationary standard IAS 29. The adjustments made in respect of hyperinflation were extracted from the accounting records used in the preparation of the condensed consolidated interim financial statements. In calculating the pro forma headline earnings, the impact of the pro forma adjustments to items of a capital nature, net of income tax, was excluded from the pro forma basic earnings per share.

	Unaudited 26 weeks 31 Dec '23 Rm	Unaudited 26 weeks 1 Jan '23 Rm
Earnings per share after removing the impact of hyperinflation adjustment		
Net profit attributable to owners of the parent after removing the impact of hyperinflation adjustment	3 348	3 143
Loss from discontinued operations	73	137
Earnings from continuing operations after removing the impact of hyperinflation adjustment	3 421	3 280
Re-measurements after removing the impact of hyperinflation adjustment	(39)	(129)
Loss on disposal and scrapping of property	86	—
Profit on disposal of assets classified as held for sale	(116)	(132)
Profit on sale and leaseback transaction	(51)	—
Loss on disposal and scrapping of plant and equipment and intangible assets	9	40
Impairment of property, plant and equipment	8	9
(Impairment reversal)/impairment of right-of-use assets	(6)	7
Impairment of intangible assets	12	—
Impairment of investment in associate	14	—
Insurance claims receivable	(23)	(50)
Loss on disposal of subsidiary	27	—
Loss/(profit) on other investing activities	1	(3)
Income tax effect on re-measurements	24	30
Headline earnings from continuing operations after removing the impact of hyperinflation adjustment	3 406	3 181
Loss from discontinued operations	(73)	(137)
Items of a capital nature from discontinued operations	—	34
Headline earnings after removing the impact of hyperinflation adjustment	3 333	3 078
Number of ordinary shares (net of treasury shares)		
	'000	'000
– In issue	544 011	542 839
– Weighted average	543 778	542 806
– Weighted average adjusted for dilution	546 085	546 323

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

Pro forma statement of comprehensive income

	As reported unaudited 26 weeks including hyperinflation 31 Dec '23 Rm	26 weeks hyperinflation adjustment 31 Dec '23 Rm	26 weeks excluding hyperinflation pro forma 31 Dec '23 Rm	26 weeks excluding hyperinflation pro forma 1 Jan '23 Rm	Pro forma change %
Revenue	123 707	(2)	123 709	108 783	13.7
Sale of merchandise	121 079	(2)	121 081	106 276	13.9
Cost of sales	(92 480)	(12)	(92 468)	(81 343)	13.7
Gross profit	28 599	(14)	28 613	24 933	14.8
Other operating income	2 102	—	2 102	2 064	1.8
Interest revenue	385	—	385	330	16.7
Share of profit of equity accounted investments	128	—	128	128	
Insurance revenue	141	—	141	113	24.8
Insurance service expense	(78)	—	(78)	(64)	21.9
Depreciation and amortisation	(3 471)	(38)	(3 433)	(2 942)	16.7
Employee benefits	(9 453)	—	(9 453)	(8 280)	14.2
Credit impairment losses	(117)	—	(117)	(106)	10.4
Other operating expenses	(11 617)	—	(11 617)	(10 134)	14.6
Net monetary gain	41	41	—	—	
Trading profit	6 660	(11)	6 671	6 042	10.4
Exchange rate (losses)/gains	(27)	—	(27)	24	
Profit on lease modifications and terminations	46	—	46	45	2.2
Items of a capital nature	41	2	39	129	
Operating profit	6 720	(9)	6 729	6 240	7.8
Interest received from bank account balances	259	—	259	222	16.7
Finance costs	(2 058)	—	(2 058)	(1 694)	21.5
Profit before income tax	4 921	(9)	4 930	4 768	3.4
Income tax expense	(1 517)	—	(1 517)	(1 475)	2.8
Profit from continuing operations	3 404	(9)	3 413	3 293	3.6
Loss from discontinued operations (attributable to owners of the parent)	(73)	—	(73)	(137)	
Profit for the period	3 331	(9)	3 340	3 156	5.8
Other comprehensive (loss)/income, net of income tax	(578)	137	(715)	(456)	
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation differences including hyperinflation from continuing operations	(314)	137	(451)	(332)	
Foreign currency translation differences from discontinued operations	2	—	2	(7)	
Loss on effective net investment hedge, net of income tax	(266)	—	(266)	(117)	
Total comprehensive income for the period	2 753	128	2 625	2 700	
Profit/(loss) attributable to:	3 331	(9)	3 340	3 156	
Owners of the parent	3 339	(9)	3 348	3 143	
Non-controlling interest	(8)	—	(8)	13	
Total comprehensive income/(loss) attributable to:	2 753	128	2 625	2 700	
Owners of the parent	2 761	128	2 633	2 687	
Non-controlling interest	(8)	—	(8)	13	
Total comprehensive income/(loss) attributable to owners of the parent arises from:	2 761	128	2 633	2 687	
Continuing operations	2 832	128	2 704	2 831	
Discontinued operations	(71)	—	(71)	(144)	
Earnings per share for profit from continuing operations attributable to owners of the parent:					
Basic earnings per share from continuing operations (cents)	627.2	(1.6)	628.8	604.4	4.0
Diluted earnings per share from continuing operations (cents)	624.5	(1.6)	626.1	600.5	4.3
Headline earnings per share from continuing operations (cents)	624.0	(2.0)	626.0	586.2	6.8
Diluted headline earnings per share from continuing operations (cents)	621.4	(2.0)	623.4	582.4	7.0
Earnings per share for profit attributable to owners of the parent:					
Basic earnings per share (cents)	613.7	(1.6)	615.3	579.2	6.2
Diluted earnings per share (cents)	611.1	(1.6)	612.7	575.5	6.5
Headline earnings per share (cents)	610.5	(2.0)	612.5	567.2	8.0
Diluted headline earnings per share (cents)	608.0	(2.0)	610.0	563.6	8.2

Pro forma statement of financial position

	As reported unaudited including hyperinflation 31 Dec '23 Rm	Hyperinflation adjustment 31 Dec '23 Rm	Excluding hyperinflation pro forma 31 Dec '23 Rm	Excluding hyperinflation pro forma 1 Jan '23 Rm
Assets				
Non-current assets	57 151	802	56 349	51 111
Property, plant and equipment	18 000	566	17 434	15 619
Right-of-use assets	28 027	284	27 743	24 175
Intangible assets	4 440	4	4 436	3 830
Equity accounted investments	2 331	—	2 331	2 305
Convertible loans	—	—	—	21
Investment in insurance cell captive arrangements	126	—	126	139
Government bonds and bills	19	—	19	828
Loans receivable	770	—	770	1 600
Deferred income tax assets	2 984	(52)	3 036	2 385
Trade and other receivables	454	—	454	209
Current assets	50 822	6	50 816	44 871
Inventories	29 272	6	29 266	25 368
Trade and other receivables	6 086	—	6 086	6 214
Current income tax assets	538	—	538	402
Convertible loans	29	—	29	—
Investment in insurance cell captive arrangements	499	—	499	228
Government bonds and bills	1 054	—	1 054	979
Loans receivable	2 211	—	2 211	442
Restricted cash	549	—	549	393
Cash and cash equivalents	9 539	—	9 539	9 519
Assets classified as held for sale	49 777	6	49 771	43 545
	1 045	—	1 045	1 326
Total assets	107 973	808	107 165	95 982
Equity				
Capital and reserves attributable to owners of the parent				
Stated capital	7 516	—	7 516	7 516
Treasury shares	(2 577)	—	(2 577)	(2 661)
Reserves	21 628	808	20 820	19 874
Non-controlling interest	26 567	808	25 759	24 729
Total equity	115	—	115	146
	26 682	808	25 874	24 875
Liabilities				
Non-current liabilities	40 502	—	40 502	35 623
Lease liabilities	34 210	—	34 210	29 675
Borrowings	5 768	—	5 768	5 528
Deferred income tax liabilities	7	—	7	8
Employee benefit provisions and other provisions	448	—	448	361
Trade and other payables	69	—	69	51
Current liabilities	40 789	—	40 789	35 484
Trade and other payables	33 015	—	33 015	28 813
Contract liabilities	987	—	987	835
Lease liabilities	3 506	—	3 506	2 876
Borrowings	574	—	574	829
Current income tax liabilities	778	—	778	682
Employee benefit provisions and other provisions	168	—	168	188
Bank overdrafts	1 761	—	1 761	1 261
Total liabilities	81 291	—	81 291	71 107
Total equity and liabilities	107 973	808	107 165	95 982

Pro forma financial information continued

Adjusted headline earnings per share (adjusted HEPS) and adjusted diluted headline earnings per share (adjusted DHEPS)

The Group's reported results include the Shoprite Employee Trust distributions and provisions for eligible employees in South Africa as well as an equivalent award granted to qualifying employees of subsidiaries in countries outside of South Africa. The distributions are additional incentives to reward employees for staying in service of the Group. The Group's reported results also include exchange rate differences which fluctuate from year to year. Although the Group manages its exposure to foreign currency fluctuations, economic factors outside of the Group's control have a significant impact on currency devaluations in countries where the Group operates. As already stated, the economy of Ghana was assessed to be hyperinflationary in the current reporting period. Furthermore, the reported results include cumulative hyperinflation adjustments for Angola in property, plant and equipment and right-of-use assets, resulting from the application of IAS 29. Although the Angolan economy was assessed to be no longer hyperinflationary for the current and comparative reporting periods these results still include the impact of unwinding aforementioned cumulative hyperinflation adjustments. Lastly, the calculation of reported HEPS includes profit on lease modifications and terminations, while the impact of right-of-use asset impairments is excluded.

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

The table below presents the adjustments to the items reported.

	Unaudited 26 weeks 31 Dec '23 Rm	Unaudited 26 weeks 1 Jan '23 Rm
Headline earnings including discontinued operations as reported	3 322	3 052
Impact of Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa	122	121
Impact of exchange rate differences**	108	(22)
Impact of hyperinflation adjustment***	11	26
Impact of lease modifications and terminations	(46)	20
Related income tax effect****	1	18
Adjusted headline earnings including discontinued operations	3 518	3 215
Headline earnings from continuing operations as reported	3 395	3 155
Impact of Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa	122	121
Impact of exchange rate differences as reported	27	(24)
Impact of hyperinflation adjustment***	11	26
Impact of lease modifications and terminations	(46)	(45)
Related income tax effect****	1	20
Adjusted headline earnings from continuing operations	3 510	3 253
Number of ordinary shares (net of treasury shares)	'000	'000
– In issue	544 011	542 839
– Weighted average	543 778	542 806
– Weighted average adjusted for dilution	546 085	546 323
	Change %	
	cents	cents
Diluted headline earnings per share including discontinued operations as reported	8.8	608.0
Adjusted headline earnings per share including discontinued operations	9.2	647.0
Adjusted diluted headline earnings per share including discontinued operations	9.5	644.3
Diluted headline earnings per share from continuing operations as reported	7.6	621.4
Adjusted headline earnings per share from continuing operations	7.7	645.5
Adjusted diluted headline earnings per share from continuing operations	8.0	642.8

** The impact of exchange rate differences, including discontinued operations, consists of R108 million exchange rate losses (1 Jan '23: R22 million gains) as reported and R81 million (1 Jan '23: R2 million) exchange rate losses from discontinued operations (refer to note 6 of the condensed consolidated interim financial statements).

*** The impact of the hyperinflation adjustment resulted in an increase of R11 million (1 Jan '23: R26 million) in headline earnings which is calculated by excluding the R2 million impact (1 Jan '23: no impact) of the items of a capital nature hyperinflation adjustment from the profit before income tax hyperinflation adjustment of R9 million (1 Jan '23: R26 million).

**** The tax effect of exchange rate differences as well as lease modifications and terminations was calculated by applying the average effective tax rate of 30.8% (1 Jan '23: 31.1%). The tax effect of hyperinflation adjustments and the Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa was based on the actual tax charges.

Number of outlets as at 31 December 2023

	12 Months				H1 2024	Confirmed new stores H2 2024
	H1 2023	Opened	Closed	Net movement		
Supermarkets RSA	1 952	294	9	285	2 237	81
Shoprite	553	76	1	75	628	17
Checkers	252	16	—	16	268	16
Checkers Hyper	38	—	—	—	38	—
Usave	429	29	5	24	453	17
LiquorShop	620	106	1	105	725	26
Other	60	67	2	65	125	5
Supermarkets Non-RSA	249	10	1	9	258	12
Shoprite	148	2	—	2	150	5
Checkers	9	1	—	1	10	1
Usave	45	3	1	2	47	—
LiquorShop	47	4	—	4	51	6
Furniture	432	6	6	—	432	—
OK Furniture	388	6	6	—	388	—
House & Home	44	—	—	—	44	—
Other operating segments*	541	100	25	75	616	47
OK Franchise	535	95	25	70	605	42
Medirite Plus	6	5	—	5	11	5
Total stores – continuing operations	3 174	410	41	369	3 543	140
Total stores outside South Africa – continuing operations	414	15	5	10	424	20
Countries outside South Africa – continuing operations	9	—	—	—	9	—

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

Dividend no. 150

The Board has declared an interim dividend of 267 cents (H1 2023: 248 cents) per ordinary share, payable to shareholders on Tuesday, 2 April 2024. The dividend has been declared out of income reserves. The last day to trade cum dividend will be Monday, 25 March 2024. As from Tuesday, 26 March 2024, all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Thursday, 28 March 2024. Share certificates may not be dematerialised or rematerialised between Tuesday, 26 March 2024, and Thursday, 28 March 2024, both days inclusive.

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

1. The local dividend tax rate is 20%.
2. The net local dividend amount is 267 cents per share for shareholders exempt from paying Dividends Tax and 213.6 cents per share for shareholders liable to pay Dividends Tax.
3. The issued ordinary share capital of Shoprite Holdings Ltd as at the date of this declaration is 591 338 502 ordinary shares.
4. Shoprite Holdings Ltd's tax reference number is 9775/112/71/8.



Condensed consolidated statement of comprehensive income

	Notes	Change %	Unaudited 26 weeks 31 Dec '23 Rm	Restated* unaudited 26 weeks 1 Jan '23 Rm	Restated* audited 52 weeks 2 Jul '23 Rm
Revenue	4	13.7	123 707	108 783	219 645
Sale of merchandise	4	13.9	121 079	106 276	214 956
Cost of sales		13.7	(92 480)	(81 343)	(163 250)
Gross profit		14.7	28 599	24 933	51 706
Other operating income	4	1.8	2 102	2 064	3 738
Interest revenue	4	16.7	385	330	701
Share of profit of equity accounted investments	11		128	128	251
Insurance revenue	4	24.8	141	113	250
Insurance service expense		21.9	(78)	(64)	(133)
Depreciation and amortisation		16.9	(3 471)	(2 968)	(6 305)
Employee benefits		14.2	(9 453)	(8 280)	(17 027)
Credit impairment losses		10.4	(117)	(106)	(264)
Other operating expenses		14.6	(11 617)	(10 134)	(20 998)
Net monetary gain			41	—	—
Trading profit		10.7	6 660	6 016	11 919
Exchange rate (losses)/gains			(27)	24	384
Profit on lease modifications and terminations		2.2	46	45	60
Items of a capital nature			41	129	(16)
Operating profit		8.1	6 720	6 214	12 347
Interest received from bank account balances		16.7	259	222	453
Finance costs	5	21.5	(2 058)	(1 694)	(3 668)
Profit before income tax		3.8	4 921	4 742	9 132
Income tax expense		2.8	(1 517)	(1 475)	(2 812)
Profit from continuing operations		4.2	3 404	3 267	6 320
Loss from discontinued operations (attributable to owners of the parent)	6		(73)	(137)	(419)
Profit for the period		6.4	3 331	3 130	5 901
Other comprehensive (loss)/income, net of income tax			(578)	(597)	(1 847)
Items that will not be reclassified to profit or loss					
Re-measurements of post-employment medical benefit obligations			—	—	2
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation differences including hyperinflation from continuing operations			(314)	(473)	(1 719)
Foreign currency translation differences from discontinued operations			2	(7)	(9)
Loss on effective net investment hedge, net of income tax			(266)	(117)	(121)
Total comprehensive income for the period			2 753	2 533	4 054
Profit/(loss) attributable to:			3 331	3 130	5 901
Owners of the parent			3 339	3 117	5 886
Non-controlling interest			(8)	13	15
Total comprehensive income/(loss) attributable to:			2 753	2 533	4 054
Owners of the parent			2 761	2 520	4 039
Non-controlling interest			(8)	13	15
Total comprehensive income/(loss) attributable to owners of the parent arises from:			2 761	2 520	4 039
Continuing operations			2 832	2 664	4 467
Discontinued operations			(71)	(144)	(428)
Earnings per share for profit from continuing operations attributable to owners of the parent:					
Basic earnings per share from continuing operations (cents)	7	4.6	627.2	599.5	1 161.4
Diluted earnings per share from continuing operations (cents)	7	4.9	624.5	595.6	1 154.6
Headline earnings per share from continuing operations (cents)	7	7.3	624.0	581.3	1 166.2
Diluted headline earnings per share from continuing operations (cents)	7	7.6	621.4	577.5	1 159.4
Earnings per share for profit attributable to owners of the parent:					
Basic earnings per share (cents)	7	6.9	613.7	574.3	1 084.3
Diluted earnings per share (cents)	7	7.1	611.1	570.6	1 077.9
Headline earnings per share (cents)	7	8.6	610.5	562.3	1 095.3
Diluted headline earnings per share (cents)	7	8.8	608.0	558.7	1 088.9

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 2 for details of this change in accounting policy.

Condensed consolidated statement of financial position

	Notes	Unaudited 31 Dec '23 Rm	Restated* unaudited 1 Jan '23 Rm	Restated* audited 2 Jul '23 Rm
Assets				
Non-current assets				
Property, plant and equipment	8	57 151	52 209	54 485
Right-of-use assets	10	18 000	16 539	16 601
Intangible assets		28 027	24 353	26 781
Equity accounted investments	11	4 440	3 830	4 225
Convertible loans	12	2 331	2 305	2 312
Investment in insurance cell captive arrangements		—	21	22
Government bonds and bills	13	126	139	128
Loans receivable		19	828	716
Deferred income tax assets		770	1 600	647
Trade and other receivables		2 984	2 385	2 875
		454	209	178
Current assets				
Inventories		50 822	44 871	47 965
Trade and other receivables		29 272	25 368	25 090
Current income tax assets		6 086	6 214	5 697
Convertible loans	12	538	402	441
Investment in insurance cell captive arrangements		29	—	—
Government bonds and bills	13	499	228	383
Loans receivable		1 054	979	421
Restricted cash		2 211	442	1 346
Cash and cash equivalents		549	393	650
		9 539	9 519	12 548
Assets classified as held for sale	9	49 777	43 545	46 576
		1 045	1 326	1 389
Total assets				
		107 973	97 080	102 450
Equity				
Capital and reserves attributable to owners of the parent				
Stated capital	14	7 516	7 516	7 516
Treasury shares	14	(2 577)	(2 661)	(2 624)
Reserves		21 628	20 972	21 238
		26 567	25 827	26 130
Non-controlling interest				
		115	146	148
Total equity				
		26 682	25 973	26 278
Liabilities				
Non-current liabilities				
Lease liabilities	15	40 502	35 623	38 731
Borrowings	16	34 210	29 675	32 482
Deferred income tax liabilities		5 768	5 528	5 770
Employee benefit provisions and other provisions		7	8	10
Trade and other payables		448	361	400
		69	51	69
Current liabilities				
Trade and other payables		40 789	35 484	37 441
Contract liabilities		33 015	28 813	25 106
Lease liabilities	15	987	835	1 023
Borrowings	16	3 506	2 876	3 100
Current income tax liabilities		574	829	598
Employee benefit provisions and other provisions		778	682	786
Bank overdrafts		168	188	224
		1 761	1 261	6 604
Total liabilities				
		81 291	71 107	76 172
Total equity and liabilities				
		107 973	97 080	102 450

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 2 for details of this change in accounting policy.



Condensed consolidated statement of changes in equity

Rm	Total equity	Non-controlling interest	Attributable to owners of the parent				
			Total	Stated capital	Treasury shares	Other reserves	Retained earnings
Unaudited 26 weeks to 1 January 2023							
Balance at 3 July 2022	25 627	143	25 484	7 516	(2 583)	(5 563)	26 114
Total comprehensive income	2 533	13	2 520	—	—	(597)	3 117
Profit for the period	3 130	13	3 117				3 117
Recognised in other comprehensive loss							
Foreign currency translation differences	(480)		(480)			(480)	
Loss on effective net investment hedge	(159)		(159)			(159)	
Income tax effect of loss on effective net investment hedge	42		42			42	
Share-based payments – value of employee services	115		115			115	
Modification of cash bonus arrangement transferred from employee provisions	11		11			11	
Purchase of treasury shares	(318)		(318)		(318)		
Treasury shares disposed	21		21		15		6
Realisation of share-based payment reserve	—		—		225	(225)	
Dividends distributed to shareholders	(2 016)	(10)	(2 006)				(2 006)
Balance at 1 January 2023	25 973	146	25 827	7 516	(2 661)	(6 259)	27 231
Audited 52 weeks to 2 July 2023							
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	(1 728)		(1 728)			(1 728)	
Loss on effective net investment hedge	(164)		(164)			(164)	
Income tax effect of loss on effective net investment hedge	43		43			43	
Share-based payments – value of employee services	229		229			229	
Modification of cash bonus arrangement transferred from employee provisions	11		11			11	
Purchase of treasury shares	(318)		(318)		(318)		
Treasury shares disposed	47		47		35		12
Realisation of share-based payment reserve	—		—		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
Unaudited 26 weeks to 31 December 2023							
Balance at 2 July 2023	26 278	148	26 130	7 516	(2 624)	(7 398)	28 636
Total comprehensive income	2 753	(8)	2 761	—	—	(578)	3 339
Profit for the period	3 331	(8)	3 339				3 339
Recognised in other comprehensive loss							
Foreign currency translation differences including hyperinflation	(261)		(261)			(261)	
Income tax on foreign currency translation differences including hyperinflation	(51)		(51)			(51)	
Loss on effective net investment hedge	(380)		(380)			(380)	
Income tax effect of loss on effective net investment hedge	114		114			114	
Share-based payments – value of employee services	113		113			113	
Modification of cash bonus arrangement transferred from employee provisions	17		17			17	
Purchase of treasury shares	(189)		(189)		(189)		
Treasury shares disposed	4		4		3		1
Realisation of share-based payment reserve	—		—		233	(245)	12
Non-controlling interest on disposal of subsidiary	(15)	(15)	—				
Dividends distributed to shareholders	(2 279)	(10)	(2 269)				(2 269)
Balance at 31 December 2023	26 682	115	26 567	7 516	(2 577)	(8 091)	29 719

Condensed consolidated statement of cash flows

	Notes	Unaudited 26 weeks 31 Dec '23 Rm	Restated* unaudited 26 weeks 1 Jan '23 Rm	Restated* audited 52 weeks 2 Jul '23 Rm
Cash flows from operating activities		7 226	7 366	9 831
Operating profit		6 642	6 070	11 924
Less: investment income and interest revenue earned		(481)	(408)	(780)
Non-cash items	18.1	3 850	3 328	7 268
Changes in working capital	18.2	2 389	2 339	(175)
Cash generated from operations		12 400	11 329	18 237
Interest received		608	506	1 080
Interest paid		(2 014)	(1 694)	(3 664)
Dividends received		201	163	262
Dividends paid		(2 270)	(2 009)	(3 370)
Income tax paid		(1 699)	(929)	(2 714)
Cash flows utilised by investing activities		(3 499)	(3 481)	(6 229)
Investment in trademarks to expand operations		—	—	(20)
Investment in property, plant and equipment and other intangible assets to expand operations		(2 573)	(2 300)	(4 594)
Investment in property, plant and equipment and other intangible assets to maintain operations		(1 051)	(1 044)	(2 095)
Investment in assets classified as held for sale		(103)	(16)	(46)
Investment in convertible loans		(5)	(20)	(20)
Proceeds on disposal of property, plant and equipment and intangible assets ¹		272	90	1 045
Cash inflows as a result of the disposal of discontinued operations		28	19	49
Proceeds on disposal of assets classified as held for sale		350	331	331
Proceeds from insurance recovery for property, plant and equipment relating to social unrest		—	7	7
Payments for government bonds and bills		(343)	(721)	(679)
Proceeds from government bonds and bills		368	154	664
Loans receivable advanced		(515)	(45)	(177)
Loans receivable repaid		122	84	257
Decrease/(increase) in ring-fenced Angola tax guarantees		11	—	(292)
Investment in associate	11	(5)	(13)	(13)
Acquisition of select businesses from Massmart Holdings Ltd	18.3	—	—	(630)
Cash outflow on disposal of investment in subsidiary	18.4	(51)	—	—
Acquisition of other operations		(4)	(7)	(16)
Cash flows utilised by financing activities		(1 542)	(1 108)	(2 855)
Repayment of lease liability obligations		(1 344)	(1 601)	(3 282)
Purchase of treasury shares		(189)	(318)	(318)
Proceeds from treasury shares disposed		5	21	47
Repayment of borrowings		(615)	(883)	(1 467)
Borrowings raised		601	1 673	2 165
Net movement in cash and cash equivalents		2 185	2 777	747
Cash and cash equivalents at the beginning of the period		6 302	5 967	5 967
Effect of exchange rate movements and hyperinflation on cash and cash equivalents		(435)	(93)	(412)
Cash and cash equivalents at the end of the period		8 052	8 651	6 302
Consisting of:				
Restricted cash		274	393	358
Cash and cash equivalents		9 539	9 519	12 548
Bank overdrafts		(1 761)	(1 261)	(6 604)
		8 052	8 651	6 302

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 2 for details of this change in accounting policy.

¹ Proceeds on disposal of property, plant and equipment and intangible assets in the previous reporting periods includes R304 million (2 Jul '23: R882 million) relating to a sale and leaseback arrangement. Refer to note 15.

Selected explanatory notes to the condensed consolidated interim results

1 Basis of preparation

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

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the preparation of the previous consolidated annual financial statements, except where the Group has applied new accounting policies or adopted new standards effective for year-ends starting on or after 1 January 2023.

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 2.

During the reporting period, the Group classified the economy of Ghana as hyperinflationary, effective from 3 July 2023. Accordingly, the results and the financial position, including comparative amounts, of the Group's Ghana subsidiary have been expressed in terms of the measuring unit current at the reporting date, as required by IAS 29: Financial Reporting in Hyperinflationary Economies. 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. Gains or losses on the net monetary position are recognised in profit or loss. 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 while all items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. At the beginning of the first period of application, the components of owners' equity, except 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 at the beginning of the first period of application are derived from all other amounts in the restated statement of financial position. As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts of the Group are not adjusted for changes in the price level or exchange rates in the current year.

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

The preparation of these results has been supervised by the Chief Financial Officer, Mr A de Bruyn, CA(SA). There have been no material changes in the affairs or financial position of the Group and its subsidiaries from 31 December 2023 to the date of this report. The information contained in the interim report has neither been audited nor reviewed by the Group's external auditors.

2 Change in accounting policy

2.1 Adoption of IFRS 17

IFRS 17 is effective for the accounting period 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 unaudited interim condensed consolidated financial statements have 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 expense. The adjustments recognised for each individual line item affected in the Group's interim condensed consolidated statement of comprehensive income, statement of financial position and the statement of cash flows for the periods are detailed below.

The Group's first-party cell captive arrangements continue to be accounted for under IFRS 9: Financial Instruments.

	Unaudited 26 weeks 1 Jan '23 Rm	Audited 52 weeks 2 Jul '23 Rm
2.2 Impact of the adoption of IFRS 17 on the statement of comprehensive income		
Decrease in other operating income	(34)	(171)
Increase in interest revenue	16	36
Increase in insurance revenue	113	250
Increase in insurance service expense	(64)	(133)
(Increase)/decrease in other operating expenses	(29)	21
Increase in trading profit	2	3
Increase in finance costs (included in borrowings and other finance charges)	(2)	(3)
Profit for the period	—	—
2.3 Impact of the adoption of IFRS 17 on the statement of financial position		
Assets		
Current assets		
Increase in investment in insurance cell captive arrangements	69	94
Liabilities		
Non-current liabilities		
Increase in trade and other payables	51	69
Current liabilities		
Increase in trade and other payables	18	25
2.4 Impact of the adoption of IFRS 17 on the statement of cash flows		
Increase in operating profit	2	3
Increase in interest revenue earned	(16)	(36)
Increase in non-cash items	14	33
Cash flows from operating activities	—	—



Selected explanatory notes to the condensed consolidated interim results continued

3 Condensed operating segment information

3.1 Analysis per reportable segment

Continuing operations	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Total operating segments Rm	Hyper- inflation effect Rm	Consoli- dated Rm
Unaudited 31 December 2023							
Sale of merchandise	100 666	10 629	3 975	9 003	124 273	(2)	124 271
External	97 517	10 606	3 975	8 983	121 081	(2)	121 079
Inter-segment	3 149	23	—	20	3 192	—	3 192
Trading profit/(loss)	5 844	434	125	268	6 671	(11)	6 660
Interest revenue included in trading profit	49	84	213	39	385	—	385
Depreciation and amortisation ²	3 272	347	177	47	3 843	38	3 881
Impairments/(impairment reversals)	19	5	(10)	—	14	(2)	12
Property, plant and equipment	5	3	—	—	8	(1)	7
Right-of-use assets	2	2	(10)	—	(6)	(1)	(7)
Intangible assets	12	—	—	—	12	—	12
Total assets	82 787	12 541	5 914	5 923	107 165	808	107 973
Restated* unaudited 1 January 2023							
Sale of merchandise	87 687	10 004	3 909	7 309	108 909	—	108 909
External	85 084	9 987	3 909	7 296	106 276	—	106 276
Inter-segment	2 603	17	—	13	2 633	—	2 633
Trading profit/(loss)	5 370	316	129	227	6 042	(26)	6 016
Interest revenue included in trading profit	33	101	157	39	330	—	330
Depreciation and amortisation ²	2 756	389	167	37	3 349	26	3 375
Impairments/(impairment reversals)	2	15	(1)	—	16	—	16
Property, plant and equipment	1	7	1	—	9	—	9
Right-of-use assets	1	8	(2)	—	7	—	7
Total assets	71 346	13 941	5 394	5 301	95 982	1 098	97 080
Restated* audited 2 July 2023							
Sale of merchandise	178 691	19 658	7 064	14 666	220 079	—	220 079
External	173 634	19 622	7 064	14 636	214 956	—	214 956
Inter-segment	5 057	36	—	30	5 123	—	5 123
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 ²	5 884	774	343	80	7 081	50	7 131
Impairments	81	67	20	—	168	40	208
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
Total assets	78 857	12 810	5 170	4 934	101 771	679	102 450

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

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 2 for details of this change in accounting policy.

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

3 Condensed operating segment information continued

3.2 Geographical analysis

	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyper-inflation effect Rm	Consolidated Rm
Continuing operations					
Unaudited 31 December 2023					
Sale of merchandise – external	108 342	12 739	121 081	(2)	121 079
Non-current assets ³	46 111	3 956	50 067	854	50 921
Unaudited 1 January 2023					
Sale of merchandise – external	94 337	11 939	106 276	—	106 276
Non-current assets ³	39 139	4 694	43 833	1 098	44 931
Audited 2 July 2023					
Sale of merchandise – external	191 587	23 369	214 956	—	214 956
Non-current assets ³	42 636	4 470	47 106	679	47 785

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

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

	Unaudited 26 weeks 31 Dec '23 Rm	Restated* unaudited 26 weeks 1 Jan '23 Rm	Restated* audited 52 weeks 2 Jul '23 Rm
4 Revenue			
Revenue from contracts with customers	122 842	107 737	217 874
Sale of merchandise (note 4.1)	121 079	106 276	214 956
Commissions received	606	558	1 107
Franchise fees received	92	84	166
Marketing and media	279	225	383
Delivery recoveries	379	286	627
Other revenue from contracts with customers	407	308	635
Operating lease income	232	241	468
Other income ⁴	11	284	273
Dividends received from unlisted share investments	96	78	79
Interest revenue	385	330	701
Instalment sale receivables	203	151	343
Government bonds and bills	48	87	153
Third-party insurance cell captive arrangements	29	16	36
Other loans receivable	105	76	169
Insurance revenue	141	113	250
	123 707	108 783	219 645
Consisting of:			
Sale of merchandise	121 079	106 276	214 956
Other operating income	2 102	2 064	3 738
Interest revenue	385	330	701
Insurance revenue	141	113	250
	123 707	108 783	219 645

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 2 for details of this change in accounting policy.

⁴ The comparative periods include insurance claims due to the 2021 social unrest of R244 million.

Selected explanatory notes to the condensed consolidated interim results continued

	Unaudited 26 weeks 31 Dec '23 Rm	Restated* unaudited 26 weeks 1 Jan '23 Rm	Restated* audited 52 weeks 2 Jul '23 Rm
4 Revenue continued			
4.1 Sale of merchandise has been disaggregated as follows:			
Supermarkets RSA	97 517	85 084	173 634
Shoprite and Usave	49 499	43 775	90 036
Checkers and Checkers Hyper ⁵	38 515	33 886	69 306
LiquorShop ⁶	9 160	7 317	13 932
Other ⁷	343	106	360
Supermarkets Non-RSA	10 606	9 987	19 622
Shoprite and Usave	9 677	9 233	18 095
Checkers and Checkers Hyper	747	639	1 312
LiquorShop	176	111	205
Other	6	4	10
Supermarkets RSA and Non-RSA	108 123	95 071	193 256
Furniture	3 975	3 909	7 064
RSA	2 998	2 980	5 343
Non-RSA	977	929	1 721
Other operating segments	8 983	7 296	14 636
Drop-shipment sales to franchisees	4 718	3 943	7 602
Other sales	4 265	3 353	7 034
Total operating segments	121 081	106 276	214 956
Hyperinflation effect	(2)	—	—
Consolidated sale of merchandise	121 079	106 276	214 956
5 <i>Checkers and Checkers Hyper includes sale of merchandise through the Checkers Sixty60 application which is less than 5% of the Group's consolidated sale of merchandise.</i>			
6 <i>LiquorShop includes sale of merchandise through LiquorShop Online and the Checkers Sixty60 application, which is less than 5% of the Group's consolidated sale of merchandise.</i>			
7 <i>Other includes sale of merchandise through Petshop Online which is less than 5% of the Group's consolidated sale of merchandise.</i>			
5 Finance costs			
Lease liability finance charges	1 692	1 432	3 070
Borrowings and other finance charges	431	285	650
	2 123	1 717	3 720
Borrowing costs capitalised	(65)	(23)	(52)
	2 058	1 694	3 668

* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 2 for details of this change in accounting policy.

6 Discontinued operations

The Group's discontinued operations are detailed below.

Retail Supermarkets Nigeria Ltd

In December 2020 the sale agreement to sell the majority stake of the Group's Nigeria subsidiary, Retail Supermarkets Nigeria Ltd, was concluded with conditions precedent met in May 2021. The statement of comprehensive income includes exchange rate losses and net finance income for the current and prior periods which relates to a bank account denominated in Nigeria naira which holds the proceeds from the sale of the subsidiary.

Shoprite Checkers Kenya Ltd

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

Shoprite Checkers Uganda Ltd

The agreement to sell the properties, in-store assets and leases of the Group's Uganda subsidiary, Shoprite Checkers Uganda Ltd, was concluded with conditions precedent met during the 2022 financial year.

Shoprite Madagascar S.A.

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

Shoprite RDC SARL

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

6.1 Financial performance and cash flow information

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
Unaudited 26 weeks to 31 December 2023						
(Loss)/profit from discontinued operations						
Other operating income	1	—	1	1	—	3
Other operating (expenses)/reversals	(2)	(1)	(1)	—	4	—
Trading (loss)/profit	(1)	(1)	—	1	4	3
Exchange rate losses	(81)	—	—	—	—	(81)
Operating (loss)/profit	(82)	(1)	—	1	4	(78)
Interest received from bank account balances	5	—	—	—	—	5
(Loss)/profit before income tax	(77)	(1)	—	1	4	(73)
Income tax	—	—	—	—	—	—
(Loss)/profit after income tax	(77)	(1)	—	1	4	(73)
Other comprehensive income/(loss) from discontinued operations						
Foreign currency translation differences from discontinued operations for the period	—	—	—	—	2	2
Cumulative foreign currency translation gains/(losses) recognised in other comprehensive income	—	19	(57)	—	72	34
Net cash inflows/(outflows) attributable to discontinued operations						
Operating activities	—	(2)	—	1	(1)	(2)
Investing activities	28	—	—	9	—	37
Financing activities	—	—	—	—	—	—
Net increase/(decrease) in cash generated by discontinued operations	28	(2)	—	10	(1)	35

Selected explanatory notes to the condensed consolidated interim results continued

6 Discontinued operations continued
6.1 Financial performance and cash flow information continued

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

6 Discontinued operations continued

6.1 Financial performance and cash flow information continued

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
Audited 52 weeks to 2 July 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 reversals/(expenses)	—	—	1	—	(20)	(19)
Other operating (expenses)/reversals	(6)	—	7	—	(26)	(25)
Trading profit/(loss)	19	—	8	3	(50)	(20)
Exchange rate losses	(272)	—	(1)	—	(31)	(304)
Loss on lease modifications and terminations	—	—	—	—	(65)	(65)
Items of a capital nature	—	—	—	—	(34)	(34)
Operating (loss)/profit	(253)	—	7	3	(180)	(423)
Net finance income/(costs)	9	—	—	—	(3)	6
(Loss)/profit before income tax	(244)	—	7	3	(183)	(417)
Income tax	—	—	—	—	(2)	(2)
(Loss)/profit after income tax	(244)	—	7	3	(185)	(419)
Other comprehensive loss from discontinued operations						
Foreign currency translation differences from discontinued operations for the period	—	(1)	(1)	—	(7)	(9)
Cumulative foreign currency translation gains/(losses) recognised in other comprehensive income	—	18	(57)	—	(73)	(112)
Net cash inflows/(outflows) attributable to discontinued operations						
Operating activities	—	—	19	—	(29)	(10)
Investing activities	49	—	—	10	—	59
Financing activities	—	—	—	—	(5)	(5)
Net increase/(decrease) in cash generated by discontinued operations	49	—	19	10	(34)	44

6.2 Details of the disposal of discontinued operations

Unaudited 26 weeks to 31 December 2023						
Cash received from outstanding debtor from sale of discontinued operations	19	—	—	9	—	28
Cash inflow on disposal of investment in subsidiary	19	—	—	9	—	28
Unaudited 26 weeks to 1 January 2023						
Cash received from outstanding debtor from sale of discontinued operations	19	—	—	—	—	19
Cash inflow on disposal of investment in subsidiary	19	—	—	—	—	19
Audited 52 weeks to 2 July 2023						
Cash received from outstanding debtor from sale of discontinued operations	49	—	—	—	—	49
Cash inflow on disposal of investment in subsidiary	49	—	—	—	—	49



Selected explanatory notes to the condensed consolidated interim results continued

7 Earnings/(loss) per share

	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm
Net profit attributable to owners of the parent	3 339	3 117	5 886
Loss from discontinued operations	73	137	419
Earnings from continuing operations	3 412	3 254	6 305
Re-measurements	(41)	(129)	16
Loss/(profit) on disposal and scrapping of property	86	—	(1)
Profit on disposal of assets classified as held for sale	(116)	(132)	(132)
Profit on sale and leaseback transaction (note 15)	(51)	—	(102)
Loss on disposal and scrapping of plant and equipment and intangible assets	9	40	127
Impairment of property, plant and equipment	7	9	96
(Impairment reversal)/impairment of right-of-use assets	(7)	7	75
Impairment of intangible assets	12	—	37
Impairment of investment in associate	14	—	—
Insurance claims receivable	(23)	(50)	(82)
Loss on disposal of subsidiary	27	—	—
Loss/(profit) on other investing activities	1	(3)	(2)
Income tax effect on re-measurements	24	30	9
Headline earnings from continuing operations	3 395	3 155	6 330
Loss from discontinued operations	(73)	(137)	(419)
Items of a capital nature from discontinued operations	—	34	34
Headline earnings	3 322	3 052	5 945
Number of ordinary shares (net of treasury shares)	'000	'000	'000
– In issue	544 011	542 839	543 063
– Weighted average	543 778	542 806	542 882
– Weighted average adjusted for dilution	546 085	546 323	546 082
Reconciliation of weighted average number of ordinary shares in issue during the period:			
Weighted average number of ordinary shares	543 778	542 806	542 882
Adjustments for dilutive potential of full share grants	2 307	3 517	3 200
Weighted average number of ordinary shares for diluted earnings per share	546 085	546 323	546 082
Earnings per share from continuing operations	cents	cents	cents
– Basic earnings	627.2	599.5	1 161.4
– Diluted earnings	624.5	595.6	1 154.6
– Headline earnings	624.0	581.3	1 166.2
– Diluted headline earnings	621.4	577.5	1 159.4
Loss per share from discontinued operations			
– Basic loss	(13.5)	(25.2)	(77.1)
– Diluted loss	(13.4)	(25.0)	(76.7)
– Headline loss	(13.5)	(19.0)	(70.9)
– Diluted headline loss	(13.4)	(18.8)	(70.5)
Total earnings per share			
– Basic earnings	613.7	574.3	1 084.3
– Diluted earnings	611.1	570.6	1 077.9
– Headline earnings	610.5	562.3	1 095.3
– Diluted headline earnings	608.0	558.7	1 088.9

	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm
8 Property, plant and equipment			
Carrying amount at the beginning of the period	16 601	16 816	16 816
Additions	3 147	2 850	5 538
Transfer to assets classified as held for sale (note 9)	(659)	(1 388)	(1 420)
Transfer from assets classified as held for sale (note 9)	862	—	—
Acquisition of select businesses from Massmart Holdings Ltd (note 18.3)	—	—	322
Acquisition of other operations	—	2	2
Disposal	(242)	(162)	(989)
Depreciation	(1 508)	(1 305)	(2 755)
Impairment	(14)	(9)	(96)
Reversal of impairment	7	—	—
Foreign currency translation differences including hyperinflation effect	(194)	(265)	(817)
Carrying amount at the end of the period	18 000	16 539	16 601
9 Assets classified as held for sale			
Carrying amount at the beginning of the period	1 389	120	120
Transfer from property, plant and equipment (note 8)	659	1 388	1 420
Transfer to property, plant and equipment (note 8)	(862)	—	—
Disposal of land and buildings	(234)	(199)	(199)
Additions	101	19	45
Foreign currency translation differences	(8)	(2)	3
Carrying amount at the end of the period	1 045	1 326	1 389
10 Right-of-use assets			
Carrying amount at the beginning of the period	26 781	23 725	23 725
Additions and lease liability remeasurements	3 467	2 755	6 537
Acquisition of select businesses from Massmart Holdings Ltd (note 18.3)	—	—	784
Derecognition	(18)	(185)	(210)
Depreciation	(2 096)	(1 831)	(3 867)
Impairment	(30)	(30)	(98)
Reversal of impairment	37	23	23
Foreign currency translation differences including hyperinflation effect	(114)	(104)	(113)
Carrying amount at the end of the period	28 027	24 353	26 781

Selected explanatory notes to the condensed consolidated interim results continued

	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm
11 Equity accounted investments			
Associates (note 11.1)	2 145	2 102	2 123
Joint ventures (note 11.2)	186	203	189
	2 331	2 305	2 312
11.1 Associates			
Carrying amount at the beginning of the period	2 123	2 059	2 059
Investment in ordinary shares acquired	5	13	13
Share of post-acquisition profits	104	106	208
Dividends received from associates	(73)	(76)	(157)
Impairment	(14)	—	—
Carrying amount at the end of the period	2 145	2 102	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		
	31 Dec '23	1 Jan '23	2 Jul '23
Retail Logistics Fund (RF) (Pty) Ltd	49.9%	49.9%	49.9%
Resilient Africa (Pty) Ltd	39.1%	39.1%	39.1%
Resilient Africa Managers (Pty) Ltd	39.1%	39.1%	39.1%
LBB Foods (Pty) Ltd	51.0%	41.0%	41.0%
Red Baron Agri (Pty) Ltd	41.0%	41.0%	41.0%
Trans Africa IT Solutions (Pty) Ltd	49.0%	49.0%	49.0%
Zulzi On Demand (Pty) Ltd	26.0%	26.0%	26.0%
	2 145	2 102	2 123
11.2 Joint ventures			
Carrying amount at the beginning of the period	189	181	181
Share of post-acquisition profits	24	22	43
Dividends received from joint ventures	(27)	—	(35)
Carrying amount at the end of the period	186	203	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.			
12 Convertible loans			
Omnisient (RF) (Pty) Ltd			
Recognised at fair value through profit or loss at initial recognition	29	21	22
Reconciliation of carrying amount:			
Carrying amount at the beginning of the period	22	—	—
Investment in convertible loan acquired	5	20	20
Interest income	2	1	2
Carrying amount at the end of the period	29	21	22
Analysis of total convertible loans:			
Non-current	—	21	22
Current	29	—	—
	29	21	22

The amount is denominated in South Africa rand, earns interest at a weighted average variable interest rate (linked to the South African prime rate) of 13.8% (1 Jan '23: 12.9%; 2 Jul '23: 13.6%) p.a. and is convertible into shares within eight months from the reporting date. The Group has the choice to demand repayment of the outstanding capital amount along with accrued interest after the maturity date.

	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm
13 Government bonds and bills			
AOA, USD Index Linked, Angola Government Bonds (note 13.1)	540	721	637
AOA, Angola Government Bonds (note 13.2)	335	494	338
Angola Treasury Bills (note 13.3)	172	592	162
Nigeria Treasury Bills (note 13.4)	26	—	—
	1 073	1 807	1 137
Analysis of total government bonds and bills:			
Non-current	19	828	716
Current	1 054	979	421
	1 073	1 807	1 137

13.1 AOA, USD Index Linked, Angola Government Bonds

The AOA, USD Index Linked, Angola Government Bonds are to be settled in Angola kwanza, earn interest at an average rate of 6.9% (1 Jan '23: 6.4%; 2 Jul '23: 6.1%) p.a. and mature after one to 15 months from the reporting date. Accrued interest is payable bi-annually.

13.2 AOA, Angola Government Bonds

The AOA, Angola Government Bonds are denominated in Angola kwanza, earn interest at an average rate of 16.5% (1 Jan '23: 16.5%; 2 Jul '23: 16.5%) p.a. and mature after three to seven months from the reporting date. Accrued interest is payable bi-annually.

13.3 Angola Treasury Bills

The Angola Treasury Bills are denominated in Angola kwanza, earn interest at an average rate of 9.3% (1 Jan '23: 6.6%; 2 Jul '23: 12.4%) p.a. and mature after one to seven months from the reporting date. Accrued interest is payable at maturity.

13.4 Nigeria Treasury Bills

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

	Number of shares		
	Unaudited 31 Dec '23	Unaudited 1 Jan '23	Audited 2 Jul '23
14 Stated capital and treasury shares			
14.1 Stated capital			
Treasury shares held by Shoprite Checkers (Pty) Ltd are netted off against share capital on consolidation. The net number of ordinary shares in issue for the Group are:			
Issued ordinary share capital	591 338 502	591 338 502	591 338 502
Treasury shares (note 14.2)	(47 327 338)	(48 499 435)	(48 275 448)
	544 011 164	542 839 067	543 063 054
14.2 Treasury shares			
Reconciliation of movement in number of treasury shares for the Group:			
Balance at the beginning of the period	48 275 448	48 825 455	48 825 455
Shares purchased during the period for equity-settled share-based payments ⁸	749 454	1 394 275	1 394 275
Shares disposed during the period	(18 324)	(90 903)	(209 869)
Shares utilised for settlement of equity-settled share-based payment arrangements	(1 679 240)	(1 629 392)	(1 734 413)
Balance at the end of the period	47 327 338	48 499 435	48 275 448
Consisting of:			
Shares owned by Shoprite Checkers (Pty) Ltd	43 858 001	43 858 001	43 858 001
Shares held by Shoprite Checkers (Pty) Ltd for the benefit of participants to equity-settled share-based payment arrangements	3 469 337	4 641 434	4 417 447
	47 327 338	48 499 435	48 275 448

⁸ The average market price of the shares purchased for equity-settled share-based payments was R252.69 (1 Jan '23: R226.23; 2 Jul '23: R226.23) per share.

Selected explanatory notes to the condensed consolidated interim results continued

	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm
15 Lease liabilities			
Reconciliation of carrying amounts:			
Balance at the beginning of the period	35 582	31 623	31 623
New leases and remeasurements	3 496	2 750	6 621
Acquisition of select businesses from Massmart Holdings Ltd (note 18.3)	—	—	784
Lease terminations	(64)	(165)	(205)
Transfer to other financial payables	—	(84)	(84)
Lease payments	(2 925)	(3 036)	(6 354)
Principal lease liability payments	(1 344)	(1 601)	(3 282)
Interest paid	(1 581)	(1 435)	(3 072)
Interest accruals	1 692	1 435	3 073
Exchange rate differences	380	159	164
Foreign currency translation differences	(445)	(131)	(40)
Balance at the end of the period	37 716	32 551	35 582
Analysis of total lease liabilities:			
Non-current	34 210	29 675	32 482
Current	3 506	2 876	3 100
	37 716	32 551	35 582
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 one of its malls (2 Jul '23: two of its distribution centres), namely the Sun Valley Mall (2 Jul '23: Canelands and Wells Estate distribution centres) to Heriot REIT Ltd (2 Jul '23: Retail Logistics Fund (RF) (Pty) Ltd). The sale of the Sun Valley Mall (2 Jul '23: Canelands and Wells Estate distribution centres) generated cash inflows of R304 million (2 Jul '23: R716 million and R166 million) as well as a profit of R51 million (2 Jul '23: R51 million per distribution centre).			
The impact of the Group's sale and leaseback transactions as well as its key terms and conditions are disclosed below:			
Cash proceeds received	304	—	882
Carrying amount at disposal date	(219)	—	(684)
Right-of-use asset recognised	87	—	357
Lease liabilities recognised	(121)	—	(453)
Profit on sale and leaseback transactions	51	—	102
Interest rate implicit to the lease	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 mall (2 Jul '23: 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 mall (2 Jul '23: 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.

	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm
16 Borrowings			
Consisting of:			
ABSA Bank Ltd (note 16.1)	2 472	2 528	2 487
FirstRand Bank Ltd (note 16.2)	1 502	1 501	1 502
Standard Bank Ltd (note 16.3)	2 005	2 006	2 006
Standard Chartered Bank (Mauritius) Ltd (note 16.4)	94	87	99
Stanbic Bank Botswana Ltd (note 16.5)	269	235	274
	6 342	6 357	6 368
Analysis of total borrowings:			
Non-current	5 768	5 528	5 770
Current	574	829	598
	6 342	6 357	6 368

16.1 ABSA Bank Ltd

South Africa rand denominated borrowings amount to R2.0 billion (1 Jan '23: R2.0 billion; 2 Jul '23: R2.0 billion) at the reporting date. This loan is unsecured, payable after 18 months from the reporting date and bears interest at an average rate of 9.6% (1 Jan '23: 7.0%; 2 Jul '23: 7.9%) p.a.

US dollar denominated borrowings amount to R424 million (1 Jan '23: R507 million; 2 Jul '23: 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% (1 Jan '23: 4.9%; 2 Jul '23: 5.8%) p.a.

16.2 FirstRand Bank Ltd

This loan is denominated in South Africa rand and unsecured, payable after 15 months from the reporting date and bears interest at an average rate of 9.6% (1 Jan '23: 7.0%; 2 Jul '23: 7.9%) p.a.

16.3 Standard Bank Ltd

This loan was extended during the period, is denominated in South Africa rand, unsecured, payable after 14 months from the reporting date and bears interest at an average rate of 9.6% (1 Jan '23: 6.8%; 2 Jul '23: 7.7%) p.a.

16.4 Standard Chartered Bank (Mauritius) Ltd

This loan is denominated in US dollar, unsecured and payable after one month from the reporting date and bears interest at an average rate of 7.5% (1 Jan '23: 6.8%; 2 Jul '23: 5.9%) p.a.

16.5 Stanbic Bank Botswana Ltd

This loan is denominated in Botswana pula, unsecured, payable after 26 months from the reporting date and bears interest at an average rate of 7.8% (1 Jan '23: 7.1%; 2 Jul '23: 7.4%) p.a.

17 Fair value disclosures

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

	Carrying amount			Fair value		
	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm	Unaudited 31 Dec '23 Rm	Unaudited 1 Jan '23 Rm	Audited 2 Jul '23 Rm
Government bonds and bills	1 073	1 807	1 137	1 107	1 888	1 180
Loans receivable	2 981	2 042	1 993	2 959	2 032	1 968
Borrowings	6 342	6 357	6 368	6 991	7 549	7 282

Selected explanatory notes to the condensed consolidated interim results continued

	Unaudited 26 weeks 31 Dec '23 Rm	Restated* unaudited 26 weeks 1 Jan '23 Rm	Restated* audited 52 weeks 2 Jul '23 Rm
18 Cash flow information			
18.1 Non-cash items			
Depreciation of property, plant and equipment	1 508	1 305	2 755
Depreciation of right-of-use assets	2 096	1 831	3 867
Amortisation of intangible assets	277	250	520
Share of profit of equity accounted investments	(128)	(128)	(251)
Credit impairment losses on loans receivable and government bonds and bills	65	1	143
Net fair value (gains)/losses on financial instruments	(30)	44	(4)
Movement in third-party cell captive contracts	(63)	(49)	(117)
Net monetary gain	(41)	—	—
Exchange rate losses/(gains)	108	(22)	(80)
(Profit)/loss on lease modifications and terminations	(46)	20	5
Loss/(profit) on disposal and scrapping of property	86	—	(1)
Profit on disposal of assets classified as held for sale	(116)	(132)	(132)
Profit on sale and leaseback transaction	(51)	—	(102)
Loss on disposal and scrapping of plant and equipment and intangible assets	9	74	161
Impairment of property, plant and equipment	7	9	96
(Impairment reversal)/impairment of right-of-use assets	(7)	7	75
Impairment of intangible assets	12	—	37
Impairment of investment in associate	14	—	—
Loss on disposal of subsidiary	27	—	—
Movement in employee benefit provisions and other provisions	8	(1)	65
Movement in share-based payment reserve	113	115	229
Movement in fixed escalation operating lease accruals	2	4	2
	3 850	3 328	7 268
* Restated for the adoption of IFRS 17: Insurance Contracts. Refer to note 2 for details of this change in accounting policy.			
18.2 Changes in working capital			
Inventories	(4 482)	(3 591)	(3 059)
Trade and other receivables	(753)	(1 231)	(687)
Short-term supplier financing arrangements	(633)	—	—
Trade and other payables	8 279	7 310	3 538
Contract liabilities	(22)	(149)	33
	2 389	2 339	(175)
18.3 Acquisition of select businesses from Massmart Holdings Ltd			
The Group acquired select businesses from Massmart Holdings Ltd with an effective date of 9 January 2023. As a result of this acquisition, the Group is expected to expand its retail business operations in South Africa. The transaction led to the Group acquiring one meat plant and 94 stores which have been rebranded as 51 Shoprite, 42 Shoprite LiquorShop and one Usave. Furthermore, the acquisition contributed R2.9 billion (2 Jul '23: 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).			
This acquisition had no significant impact on the Group's results.			
The assets and liabilities arising from this acquisitions were as follows:			
Property, plant and equipment (note 8)	—	—	322
Right-of-use assets (note 10)	—	—	784
Inventories	—	—	367
Lease liabilities (note 15)	—	—	(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.

	Unaudited 26 weeks 31 Dec '23 Rm	Unaudited 26 weeks 1 Jan '23 Rm	Audited 52 weeks 2 Jul '23 Rm
18 Cash flow information continued			
18.4 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.			
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 inflow 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)	—	—
19 Related party information			
During the period under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. All intergroup transactions are similar to those in the prior year. The intergroup transactions with subsidiaries have been eliminated in the condensed interim financial statements on consolidation. Related party transactions also include deferred shares, key management personnel compensation and loans to associates.			
The Group intends to extend the other amounts receivable loan from associate Resilient Africa (Pty) Ltd, which becomes repayable three months after the reporting date, subject to certain conditions.			
20 Supplementary information			
Net asset value per share (cents)	4 884	4 758	4 812
Contracted capital commitments	2 312	1 840	2 093
Contingent liabilities (note 20.1)	2 811	4 155	1 970
20.1 Contingent liabilities			
Contingent liabilities consist of outstanding legal matters, including a judgement in Nigeria that has gone on appeal, as well as possible tax exposures that the Group has submitted objections to.			
Management has assessed the merits of each of these cases in close collaboration with the Group's external advisors and remain confident that these exposures leading to additional payments are not probable. Accordingly, these are disclosed as contingent liabilities.			
21 Going concern			
The Board of Directors evaluated the going concern assumption as at 31 December 2023, taking into account the current financial position and their best estimate of the cash flow forecasts and considered it to be appropriate in the presentation of the condensed consolidated interim financial statements.			
The Board has reviewed the cash flow forecast for the next 12 months and is of the opinion that the Group has more than sufficient liquidity to adequately support its working capital requirements and consequently, is satisfied with the Group's ability to continue as a going concern for the foreseeable future.			



Directorate and administration

Executive Directors

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

Independent Non-executive Directors

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

Non-executive Director

CH Wiese

Alternate Non-executive Director

JD Wiese

Company Secretary

LM Goliath

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