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 ("Shoprite Holdings" or "the Group")

## OPERATIONAL UPDATE FOR THE QUARTER ENDED SEPTEMBER 2021

This voluntary announcement is aligned with the Group's AGM and serves to update shareholders on the Group's first quarter ("the quarter") sales growth.

Notwithstanding the incredibly challenging start to our 2022 financial year due to civil unrest in the provinces of KwaZulu-Natal and Gauteng, the Shoprite Group has increased sales by 9.3%. No adjustment has been made to this growth or any reported growth in this update for the impact of the July 2021 civil unrest in South Africa.

In the interests of full disclosure and in accordance with IFRS 8: Operating segments, the Group discloses sales by operating segment and the table below outlines this detail:

Sales growth from continuing operations for the three months to September 2021 over the corresponding three months ended September 2020:	Change %
Total Group (excluding Supermarkets RSA LiquorShop)	7.9
Total Group (including Supermarkets RSA LiquorShop)	9.3
<b>By segment:</b>	
Supermarkets RSA (excluding LiquorShop)	9.9
Supermarkets RSA (including LiquorShop)	11.6
Supermarkets Non-RSA	1.9
Furniture	(10.5)
Other operating segments	7.3

### Supermarkets RSA

The Group's core business, Supermarkets RSA, increased sales by 11.6%.

It is worthwhile noting this growth was achieved notwithstanding the following factors and their significant impact on the quarter:

- The mandated closure of the segment's LiquorShop business, which due to South African COVID-19 lockdown regulations was not able to trade for 48 of the 91 days in the quarter (this compares to 60 days closed in the prior year over the same period);
- The devastating July 2021 civil unrest in KwaZulu-Natal and Gauteng which resulted in 135 RSA supermarkets and 54 RSA LiquorShops being severely impacted due to looting and/or fire damage. As previously communicated, precautionary measures and logistical impediments also kept adjacent stores not directly impacted from trading in the impacted regions closed for a period of a few days up to a week in certain instances.

Notwithstanding these factors, the Group's Supermarkets RSA segment represented by Shoprite, Usave, Checkers and Checkers Hyper continued to report market share gains over the quarter. Internal selling price inflation for the quarter measured 3.3%, virtually unchanged from the 3.4% reported for the Group's second half-year period to June 2021.

With reference to the damage caused by the abovementioned civil unrest, the Group estimates the book value of the damage to property, fixtures and fittings, stock and fleet to be in the amount of R1.25 billion. Shoprite has Sasria (South African Special Risks Insurance Association) cover in place to the value of R1.5 billion and we can confirm to date that an initial R500 million payment was received from Sasria in September 2021.

## Supermarkets RSA (continued)

Outside of the remarkable efforts across the business to re-open our stores impacted by the riots it has been a busy quarter in terms of store openings as reflected by the addition of 29 new stores: two Checkers, one Shoprite, eight Usave, 17 LiquorShops and one Petshop Science. On a net basis store growth for the segment over the quarter measured 26 new stores. The Group's core Supermarkets RSA operating segment is on track to open its planned 131 new stores for our 2022 financial year.

At the end of the quarter, 47 stores extensively damaged by fire and/or looting in the riots remained closed. Of these, 17 are expected to open by June 2022. The remaining 30 stores are mostly LiquorShops, Usaves and Shoprite's in that order, as well as two Checkers Hyper stores. Of these 6 will not reopen and the remaining 24 stores will take longer and some may require relocation.

The Group's financial services business has continued to progress and integrate its offering with the recent linking of the Shoprite Money Market Account to our Shoprite Xtra Savings Rewards Programme. This free digital account is accessible on both smart and feature phones via the Shoprite app, USSD, WhatsApp and now the Xtra Savings card. The Shoprite Money Market Account offers customers both a zero-fee mechanism for savings as well as a fee free transactional account for purchases and money transfers within the Shoprite ecosystem. Our recent partnership with Grindrod Bank also enabled our Money Market Account holders to withdraw cash at a low flat fee of R5, when the cash function is activated. The Shoprite Money Market Account is now giving the Group's banked and unbanked customers free access to basic transactional banking services.

On the digital front, the Group's pioneering on-demand 60-minute delivery app Checkers Sixty60 (Sixty60) continued its stellar growth trajectory over the quarter. It is clear, following a record quarter in terms of sales, that Sixty60's pivotal role within the Group's omnichannel framework has become entrenched. We are pleased by its sustained growth and its meaningful role in terms of providing a convenience solution for our customers in our mid-to-upper Checkers and Checkers Hyper value supermarket chains.

The Group's ShopriteX tech hub continues to evolve the Group's omnichannel plans as evidenced by the recent integration of the Checkers Xtra Savings Rewards Programme with Sixty60. As a result of this exciting initiative Checkers Xtra Savings Rewards Programme customers are now able to get their Xtra Savings Rewards and personalised offers when shopping on the Sixty60 app. Delivering this functionality is an example of continued digital and data advances made possible by our ShopriteX tech team leading with customer centricity by combining the benefits of reward card savings, customer data and 60-minute delivery.

In terms of the Group's proposed acquisition of select businesses from Massmart Holdings Limited and the integration and rebranding of the 111 stores that make up Masscash Cash & Carry and Cambridge Foods (including the adjacent liquor stores), the process of obtaining regulatory approvals is ongoing and the transaction is expected to be finalised by our 2022 year-end.

## Supermarkets Non-RSA

Following a period of restructure, Supermarkets Non-RSA increased sale of merchandise for the quarter by 1.9%. The performance of the segment was underpinned by the strength of our Zambian operations. Overall, our Non-RSA business's growth in constant currency continues to be eroded on translation into the Group's reporting currency, the Rand, but nonetheless a return to Rand based growth, albeit at a low level, is positive. On a constant currency sales growth basis Angola has stabilised, however in Rand terms remains down for the quarter.

Supermarkets Non-RSA continuing operations' store growth was limited to one new store in Zambia.

In line with our 2021 year-end reporting, the Group's operations in Uganda and Madagascar will remain classified as discontinued operations for the Group's first half reporting for 2022. As part of this process, the Group concluded its sale of assets pertaining to its five stores in Uganda during the quarter and it is anticipated the sale of assets pertaining to Group's Madagascar business will be concluded by our 2022 year-end.

## Furniture

The Group's Furniture segment's sales declined by 10.5% during the quarter. This is in part a result of the high sales growth base created over this period last year during which sales increased by 20.6% but also a consequence of the impact of the July 2021 civil unrest which resulted in 35 stores being closed due to severe damage and a considerable number of adjacent stores in the impacted regions being closed during the month of July 2021 for precautionary reasons (11 remain closed).

The segment remains mostly cash sales based with credit sales participation measuring 13.1% of sales for the quarter.

The Group's furniture business store base increased by two new stores during the quarter. With regards the 11 extensively damaged stores still closed due to the residual impact from the civil unrest, eight of these are expected to reopen within the year with the remaining three locations to potentially close and/or to be relocated.

### Other operating segments

The Group's Other operating segments, made up of OK Franchise, Computicket, Transpharm and MediRite Pharmacies as well as Checkers Food Services, reported a 7.3% increase in sales.

The OK Franchise division increased sales by 4.2% with a net seven stores closed (ten new stores and 17 closures, including 1 permanent closure as a result of the civil unrest). The division was impacted during the quarter by the civil unrest and the cancellation of the franchise agreement of a 13-store franchisee.

### Outlook

As a result of the 13 September 2021 move to adjusted level 2 in terms of South African COVID-19 lockdown regulations, it is pleasing to report that to date, our second quarter trade has been operating without restrictions in terms of COVID-19 lockdown regulations. It is noteworthy in terms of base effects that COVID-19 regulations kept our RSA LiquorShop business closed for 19 out of 91 days during the second quarter of our financial year last year.

Looking ahead to the festive trading season, we can confirm the Group is well positioned and we believe adequately stocked across the board. As such we are optimistic regarding our ability to execute on our plans to provide unsurpassed value and range to our customers over this all-important period in our calendar.

In terms of our next reporting date, the Group plans to issue its 2022 first half sales update by the end of February 2022 and report its interim results in March 2022. Further detail in terms of reporting dates, as they are finalised, will be available on the Group shareholder diary on the company website via <https://www.shopriteholdings.co.za/shareholders-investors.html?main=investor&sub=results&scroll=investorsec>.

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

15 November 2021

Sponsor: Nedbank Corporate and Investment Banking

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