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 (LuSE Share code: SHOPRITE)
 ("Shoprite Holdings" or "the Group")

Operational update for the six months ended 1 January 2023

For the six-month period to 1 January 2023 ("the period"), the Shoprite Group increased total sale of merchandise by 16.8% to approximately R106.3 billion.

The table below outlines the sales growth by operating segment:

	H1 ended 1 Jan 2023 Rbn	% Sales growth over the corresponding restated period last year*		
		H1 ended 1 Jan 2023 %	Q1 ended 2 Oct 2022 %	Q2 ended 1 Jan 2023 %
Approximate sales from continuing operations				
Total Group (including Supermarkets RSA LiquorShop)	106.3	16.8	18.6	15.2
Total Group (excluding Supermarkets RSA LiquorShop)	99.0	15.6	15.9	15.3
By segment:				
Supermarkets RSA (including RSA LiquorShop)	85.1	17.5	19.9	15.4
Supermarkets RSA (excluding RSA LiquorShop)	77.8	16.0	16.6	15.5
Supermarkets Non-RSA	10.0	17.5	19.1	16.2
Furniture	3.9	8.6	5.2	11.1
Other operating segments	7.3	12.5	10.8	14.0

* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

The following information provides context to the overall sales growth for the six months:

Supermarkets RSA

- The Group's core business, Supermarkets RSA, contributing 80.1% to Group sales, achieved sales growth of 17.5% (like-for-like 11.1%). This growth is reported against the six-month period ended 2 January 2022 ("first half 2022") when sales increased by 11.3%.
- The growth in sales reflects a record Black Friday and festive season, underpinning 46 months of uninterrupted market share gains.
- Internal selling price inflation for the period measured 9.4% reflecting the Group's product mix exposure to commodities, where selling price inflation has been notably higher.
- First quarter sales growth was supported by LiquorShop closures during the first quarter last year whereas second quarter sales growth is reported against a second quarter last year in which LiquorShop traded for the whole period, unrestricted. Excluding LiquorShop, first quarter sales increased by 16.6% and second quarter sales increased by 15.5%.
- Checkers and Checkers Hyper reported sales growth of 16.9%.
- Shoprite and Usave reported sales growth of 15.1%.
- Supermarkets RSA LiquorShop sales increased by 35.6%.
- As a result of our commitment to price leadership the Group invested in selling prices to counter the impact of inflation for customers thereby saving our Shoprite and Checkers Xtra Savings customers R7 billion over the period. This together with the impact of the approximate 56% year-on-year increase in fuel price on our supply chain operations will result in the segment reporting a marginally lower gross margin for the period.
- Excluding the stores acquired from Massmart Holdings Ltd ("Massmart") (which will be included in the stores opened in the second half of the financial year) and social unrest store closures and reopenings, Supermarkets RSA added a net 191 stores during the past 12 months to total 1 953 stores.

Supermarkets Non-RSA

- In our reporting currency the Rand, Supermarkets Non-RSA's sales increased by 17.5%, contributing 9.4% to Group sales.
- In constant currency, Supermarkets Non-RSA increased sales by 6.9%.
- Our three stores in the DRC were closed during the period and as such the region has been classified as a discontinued operation.
- The segment's store base decreased by a net of five stores, three of which were situated in DRC, over the past 12 months to end the period with 227 stores.

Furniture

- The Group's Furniture segment, made up of OK Furniture, OK Power Express and House & Home, reported an increase in sales of 8.6% (like-for-like 5.0%). The segment contributes 3.7% to Group sales.
- Outside of the social unrest closures and reopenings, the segment's store base increased by six stores on a net basis over the 12 month period to close with 432 stores.

Other operating segments

- The Group's Other operating segments, comprising OK Franchise, Transpharm, Medirite Pharmacies, Checkers Food Services and Computicket, reported sales growth of 12.5%. The segment makes up 6.8% of Group sales.
- The Group's sales to its OK Franchise operation increased by 13.8%. The OK Franchise store base increased by a net of 24 over the 12 months, to end the period with 535 stores.

Additional comments

Whilst the Group is encouraged by continued customer growth and ongoing market share gains, we highlight the following for their impact during the period:

1. A notable increase in employee costs attributable to the Group's across-the-board increase in its minimum wage and the establishment of the Shoprite Employee Trust. Neither of these initiatives were in place during the first half 2022 and no Covid-19 or social unrest related employee incentives were received from Government during the period (R193 million received during first half 2022).
2. The Group's additional spend on diesel to operate generators across our Supermarkets RSA store base in order to trade uninterrupted during loadshedding stages five and six amounted to R560 million for the period.
3. The Group received an insurance claim relating to loss of profits of approximately R245 million during the period, however this receipt will be somewhat offset by the R90 million increased cost of insurance cover during this period as a result of the Group's decision to take additional insurance cover above that offered by Sasria at this time.

Update on acquisition of select stores and businesses from Massmart

As an update to the 12 December 2022 announcement of the Group's purchase of select stores and businesses from Massmart, we are pleased to report that all the acquired stores have been successfully integrated into our core South African supermarket operations and rebranded as follows – 82 Shoprite and Shoprite LiquorShops, 11 Cash and Carry stores, one Usave.

In terms of timing, the acquisition is effective from 9 January 2023 and as such will only reflect in our second half 2023 results.

Impact of the Group's pro forma constant currency disclosure

The Group discloses unaudited 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, this 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.

The table below sets out the 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 prior period 26 weeks	Reported currency	Constant currency
Angola kwanza	36.9	(12.1)
Mozambique metical	24.5	7.9
Zambia kwacha	29.7	2.0
Supermarkets Non-RSA including discontinued operations	17.1	6.5
Supermarkets Non-RSA continuing operations	17.5	6.9

Statement on pro forma financial information

The pro forma financial information contained in this announcement, which is the responsibility of the Group's Directors, has been prepared for illustrative purposes only and may not fairly present the Group's financial position, changes in equity, cash flows or results of operations.

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

Group interim results release, webcast presentation invitation and registration link

Shoprite Holdings is currently in its closed period and will release its 2023 interim results for the period ended 1 January 2023 on the JSE Stock Exchange News Service (SENS) by 08:00 on Tuesday, 7 March 2023.

The Group's interim results webcast presentation will commence at 09:30 on 7 March 2023.

Shoprite Holdings' CEO Mr Pieter Engelbrecht invites all who would like to attend the webcast presentation to do so by registering via the Group's website www.shopriteholdings.co.za or alternatively via <https://www.corpcam.com/shoprite07032023>.

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