WHL

WOOLWORTHS HOLDINGS LIMITED

Summary of the Audited Group Results
for the 52 weeks ended 28 June 2020

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FINANCIAL OVERVIEW

	Post IFRS 16 52:53 weeks	Pre IFRS 16 52:52 weeks
Turnover	-1.2% to R72.2 billion	+0.6% to R72.2 billion
Turnover and concession sales	-1.9% to R78.3 billion	-0.1% to R78.3 billion
Profit before tax	at R1.4bn from -R1.8 billion	at R1.7bn from -R1.8 billion
Adjusted profit before tax	-54.5% to R2.2 billion	-46.0% to R2.5 billion
Earnings per share	at 58.2 cps from -113.4 cps	at 82.6 cps from -126.0 cps
Headline earnings per share	-65.1% to 119.8 cps	-64.8% to 116.2 cps
Adjusted diluted headline earnings per share	-54.3% to 168.4 cps	-45.7% to 193.6 cps
Total dividend per share	-53.3% to 89.0 cps from 190.5 cps	

FINANCIAL OVERVIEW

This has been an exceptionally challenging year for the Group, characterised by two distinct halves, with COVID-19 having a significant impact on the performance of the second half ('H2') of the year. First half ('H1') adjusted profit before tax ('aPBT') was 12.3% below the prior year, at R2.4 billion. The onset of COVID-19 caused significant disruption to our businesses, resulting in store closures, reduced footfall, lost sales and margin dilution due to promotional and other initiatives to clear inventory. This had a material impact on H2 aPBT and, as a result, our reported profit before tax for the full year was R1.4 billion, and R1.7 billion on a comparable (pre IFRS 16) 52-week basis. Adjusted profit before tax, on a comparable basis, was R2.5 billion, which was 46.0% below the prior year.

Our primary focus during COVID-19 has been the health and wellness of our people, the safety of our customers, and the protection of jobs for our employees. We also undertook numerous initiatives that were targeted at stabilising operations, protecting liquidity, and strengthening the Group's balance sheet. Our focus on generating and preserving cash included tight working capital management, the deferral of non-essential capex, cutting back on discretionary costs and securing relevant government relief support for employees. This achieved the desired savings and improved liquidity and levels of net gearing.

The impact of COVID-19 on the trading environment and results necessitated an assessment of the carrying values of assets, including the right-of-use assets relating to our store leases arising from the implementation of IFRS 16. Consequently, the carrying value of certain store assets has been impaired, which negatively impacted reported earnings per share ('EPS'). This impact is adjusted in calculating headline earnings per share ('HEPS') and adjusted diluted HEPS ('adHEPS') for the year ended 28 June 2020 ('current year').

In addition, given the economic and trading uncertainty resulting from COVID-19, and the challenges created in reliably forecasting the timing of future taxable earnings, the Group has elected not to recognise certain deferred tax assets arising from assessed losses in relation to certain Group entities. This resulted in an increased Group effective tax rate, thereby further impacting EPS and HEPS. The impact thereof has been adjusted in calculating adHEPS.

STATUTORY RESULTS

Statutory results for this year include the first-time adoption of IFRS 16 on a modified retrospective basis, with no restatement of the reported comparative 52-week pro forma prior year results ('pro forma prior year'), and the 53-week reporting period for the year ended 30 June 2019 ('prior year'). The impact of IFRS 16 results in a current year profit before tax of R1.4 billion, compared to a R1.8 billion loss in the prior year, with EPS and HEPS at 58.2 cps and 119.8 cps, compared to -113.4 cps and 342.9 cps in the prior year respectively.

The prior year had 53 trading weeks, and therefore to facilitate comparison against the 52-week current year, financial information for the prior year has been presented on a 52-week basis and excludes the impact of IFRS 16.

COMMENTARY ON PERFORMANCE

Group sales for the current year on a 52-week comparable basis were 0.1% lower compared to the pro forma prior year and declined by 1.1% in constant currency terms. The sales performance for H2 was significantly impacted by the temporary closure of the majority of the Group's non-food stores, coupled with the decline in foot traffic and resultant loss of trade. The easing of restrictions from the beginning of May 2020 in South Africa and Australia resulted in some recovery in the last nine weeks of the half. Consequently, Group turnover and concession sales declined by 4.0% in H2. Loss of trade was partially offset by significant growth in and contribution from online sales across all businesses during and post the lockdown.

SOUTHERN AFRICA

WOOLWORTHS FOOD

The resilience of our Food business is underpinned by deep foundational capabilities. These, coupled with customer confidence and trust in our brand, resulted in the Food business delivering an exemplary performance for the year. Woolworths Food sales peaked in March and April, with above-market growth continuing into May and June. Turnover and concession sales grew by 13.3% in H2, with full year growth at 10.7%. This was achieved notwithstanding the constrained environment, restrictions on trade of our hot food counters, wine alcoves and WCafé business, and the intermittent closure of specific stores with COVID-19 incidents. Online food sales grew by 87.8% in H2 and by 57.2% for the year, notwithstanding the need for further improvements to our fulfilment capability in this area.

Gross profit margin of 24.9% was marginally higher than the prior year, notwithstanding further price investment, primarily due to supply chain efficiencies, lower waste and higher volume rebates. Expenses grew by 8.1%, including additional COVID-related costs and payments to frontline store staff. Operating profit increased by 19.0% to R2 716 million, returning an operating margin of 7.7%.

WOOLWORTHS FASHION, BEAUTY AND HOME ('FBH')

Following a disappointing H1 FBH performance, H2 was severely impacted by the closure of stores and the restrictions on trade, including through our online channel for the duration of the lockdown period in South Africa and the other Southern African markets in which we operate. Since the reopening of stores in May, trade was focused on promotional and clearance activity to drive sales and reduce inventory levels. Sales in H2 declined by 24.1%, ending the year 10.7% down on last year, while online sales grew by 41.3% in H2 and 35.4% for the year.

Gross profit margin for the full year decreased by 3.5% to 44.0%. Expenses were well controlled and decreased by 2.8%. We made the decision to continue paying our staff during the lockdown period, which was in part supported through the government-funded UIF TERS subsidy. Operating profit decreased by 59.5% to R683 million, resulting in an operating margin of 5.5%.

WOOLWORTHS FINANCIAL SERVICES

The Woolworths Financial Services ('WFS') book grew by 2.0% year-on-year and by 9.0% through 31 March 2020, highlighting the significant drop off in the fourth quarter. Book and revenue growth was negatively impacted by the closure of stores, lower non-essential spend and lower prevailing interest rates. The deterioration in customer collections, and a significant macro-economic adjustment in the provisioning allowance resulted in the higher impairment charge for the year. The impairment rate for the 12 months ended 28 June 2020 was 7.9%, compared to a rate of 4.2% for the nine months ended 31 March 2020 and 3.7% for the 12 months ended 30 June 2019.

AUSTRALASIA

DAVID JONES

While David Jones ('DJ') was able to continue trading most of their stores during H2, there was a significant decline in footfall, which was evidenced earlier in the half, as the impacts of the pandemic affected Asian tourism during the Lunar New Year trading period. Turnover and concession sales declined by 17.2% in H2, ending the year 6.4% below the prior year. The decline in store sales was partly mitigated by the shift to online, which grew by 100.7% in H2, contributing 18.4% to sales. The completion of the Elizabeth Street store redevelopment in April contributed positively to the uplift in sales in the latter part of the half, notwithstanding the effect of the pandemic on CBD locations.

Gross profit margin was 2.7% lower than the prior year, due to the increased clearance activity in the last quarter to generate cash and reduce inventory levels. Costs reduced by 4.6%, as non-essential expenditure was curtailed to mitigate the impact of the loss of trade.

COUNTRY ROAD GROUP

Country Road Group ('CRG') stores were closed for eight weeks during the fourth quarter. A phased re-opening of stores commenced from 21 May 2020; however, the performance of CBD and airport stores remained subdued. The exit of the CRG brands from Myer, effectively in August 2019, also impacted comparable performance. As a result, sales in the second half declined by 25.6% and ended the year down 14.3% on the prior year. During the period, online sales remained strong, growing by 28.1% in H2, and contributing 33.5% of total sales.

Gross profit margin declined by 3.1% to 58.6% due to heightened promotions to clear excess inventory. Expenses for the year, including costs incurred on the Myer exit, reduced by 11.3%. Operating profit decreased by 60.0% to A$40 million, resulting in an operating margin of 4.3%.

GROUP EARNINGS AND DIVIDENDS

EPS was 82.6 cps compared to -126.0 cps for the pro forma prior year, while HEPS and adjusted diluted HEPS decreased by 64.8% and 45.7% to 116.2 and 193.6 cps respectively, on a 52-week comparable basis.

As previously advised the Board has not declared a final dividend for the 2020 financial year, with the interim dividend of 89.0 cps therefore being the total dividend for the year. Future dividends will be considered in the context of the conditions prevailing at the time.

UPDATE ON STRATEGIC INITIATIVES

Management are making steady progress on a number of initiatives across the Group:

1. We have successfully secured the requisite suspension of covenant testing from our lenders and bondholders in Australia. Also, our lenders in South Africa have amended covenants, for the June and December 2020 measurement dates.
2. The review of the capital structure of the Australasian entities is progressing well. Priority focus has been given to the options relating to our property portfolio:
   - The sale of the Bourke Street Menswear building has been successfully concluded post year-end, with the proceeds of A$121 million used to reduce debt.
   - We have also distributed information memoranda, invited and received several non-binding offers for the potential sale and leaseback of our remaining David Jones properties, which we are in the process of evaluating.
3. Discussions with the Australasian landlords on rent abatements, an accelerated restructure of the DJ store portfolio and reduction in floor space, are also progressing.
4. While the provision of the funding support of A$75 million by WHL to the Australasian businesses in the form of a loan secured by a second lien remains in place, there has, to date, been no necessity to call on this funding. The improved liquidity position has been achieved primarily as a result of management's successful execution of cash generation and preservation initiatives.
5. Fixing and repositioning our FBH business is of high priority and a holistic review of its strategy and execution is well underway.

OUTLOOK

The trading environment in both Southern Africa and Australasia remains challenging and uncertain and is expected to remain so for the foreseeable future. The full economic impact of the pandemic is still unfolding and we expect consumer spending to remain constrained. Heightened competition and promotional activity is likely to persist, notwithstanding some consolidation in the industry. Post year-end, the Australian State of Victoria imposed an initial stage 4 lockdown in the metropolitan areas for a period of six weeks. This was extended for a possible further six weeks and has resulted in store closures during the period. The decline in trade in Victoria, CBD areas across the country and airport locations has, in part, been offset by the marked shift to online channels.

The Group's intention is to ensure that we not only endure the impacts of the pandemic but that we can learn from it and emerge both strategically and tactically stronger as a result. To this end, the Board and management team remain resolutely focused on optimising the Group's financial position, liquidity and capital structure, and on repositioning the Group for sustainable longer term growth.

Any reference to future financial performance included in this statement has not been reviewed or reported on by the Group's external auditors and does not constitute an earnings forecast.

CHANGES TO THE BOARD OF DIRECTORS

As previously advised on the JSE Stock Exchange News Service, the following changes to the Board of Directors were effected during the year under review:

- Ms Belinda Earl and Mr Christopher Colfer were appointed to the Board as Non-executive Directors on 1 July 2019.
- Mr Clive Thomson was appointed to the Board as a Non-executive Director on 19 August 2019 and as Chairman of the Audit Committee on 27 November 2019.
- Messrs Simon Susman and Tom Boardman stepped down from the Board with effect from the conclusion of the 2019 WHL Annual General Meeting.
- Mr Hubert Brody and Ms Zarina Bassa were appointed as Chairman of the Board and Lead Independent Director respectively with effect from the conclusion of the 2019 WHL Annual General Meeting.
- Mr Ian Moir resigned as WHL Group Chief Executive Officer ('CEO') and as an Executive Director with effect from 16 February 2020.
- Mr Roy Bagattini was appointed as WHL CEO and as an Executive Director with effect from 17 February 2020.
- Mr Andrew Higginson resigned from the Board on 31 March 2020.

The Board expresses its appreciation to the directors who have left the Board.

H Brody
Chairman
Cape Town,
15 September 2020

R Bagattini
Group Chief Executive Officer

As advised in the SENS announcement on 27 May 2020, the Board believes that it is in the best interest of the Group to suspend distributions to shareholders until such time as the situation arising from COVID-19 stabilises, and has decided not to declare a final dividend for the 2020 financial year.

CA Reddiar
Group Company Secretary
Cape Town, 15 September 2020

David Jones. Summer 2020

SUMMARY OF THE AUDITED GROUP RESULTS


StudioW, Summer 2020

GROUP STATEMENT OF COMPREHENSIVE INCOME*

	Notes	52 weeks to 28 Jun 2020 Rm	Restated** 53 weeks to 30 Jun 2019 Rm	% change
Revenue		74 058	75 179	(1.5)
Turnover		72 208	73 103	(1.2)
Cost of sales		46 859	45 139	3.8
Gross profit		25 349	27 964	(9.4)
Other revenue		1 788	2 000	(10.6)
Expenses		22 411	24 843	(9.8)
Store costs		16 355	17 735	(7.8)
Other operating costs		6 056	7 108	(14.8)
Operating profit		4 726	5 121	(7.7)
Impairment of assets		799	6 153	(87.0)
Investment income		62	76	(18.4)
Finance costs		2 688	1 139	>100
Profit/(loss) before earnings from joint ventures		1 301	(2 095)	>100
Earnings from joint ventures		101	295	(65.8)
Profit/(loss) before tax		1 402	(1 800)	>100
Tax expense/(credit)		843	(716)	>100
Profit/(loss) for the year		559	(1 084)	>100
Other comprehensive income:				
Amounts that may be reclassified to profit or loss				
Fair value adjustments on financial instruments, after tax		21	(64)	
Exchange differences on translation of foreign subsidiaries		1 416	(97)	
Amounts that may not be reclassified to profit or loss				
Post-retirement medical benefit liability: actuarial gain, after tax		22	15	
Other comprehensive income for the year		1 459	(146)	
Total comprehensive income/(loss) for the year		2 018	(1 230)	
Profit/(loss) attributable to:		559	(1 084)	
Shareholders of the parent		557	(1 086)	
Non-controlling interests		2	2	
Total comprehensive income/(loss) attributable to:		2 018	(1 230)	
Shareholders of the parent		2 012	(1 232)	
Non-controlling interests		6	2	
Earnings/(loss) per share (cents)	2	58.2	(113.4)	>100
Diluted earnings/(loss) per share (cents)	2	57.6	(113.4)	>100
Number of shares in issue (millions)		956.0	957.0	(0.1)
Weighted average number of shares in issue (millions)		956.9	957.5	(0.1)

ADDITIONAL EARNINGS MEASURES

	Notes	52 weeks to 28 Jun 2020	53 weeks to 30 Jun 2019	% change
Headline earnings per share (cents)	3	119.8	342.9	(65.1)
Diluted headline earnings per share (cents)	3	118.4	340.1	(65.2)
Adjusted headline earnings per share (cents)	4	170.3	371.7	(54.2)
Adjusted diluted headline earnings per share (cents)	4	168.4	368.7	(54.3)

* June 2020 is reported on an IFRS 16 basis. Comparative information has not been restated and has been reported under the previous standard, IAS 17. Refer to note 7 and note 8.1.

** Turnover and concession sales and Concession sales previously disclosed on the Statement of comprehensive income have now been included in note 8.2. The restatement had no impact on the prior period Group Statement of financial position, Group Statement of changes in equity, Group Statement of cash flows, nor on Earnings per share and Headline earnings per share.

GROUP STATEMENT OF FINANCIAL POSITION*

	Notes	At 28 Jun 2020 Rm	At 30 Jun 2019 Rm
ASSETS			
Non-current assets		47 920	24 032
Property, plant and equipment	5	15 134	14 295
Intangible assets	5	8 228	7 283
Right-of-use assets	7	20 519	–
Investment in joint ventures		742	810
Fair value lease adjustment		–	52
Other loans		84	56
Derivative financial instruments	9	1	14
Deferred tax		3 212	1 522
Current assets		16 034	11 897
Inventories		8 054	8 325
Trade and other receivables		2 160	1 410
Derivative financial instruments	9	282	171
Tax		4	78
Cash and cash equivalents		5 534	1 913
Non-current assets held for sale	5	1 112	–
TOTAL ASSETS		65 066	35 929
EQUITY AND LIABILITIES			
TOTAL EQUITY		6 510	9 443
Equity attributable to shareholders of the parent		6 489	9 428
Non-controlling interests		21	15
Non-current liabilities		42 746	15 850
Interest-bearing borrowings		16 023	13 259
Lease liabilities	7	25 929	–
Operating lease accrual and fair value lease adjustment		–	1 651
Post-retirement medical benefit liability		354	369
Provisions		381	436
Derivative financial instruments	9	59	72
Deferred tax		–	63
Current liabilities		15 810	10 636
Trade and other payables		10 762	8 289
Provisions		848	922
Lease liabilities	7	2 670	–
Operating lease accrual and fair value lease adjustment		–	110
Derivative financial instruments	9	282	106
Tax		151	75
Overdrafts and interest-bearing borrowings		1 097	1 134
TOTAL LIABILITIES		58 556	26 486
TOTAL EQUITY AND LIABILITIES		65 066	35 929
Net asset book value per share (cents)		679	985

* June 2020 is reported on an IFRS 16 basis. Comparative information has not been restated and has been reported under the previous standard, IAS 17. Refer to note 7 and note 8.1.

GROUP STATEMENT OF CASH FLOWS*

	Notes	52 weeks to 28 Jun 2020 Rm	53 weeks to 30 Jun 2019 Rm
Cash flow from operating activities			
Cash inflow from trading		9 437	7 325
Working capital movements		1 704	(991)
Cash generated by operating activities		11 141	6 334
Investment income received		62	76
Finance costs paid		(2 569)	(1 127)
Tax paid		(685)	(1 114)
Cash generated by operations		7 949	4 169
Dividends received from joint ventures		170	245
Dividends paid to ordinary shareholders		(1 808)	(2 145)
Net cash inflow from operating activities		6 311	2 269
Cash flow from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		(2 075)	(2 285)
Investment in property, plant and equipment and intangible assets to expand operations		(355)	(429)
Proceeds on disposal of property, plant and equipment and intangible assets		23	–
Other loans (advanced)/repaid		(23)	4
Net cash outflow from investing activities		(2 430)	(2 710)
Cash flow from financing activities			
Settlement of share-based payments through share purchase	6	(36)	(218)
Lease liabilities repaid		(2 263)	(14)
Borrowings raised		2 598	5 839
Borrowings repaid		(300)	(6 000)
Net cash outflow from financing activities		(1)	(393)
Increase/(decrease) in cash and cash equivalents		3 880	(834)
Net cash and cash equivalents at the beginning of the year		1 042	1 878
Effect of foreign exchange rate changes		515	(2)
Net cash and cash equivalents at the end of the year		5 437	1 042

* June 2020 is reported on an IFRS 16 basis. Comparative information has not been restated and has been reported under the previous standard, IAS 17. Refer to note 7 and note 8.1.

GROUP STATEMENT OF CHANGES IN EQUITY*

	Share-holders of the parent Rm	Non-controlling interests Rm	Total 52 weeks to 28 Jun 2020 Rm	Share-holders of the parent Rm	Non-controlling interests Rm	Total 53 weeks to 30 Jun 2019 Rm
Shareholders' interest at the beginning of the year	9 428	15	9 443	13 113	13	13 126
Effect of IFRS 16 adoption (2019: IFRS 9 and IFRS 15 adoption)	(3 210)	–	(3 210)	(223)	–	(223)
Shareholders' interest at the beginning of the year (restated)	6 218	15	6 233	12 890	13	12 903
Movements for the year:						
Profit/(loss) for the year	557	2	559	(1 086)	2	(1 084)
Other comprehensive income	1 455	4	1 459	(146)	–	(146)
Total comprehensive income/(loss) for the year	2 012	6	2 018	(1 232)	2	(1 230)
Share-based payments	92	–	92	141	–	141
Net acquisition of Treasury shares	(25)	–	(25)	(226)	–	(226)
Dividends to ordinary shareholders	(1 808)	–	(1 808)	(2 145)	–	(2 145)
Shareholders' interest at the end of the year	6 489	21	6 510	9 428	15	9 443
Dividend per ordinary share (cents)			89.0			190.5
Dividend cover (based on headline earnings)			1.34			1.80

* June 2020 is reported on an IFRS 16 basis. Comparative information has not been restated and has been reported under the previous standard, IAS 17.

SEGMENTAL ANALYSIS*

	Notes	52 weeks to 28 Jun 2020 Rm	53 weeks to 30 Jun 2019 Rm	% change
REVENUE				
Turnover		72 208	73 103	(1.2)
Woolworths Fashion, Beauty and Home		12 421	14 180	(12.4)
Woolworths Food		35 141	32 206	9.1
Woolworths Logistics		517	492	5.1
David Jones		14 474	15 043	(3.8)
Country Road Group		9 655	11 182	(13.7)
Other revenue and investment income		1 850	2 076	(10.9)
Woolworths Fashion, Beauty and Home		17	17	-
Woolworths Food		117	137	(14.6)
David Jones		2 092	2 304	(9.2)
Country Road Group		68	90	(24.4)
Treasury		49	51	(3.9)
Intragroup	12	(493)	(523)	(5.7)
Total Group		74 058	75 179	(1.5)
GROSS PROFIT				
Woolworths Fashion, Beauty and Home		5 468	6 744	(18.9)
Woolworths Food		8 744	7 980	9.6
David Jones		5 239	6 087	(13.9)
Country Road Group		5 621	6 905	(18.6)
Intragroup	12	277	248	11.7
Total Group		25 349	27 964	(9.4)
PROFIT/(LOSS) BEFORE TAX				
Woolworths Fashion, Beauty and Home		948	1 752	(45.9)
Woolworths Food		2 896	2 339	23.8
Woolworths Financial Services		101	295	(65.8)
David Jones		151	371	(59.3)
Country Road Group		621	1 105	(43.8)
Treasury		(2 549)	(1 093)	>100
Total Group – adjusted		2 168	4 769	(54.5)
Adjustments		(766)	(6 569)	
Impairment of assets		(799)	(6 153)	
Restructure and store exit costs (reversed)/raised		13	(212)	
Lease cancellation gain		16	–	
Net onerous leases raised		–	(196)	
Unrealised foreign exchange gains/(losses)		4	(8)	
Total Group – unadjusted		1 402	(1 800)	>100
Woolworths Fashion, Beauty and Home		887	1 745	(49.2)
Woolworths Food		2 905	2 338	24.3
Woolworths Financial Services		101	295	(65.8)
David Jones		(499)	(6 095)	>100
Country Road Group		561	1 017	(44.8)
Treasury		(2 553)	(1 100)	>100

* June 2020 is reported on an IFRS 16 basis. Comparative information has not been restated and has been reported under the previous standard, IAS 17.

	52 weeks to 28 Jun 2020 Rm	53 weeks to 30 Jun 2019 Rm
TOTAL ASSETS	65 066	35 929
Woolworths**	19 248	13 479
David Jones	30 962	14 479
Country Road Group	13 906	7 080
Woolworths Financial Services	732	801
Treasury	218	90
INVENTORIES	8 054	8 325
Woolworths**	3 959	4 235
David Jones	2 668	2 890
Country Road Group	1 427	1 200
TOTAL LIABILITIES	58 556	26 486
Woolworths**	12 809	5 621
David Jones	20 547	4 600
Country Road Group	7 890	1 737
Treasury	17 310	14 528
APPROVED CAPITAL COMMITMENTS	1 666	2 997
Woolworths**	1 066	1 424
David Jones	409	1 262
Country Road Group	191	311
CASH GENERATED BY OPERATING ACTIVITIES	11 141	6 334
Woolworths**	6 442	4 410
David Jones	2 559	394
Country Road Group	2 140	1 530

* June 2020 is reported on an IFRS 16 basis. Comparative information has not been restated and has been reported under the previous standard, IAS 17.
** Includes Woolworths Fashion, Beauty and Home, Woolworths Food and Woolworths Logistics.

NOTES

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The accounting policies applied in the preparation of the provisional Group Annual Financial Statements are in terms of International Financial Reporting Standards are consistent with those applied in the preparation of the Group Annual Financial Statements for the 52-week period to 28 June 2020, and are consistent with the prior year, except for the new standards adopted, as detailed in note 7. The provisional Group Annual Financial Statements have been prepared on the going concern and historical cost bases, except where otherwise indicated. The presentation currency is the South African rand, rounded to the nearest million, except where otherwise indicated.

The provisional Group Annual Financial Statements have been prepared under the supervision of the Group Finance Director, Reeza Isaacs CA(SA), and are the full responsibility of the directors.

2. EARNINGS PER SHARE

The difference between earnings per share and diluted earnings per share is due to the impact of unexercised options under the Group's share incentive schemes (refer to note 6).

3. RECONCILIATION OF HEADLINE EARNINGS

	2020 Rm	2019 Rm	% change
Reconciliation of headline earnings			
Basic earnings/(loss) attributable to shareholders of the parent	557	(1 086)	>100
Net loss/(profit) on disposal of property, plant and equipment and intangible assets	35	25	
Impairment of property, plant and equipment, intangible assets and right-of-use assets	799	6 190	
Reversal of impairment of property, plant and equipment, intangible assets and right-of- use assets	(10)	–	
Tax impact of adjustments	(235)	(1 846)	
Headline earnings	1 146	3 283	(65.1)

Headline earnings is calculated by starting with the Basic earnings number in terms of IAS 33 and then excluding all re-measurements that have been identified in The South African Institute of Chartered Accountants' Headline Earnings Circular 1/2019.

4. NON-IFRS MEASURES

	2020 Rm	2019 Rm	% change
ADJUSTED HEADLINE EARNINGS			
Headline earnings	1 146	3 283	(65.1)
Adjustments	484	276	
Restructure and store exit costs (reversed)/raised	(13)	187	
Lease cancellation gain	(16)	–	
Net onerous leases raised	–	196	
Unrealised foreign exchange (gains)/losses	(4)	8	
Deferred tax on assessed losses not recognised	506	–	
Tax impact of adjustments	11	(115)	
Adjusted headline earnings	1 630	3 559	(54.2)

Adjusted headline earnings is calculated by excluding items from headline earnings that have attributes of either being of a non-recurring nature, volatile, having a material impact on earnings or not incurred in the ordinary course of business, which would otherwise have not been considered under IAS 33: Earnings per share or the SAICA guideline on headline earnings. Management believes that the use of an adjusted headline earnings measure is helpful to users of financial statements and investors by providing a more meaningful measure of sustainable earnings or the quality of earnings and thereby improve performance comparisons between different reporting periods. The methodology of determining adjustments are applied consistently over the different reporting periods. Adjusted headline earnings is also one of the performance conditions applicable to the Group's share incentive schemes.

5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group acquired property, plant and equipment at a fair value of R1 842 million (2019: R2 323 million) and intangible assets at a fair value of R588 million (2019: R409 million).

A fixed property, amounting to R1 112 million (A$94.0 million), previously disclosed under property, plant and equipment (within the David Jones segment) has been reclassified to non-current assets held for sale, with depreciation ceasing at date of reclassification. At year-end, the property is recognised at the lower of its carrying amount and fair value, less costs to sell. The property was sold subsequent to year-end (refer to note 13).

COVID-19 had a significant impact on the performance of the Group in the second half of the financial year, and is expected to continue to do so for at least the remainder of the calendar year, given the fluid and challenging environment. The mandatory lockdown measures imposed to curb the pandemic resulted in the closure of a significant number of the Group's apparel store locations, restrictions on the sale of certain items and reduced trading hours in Food locations, which all led to a decreased overall demand in the short-term. The uncertainty of the effects of COVID-19 on future cash flows has necessitated the use of judgements and assumptions in estimating the impact on the carrying value of certain assets, in applying the accounting policies in the preparation of the Annual Financial Statements. Accordingly, an impairment charge has been recognised for property, plant and equipment of R216 million, goodwill and software of R82 million and right-of-use assets of R491 million.

In the prior year, an impairment charge of R6 153 million was recognised at period end and allocated to the David Jones remaining goodwill of A$6.3 million (R63 million), brands of A$583.5 million (R5 771 million), intangible assets of A$16.5 million (R163 million) and property, plant and equipment of A$15.8 million (R156 million). The impairment reflected the economic headwinds and the accelerating structural changes affecting the Australian retail sector, as well as the performance of the business, which fell short of expectations.

NOTES (CONTINUED)

6. ISSUE AND PURCHASE OF SHARES

1 699 987 (2019: 4 491 788) ordinary shares totalling R64 million (2019: R243 million) were purchased from the market by Woolworths Proprietary Limited for the purposes of share incentive schemes and are held as treasury shares by the Group. 439 562 (2019: 533 495) ordinary shares totalling R28 million (2019: R25 million) were sold to the market in terms of the Group's Restricted Share Plan. 181 424 (2019: 224 170) ordinary shares totalling R14 million (2019: R17 million) previously purchased were allocated to employees in terms of the Group's Restricted Share Plan.

110 571 (2019: 152 349) ordinary shares totalling R6 million (2019: R8 million) were issued and allocated to employees in terms of the Group's other share incentive schemes.

7. ACCOUNTING POLICIES

The adoption of certain new standards, which became effective in the current year, has resulted in minor changes to accounting policies and disclosure, none of which have a material impact on the financial position or performance of the Group, except as disclosed below.

STANDARDS ISSUED AND EFFECTIVE

IFRS 16: Leases

IFRS 16 Leases (IFRS 16) is effective for the Group from 1 July 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases (IAS 17), and requires lessees to recognise right-of-use assets and lease liabilities on the statement of financial position for all leases, except short-term and low value asset leases.

Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liabilities, plus any initial direct costs incurred, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight line basis over the lease term. The Group determined the lease term as any non-cancellable period of a lease together with reasonably certain termination or extension option periods. Right-of-use assets are tested for impairment when there are any indicators of impairment and periodically reduced by impairment losses, if required.

Lease liabilities are initially measured at the present value of future lease payments discounted using the Group's incremental borrowing rate taking into account lease term, country, currency and start date of the lease. Incremental borrowing rates are based on a series of inputs including the prime lending rate, the repo rate, a credit risk adjustment and a country specific adjustment.

Lease liabilities are subsequently measured at amortised cost using the effective interest method, and reduced by future lease payments net of interest charged. It is remeasured, with a corresponding adjustment to right-of-use assets, when there is a change in future lease payments resulting from a rent review, change in relevant index or rate, such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a renewal or termination option.

The remeasurement results in a corresponding adjustment to the carrying amount of right-of-use assets, with the difference recorded in profit or loss if the carrying amount of right-of-use assets has been reduced to zero.

Variable lease payments that do not depend on an index or rate are not included in the measurement of right-of-use assets and lease liabilities. These related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur. Other variable lease payments that depend on an index or rate are included in the measurement of right-of-use assets and lease liabilities.

The Group has adopted IFRS 16 using the modified retrospective approach, by recognising the cumulative effect as an adjustment to the opening balance of equity at 1 July 2019. At the date of initial application, the Group elected to use the practical expedient provided by IFRS 16, which allows the Group to apply IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17 at the date of initial application). In addition, the Group has elected to apply the following practical expedients on a lease by lease basis:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Excluding initial direct costs from measuring right-of-use assets at the transition date;
- Using hindsight when determining the lease term where the contract contains renewal and termination options.

When measuring lease liabilities on transition to IFRS 16, the Group discounted its lease payments using the weighted average incremental borrowing rate of 5.8% at 1 July 2019. The following table reconciles the Group's operating lease commitments at 30 June 2019, as previously disclosed in the Group's Annual Financial Statements, to lease liabilities recognised on initial application of IFRS 16:

	2020 Rm
Total operating lease commitments at 30 June 2019 (restated)*	29 446
Discounting at weighted average incremental borrowing rate at 1 July 2019	(7 274)
Lease payments not recognised	(677)
Commitments relating to leases previously classified as finance leases	38
Payments in optional extension periods not recognised at 30 June 2019	4 972
Lease liabilities recognised under IFRS 16 at 1 July 2019	26 505
Net movements in lease liabilities during the current year	2 094
Lease liabilities (non-current and current) at 28 June 2020	28 599

* In determining the Group IFRS 16 impact, the value of lease commitments totalling R30 130 million under IAS 17 was found to be overstated in note 27.1 of the 2019 Group Annual Financial Statements. This resulted in a reduction of R684 million to the operating lease commitments at 30 June 2019 in the reconciliation above. Other than the disclosure in note 27.1, this correction had no impact on the 2019 Group Annual Financial Statements, nor on earnings per share or any other share measures.

Comparative information has not been restated and has been reported under the previous standard, IAS 17. To provide more meaningful comparison of the current year's financial performance with the prior year, the current year has been presented on a like-on-like basis with the prior year, excluding the impact of IFRS 16, as detailed in note 8.2.

NOTES (CONTINUED)

8. PRO FORMA FINANCIAL INFORMATION

This note sets out the illustrative impact on the financial information as follows:

- In note 8.1: for the 52 weeks to 28 June 2020, turnover and concession sales have been reported against the prior year reported 53 weeks to 30 June 2019 and on a like-on-like comparison to the financial information for the pro forma 52 weeks to 23 June 2019. These are important for understanding underlying business performance and are described as 'Non-IFRS financial information'.
- In notes 8.2.1, 8.2.3 and 8.2.4: the financial information as at and for the 52 weeks ended 28 June 2020 has been presented as if the new accounting standard, IFRS 16, had not been applied and IAS 17 was still in effect. This has been done to provide a like-on-like comparison to the prior year pro forma Group statement of profit or loss for the 52 weeks to 23 June 2020, certain line items of the Group statement of financial position as at 30 June 2019 and certain line items of the Group statement of cash flows as at for the year then ended (respectively, the 'Non-IFRS financial information'). Refer to note 7 for further details on the new accounting standards.
- In note 8.2.2: for the 52 weeks to 28 June 2020, as if the new accounting standard, IFRS 16, had not been applied to provide a like-on-like comparison to the financial information for the group statements of profit or loss for the 53 weeks ended 30 June 2019 as well as the pro forma Group Statement of profit or loss for the 52 weeks ended 23 June 2019. Further adjustments, as detailed in supplementary notes 5 and 7, have been made (respectively, the 'Non-IFRS financial information').
- In note 8.3.1: for the 52 weeks to 28 June 2020, Turnover and concession sales as well as Segmental contribution before interest and tax have been shown on a constant currency basis.
- In note 8.3.2: for the 52 weeks to 28 June 2020, certain Group statement of financial position items have been shown on a constant currency basis.

The Non-IFRS financial information and constant currency information (collectively the 'pro forma financial information') is presented in accordance with the JSE Listing Requirements which requires that pro forma financial information be compiled in terms of the JSE Listing Requirements, the SAICA Guide on Pro Forma Financial Information and any relevant guidance issued by the IRBA.

The pro forma financial information is the responsibility of the Group's directors and is based on the Group Annual Financial Statements for the 52 weeks to 28 June 2020.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, may not fairly present the Group's financial position, results of operations or cash flows.

8.1 TURNOVER AND CONCESSION SALES

	52 weeks to 28 Jun 2020 (1) Rm	53 weeks to 30 Jun 2019 (1) Rm	Pro forma 52 weeks to 23 Jun 2019 (2) Rm	% change	Pro forma prior year % change
Turnover	72 208	73 103	71 757	(1.2)	0.6
Concession sales	6 054	6 713	6 578	(9.8)	(8.0)
Turnover and concession sales	78 262	79 816	78 335	(1.9)	(0.1)

Notes:

1. The '52 weeks to 28 Jun 2020' and '53 weeks to 30 June 2019' Turnover financial information has been extracted, without adjustment, from the Group Statement of comprehensive income for the 52 weeks to 28 Jun 2020 and Restated 53 weeks to 30 Jun 2019, as presented in the Summary of the Audited Group Results for the 52 weeks ended 28 June 2020. The Concession sales information has been extracted from the Group's accounting records.
2. The 'Pro forma 52-weeks to 23 Jun 2019' financial information has been extracted, without adjustment, from the reported Preliminary Audited Group Results for the 53 weeks ended 30 June 2019 and Cash Dividend Declaration and is provided to facilitate comparison against the 52-week current year reporting period.

This illustrates the impact on financial information by including the turnover of concession operators of goods sold (concession sales) within the Group's stores. Concession sales are the sale of goods by concession operators and are not included in revenue, and have been extracted from the Group's accounting records.

8.2 EXCLUDING THE IMPACT OF IFRS 16

The tables below illustrate the pro forma Group Statement of profit or loss for the 52 weeks ended 28 June 2020, certain line items of both the pro forma Group statement of financial position and pro forma Group Statement of cash flows as at 28 June 2020 and for the year then ended, after taking into account the specific adjustments noted below.

8.2.1 PRO FORMA GROUP STATEMENT OF PROFIT OR LOSS

	52 weeks to 28 Jun 2020 (1) Rm	Adjust -ments (2) Rm	Pro forma under IAS 17 52 weeks to 28 Jun 2020 (3) Rm	Pro forma 52 weeks to 23 Jun 2019 (4) Rm	Pro forma under IAS 17 change on pro forma prior year change %
Turnover	72 208	–	72 208	71 757	0.6
Cost of sales	46 859	13	46 872	44 284	5.8
Gross profit	25 349	(13)	25 336	27 473	(7.8)
Other revenue	1 788	–	1 788	1 956	(8.6)
Expenses	22 411	1 620	24 031	24 495	(1.9)
Operating profit	4 726	(1 633)	3 093	4 934	(37.3)
Impairment of assets	799	(380)	419	6 153	
Investment income	62	–	62	75	(17.3)
Finance costs	2 688	(1 555)	1 133	1 119	1.3
Profit/(loss) before earnings from joint ventures	1 301	302	1 603	(2 263)	>100
Earnings from joint ventures	101	–	101	295	(65.8)
Profit/(loss) before tax	1 402	302	1 704	(1 968)	>100
Tax expense/(credit)	843	69	912	(764)	>100
Profit/(loss) for the year	559	233	792	(1 204)	>100
Basic earnings/(loss) attributable to shareholders of the parent	557	233	790	(1 206)	>100
Headline earnings adjustments, net of tax	589	(267)	322	4 369	
Headline earnings	1 146	(34)	1 112	3 163	(64.8)
Adjustments, net of tax	484	278	762	276	
Adjusted headline earnings	1 630	244	1 874	3 439	(45.5)
Earnings/(loss) per share (cents)	58.2		82.6	(126.0)	>100
Diluted earnings/(loss) per share (cents)	57.6		81.6	(126.0)	>100
Headline earnings per share (cents)	119.8		116.2	330.4	(64.8)
Diluted headline earnings per share (cents)	118.4		114.9	327.7	(64.9)
Adjusted headline earnings per share (cents)	170.3		195.8	359.2	(45.5)
Adjusted diluted headline earnings per share (cents)	168.4		193.6	356.3	(45.7)

NOTES (CONTINUED)

8. PRO FORMA FINANCIAL INFORMATION (CONTINUED)

8.2.2 EXCLUDING THE IMPACT OF IFRS 16 AND ADJUSTMENTS IN BOTH PERIODS.

	52 weeks to 28 Jun 2020 (1) Rm	Adjust -ments (5) Rm	Pro forma 52 weeks to 28 Jun 2020 (6) Rm	Adjust -ments (7) Rm	Pro forma under IAS 17 52 weeks to 28 Jun 2020 (8) Rm	Pro forma 52 weeks to 23 Jun 2019 (4) Rm	Adjust -ments (9) Rm	Pro forma 52 weeks to 23 Jun 2019 after adjust -ments (10) Rm
Operating profit	4 726	(33)	4 693	(1 237)	3 456	4 934	416	5 350
Profit/(loss) before tax	1 402	766	2 168	318	2 486	(1 968)	6 569	4 601

Notes:

1. The '52 weeks to 28 Jun 2020' financial information has been extracted, without adjustment, from the Group Statement of comprehensive income for the 52 weeks to 28 Jun 2020, as presented in the Summary of the Audited Group Results for the 52 weeks ended 28 June 2020.
2. The adjustments are derived by excluding IFRS 16 adjustments and including IAS 17 adjustments. The adjustments made relate to the reversal of the depreciation of right-of-use assets of R2 602 million within cost of sales (R13 million) and expenses (R2 589 million), finance costs of R1 555 million relating to the amortisation of lease liabilities, foreign exchange losses of R32 million and a lease cancellation gain of R16 million. Occupancy costs of R4 049 million have been included to reflect the accounting for leases under IAS 17 had the standard still been in effect from 1 July 2019, with an adjustment for the unwinding of unfavourable leases for the amount of R178 million. Right-of-use assets impairment of R380 million has been reclassified to store costs as an onerous lease expense under IAS 17, adjusted within Headline earnings at R267 million, net of tax. An effective tax rate of 60.16%, all attributable to the appropriate segments, was used for the IFRS 16 results and an effective rate of 53.53% was used for the pre IFRS 16 results. All information has been extracted from the Group's accounting records.
3. The 'Pro forma under IAS 17 52 weeks to 28 Jun 2020' column reflects the pro forma financial information after adjusting for the items included in column 2.
4. The Group manages its retail operations on a 52-week retail calendar basis and, as a result, a 53rd week is required approximately every six years to realign the calendars. The 'Pro forma 52 weeks to 23 Jun 2019' financial information has been extracted, without adjustment, from the reported 2019 Group Annual Financial Statements and is provided to facilitate comparison against the 52-week current year reporting period. The 53rd week adjustments are calculated with reference to actual turnover and concession sales and cost of sales for the one-week period from 24 June to 30 June 2019, which have been extracted from the Group's accounting records for total and comparable sales, cost of sales, gross profit, expenses based on an assessment of management information, and an effective tax rate of 28.7%, all attributable to the appropriate segments. In the prior year, the Group's external auditors, Ernst & Young Inc., issued a Reporting Accountant's assurance report in terms of ISAE 3420: Assurance Engagements to Report of the Compilation of Pro forma Financial Information, on the Impact of the 53rd week, Turnover and concession sales excluding the Impact of IFRS 15 and the 53rd week, and the Constant currency information, a copy of which is available for inspection at the Company's registered office.
5. Operating profit adjustments comprise restructure and store exit costs reversed (R13 million), lease cancellation gain (R16 million) and unrealised foreign exchange gains (R4 million), which results in an adjusted operating profit. Profit/(loss) before tax adjustments include the aforementioned and an adjustment for the impairment of assets (R799 million), which results in an adjusted profit before tax under IFRS 16.
6. The 'Pro forma 52 week to 28 Jun 2020' column reflects the pro forma financial information after adjusting for the items included in column 5, which results in an adjusted operating profit and an adjusted profit before tax under IFRS 16.
7. Profit before tax adjustment comprises the R302 million profit before tax impact calculated in note 2 above, and excluding the IFRS 16 lease cancellation gain (R16 million). Operating profit adjustment includes the aforementioned R318 million and excluding finance costs of R1 555 million.
8. The 'Pro forma under IAS 17 52 weeks to 28 Jun 2020' column reflects the pro forma financial information after adjusting for the items included in column 7, which results in an adjusted operating profit and an adjusted profit before tax under IAS 17.
9. The adjustments for Operating profit and Profit/(loss) before tax comprise restructure and store exit costs raised (R212 million), net onerous leases raised (R196 million) and unrealised foreign exchange losses (R8 million). In addition, impairment of assets (R6 153 million) is an adjustment to Profit/(loss) before tax. The information has been extracted from the Group's accounting records.
10. The 'Pro forma 52-weeks to 23 Jun 2019 after adjustments' column reflects the pro forma financial information after adjusting for the items included in column 9, which results in an adjusted operating profit and an adjusted profit before tax.
11. The calculation of earnings per share, headline earnings per share and other share measures for the pro forma information is based on the weighted average number of shares in issue for the 52 weeks to 28 June 2020.

8.2.3 PRO FORMA GROUP STATEMENT OF FINANCIAL POSITION

	At 28 Jun 2020 (1) Rm	Adjustments (2) Rm	Pro forma under IAS 17 2020 (3) Rm	At 30 Jun 2019 (4) Rm
Assets				
Property, plant and equipment	16 246	24	16 280	14 295
Intangible assets	8 228	–	8 228	7 283
Right-of-use assets	20 519	(20 519)	–	–
Investment in joint ventures	742	–	742	810
Inventories	8 054	–	8 054	8 325
Trade and other receivables and loans	2 244	170	2 414	1 518
Derivative financial instruments	283	–	283	185
Deferred tax and tax assets	3 216	(1 805)	1 411	1600
Cash and cash equivalents	5 534	–	5 534	1 913
Total assets	65 066	(22 120)	42 946	35 929
Equity and liabilities				
Shareholders' funds	6 510	4 280	10 790	9 443
Interest-bearing borrowings and overdrafts	17 120	38	17 158	14 393
Lease liabilities	28 599	(28 599)	–	–
Operating lease accrual and fair value lease adjustment	–	1 770	1 770	1 761
Other non-current liabilities	735	155	890	805
Derivative financial instruments	341	–	341	178
Deferred tax and tax liabilities	151	91	242	138
Trade and other payables and provisions	11 610	145	11 755	9 211
Total equity and liabilities	65 066	(22 120)	42 946	35 929
Net asset value per share (cents)	679	448	1 127	985

Notes:

1. The 'At 28 Jun 2020' financial information has been extracted, without adjustment, from the Group Statement of financial position at 28 Jun 2020, as presented in the Summary of the Audited Group Results for the 52 weeks ended 28 June 2020.
2. The adjustments are derived by excluding right-of-use assets of R20 519 million, lease liabilities of R28 599 million, reclassifying assets and liabilities held as finance leases under the previous IAS 17 from the right-of-use assets and lease liabilities to property, plant and equipment (R34 million) and interest bearing borrowing (R38 million). Trade and other receivables and loans have been adjusted by R170 million in respect of prepayments and fair value lease adjustments, with operating lease accrual and fair value lease adjustment of R1 770 million. Other non-current liabilities and trade and other payables and provisions have been adjusted by R155 million and R145 million for onerous leases respectively. The related deferred tax recognised under IFRS 16 have been adjusted, had IFRS 16 not been applied and had the Group reported under the previous IAS 17, all of which have been extracted from the Group's accounting records.
3. The 'Pro forma under IAS 17 2020' column reflects the pro forma financial information after adjusting for the items included in column 2.
4. The 'At 30 June 2019' financial information has been extracted, without adjustment, from the reported Preliminary Audited Group Results for the 53 weeks ended 30 June 2019 and Cash Dividend Declaration.

NOTES (CONTINUED)

8. PRO FORMA FINANCIAL INFORMATION (CONTINUED)

8.2.4 PRO FORMA GROUP STATEMENT OF CASH FLOWS ITEMS

	52 weeks to 28 Jun 2020 (1) Rm	Adjustments (2) Rm	Pro forma under IAS 17 52 weeks to 28 Jun 2020 (3) Rm	At 30 Jun 2019 (4) Rm
Net cash inflow from operating activities	6 311	(2 249)	4 062	2 269
Net cash (outflow)/inflow from financing activities	(1)	2 249	2 248	(393)

Notes:

1. The '52 weeks to 28 Jun 2020' financial information has been extracted, without adjustment, from the Group Statement of cash flows for the 52 weeks to 28 Jun 2020, as presented in the Summary of the Audited Group Results for the 52 weeks ended 28 June 2020.
2. The adjustment on cash outflow from financing activities are calculated by excluding Lease liabilities repaid of R2 263 million and deducting R14 million in payments for finance leases under IAS 17. The aforementioned adjustment is applied to operating activities.
3. The 'Pro forma under IAS 17 52 weeks to 28 Jun 2020' column reflects the pro forma financial information after adjusting for the items included in column 2.
4. The '53 weeks to 30 Jun 2019' financial information has been extracted, without adjustment, from the reported Preliminary Audited Group Results for the 53 weeks ended 30 June 2019 and Cash Dividend Declaration.

8.3 CONSTANT CURRENCY INFORMATION

8.3.1 GROUP STATEMENT OF COMPREHENSIVE INCOME ITEMS

	52 weeks to 28 Jun 2020 Rm	Pro forma 52 weeks to 23 Jun 2019 (3) Rm	% change
Turnover and concession sales[1]	77 479	78 335	(1.1)
Segmental contribution before interest and tax[2]	3 569	5 659	(36.9)

Notes:

1. Turnover and concession sales constant currency information has been presented to illustrate the impact of changes in the Group's major foreign currency, the Australian dollar. In determining the constant currency turnover and concession sales growth rate, turnover and concession sales denominated in Australian dollars for the current year have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior year. The aggregated monthly average Australian dollar exchange rate is R10.43/A$ for the current year and R10.15/A$ for the prior year.
2. Segmental contribution before interest and tax constant currency information has been presented to illustrate the impact of changes in the Group's major foreign currency, the Australian dollar. In determining the constant currency segmental contribution before interest and tax growth rate, segmental contribution before interest and tax denominated in Australian dollars for the current year have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior year. The aggregated monthly average Australian dollar exchange rate is R10.29/A$ for the current year and R10.15/A$ for the prior year.
3. The 'Pro forma 52-weeks to 23 Jun 2019' financial information has been extracted, without adjustment, from the reported 2019 Preliminary Audited Group Results for the 53 weeks ended 30 June 2019 and Cash Dividend Declaration and is provided to facilitate comparison against the 52-week current year reporting period.

8.3.2 GROUP STATEMENT OF FINANCIAL POSITION ITEMS AS AT 28 JUNE 2020

	At 28 Jun 2020 (1) Rm	At 30 Jun 2019 (2) Rm	% change
Assets			
Property, plant and equipment	14 242	14 295	(0.4)
Intangible assets	7 383	7 283	1.4
Right-of-use assets	18 024	–	–
Investment in joint ventures	742	810	(8.4)
Inventories	7 384	8 325	(11.3)
Trade and other receivables and loans	2 037	1 518	34.2
Derivative financial instruments	263	185	42.2
Deferred tax and tax assets	2 775	1 600	73.4
Cash and cash equivalents	4 871	1 913	>100
Total assets	57 721	35 929	60.7
Equity and liabilities			
Shareholders' funds	5 193	9 443	(45.0)
Interest-bearing borrowings and overdrafts	15 749	14 393	9.4
Lease liabilities	25 018	–	–
Operating lease accrual and fair value lease adjustmment	–	1 761	(100.0)
Other non-current liabilities	696	805	(13.5)
Derivative financial instruments	333	178	87.1
Deferred tax and tax liabilities	129	138	(6.5)
Trade and other payables and provisions	10 603	9 211	15.1
Total equity and liabilities	57 721	35 929	60.7

Notes:

1. The Group Statement of financial position items are at 28 June 2020 and the constant currency information has been determined by application of the closing Australian dollar exchange rate for the prior year to the current year Group statement of financial position items. The closing Australian dollar exchange rate is R11.83/A$ for the current year and R9.89/A$ for the prior year.
2. The 'At 30 Jun 2019' financial information has been extracted, without adjustment, from the reported 2019 Preliminary Audited Group Results for the 53 weeks ended 30 June 2019 and Cash Dividend Declaration.

The Group's external auditors, Ernst & Young Inc., have issued a Reporting Accountant's assurance report on the pro forma financial information as at and for the year ended 28 June 2020 in terms of ISAE 3420: Assurance Engagements to Report of the Compilation of Pro forma Financial Information, a copy of which is available for inspection at the Company's registered office. The pro forma financial information has been extracted from the pro forma financial information in the Woolworths Holdings Limited 2020 Annual Financial Statements.

NOTES (CONTINUED)

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of trade and other receivables, trade and other payables and borrowings approximate their fair values.

In terms of IFRS 13: Fair Value Measurement, the Group's borrowings are measured at amortised cost and its derivative financial instruments at fair value. These are determined to be Level 2 under the fair value hierarchy. Derivatives are valued using valuation techniques with market observable inputs, with derivatives being mainly in respect of interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying index.

10. CONTINGENT LIABILITIES

Group companies are party to legal disputes and investigations that have arisen in the ordinary course of business. Whilst the outcome of these matters cannot readily be foreseen, they are not expected to have any material financial effect.

11. BORROWING FACILITIES

Unutilised banking and debt facilities amount to R6 872 million (2019: R8 647 million) as follows:

	2020 Rm	2019 Rm
Committed	6 340	8 147
Uncommitted	532	500
Total	6 872	8 647

Notes to the value of R3.8 billion (2019: R3.8 billion) have been issued to date under the South African Domestic Medium Term Note (DMTN) programme, which is a further source of funding to the Group. The DMTN programme is guaranteed by Woolworths Proprietary Limited and will be used to raise debt on an ongoing basis at a Group level.

The Australian funding was diversified by the issue of a A$300.0 million unlisted, unrated bond into the Australian capital market during the year. Interest-bearing borrowings of the Australian operations of A$708.0 million have been secured by Real Property Mortgages and a General Security Deed over certain Australian assets.

12. RELATED-PARTY TRANSACTIONS

The Group entered into related-party transactions, the substance of which is disclosed in the Group's 2020 Annual Financial Statements. Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

13. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end, the property described as the Bourke Street Menswear store, within the David Jones segment, was disposed for an amount of R1.5 billion (A$121.0 million). All conditions precedent to the sale were fulfilled.

14. APPROVAL OF THE PROVISIONAL GROUP ANNUAL FINANCIAL STATEMENTS

The provisional Group Annual Financial Statements were approved by the Board of Directors on 15 September 2020.

15. AUDIT OPINION

The provisional Group Annual Financial Statements have been extracted from the audited Group Annual Financial Statements, but is not in itself audited. The Group Annual Financial Statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Group Annual Financial Statements and the auditor's report thereon are available for inspection at the Company's registered office. The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying Group Annual Financial Statements.

However, the auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying financial information from the Company's registered office.

DIRECTORATE AND STATUTORY INFORMATION

NON-EXECUTIVE DIRECTORS
Hubert Brody (Chairman), Zarina Bassa (Lead Independent Director), Christopher Colfer (Canadian), Belinda Earl (British), David Kneale (British), Nombulelo Moholi, Thembisa Skweyiya, Clive Thomson

EXECUTIVE DIRECTORS
Roy Bagattini (Group Chief Executive Officer), Reeza Isaacs (Group Finance Director), Sam Ngumeni, Zyda Rylands

GROUP COMPANY SECRETARY
Chantel Reddiar

REGISTRATION NUMBER
1929/001986/06

LEI
37890095421E07184E97

SHARE CODE
WHL

SHARE ISIN
ZAE000063863

BOND CODE
WHLI

REGISTERED ADDRESS
Woolworths House, 93 Longmarket Street
Cape Town 8001, South Africa
PO Box 680, Cape Town 8000, South Africa

TAX NUMBER
9300/149/71/4

JSE SPONSOR
Rand Merchant Bank
(A division of FirstRand Bank Limited)

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
15 Biermann Avenue, Rosebank 2196, South Africa

WOOLWORTHS DAVID JONES COUNTRY ROAD GROUP