WHL

WOOLWORTHS HOLDINGS LIMITED

Unaudited Interim Group Results
for the 26 weeks ended 27 December 2020

START

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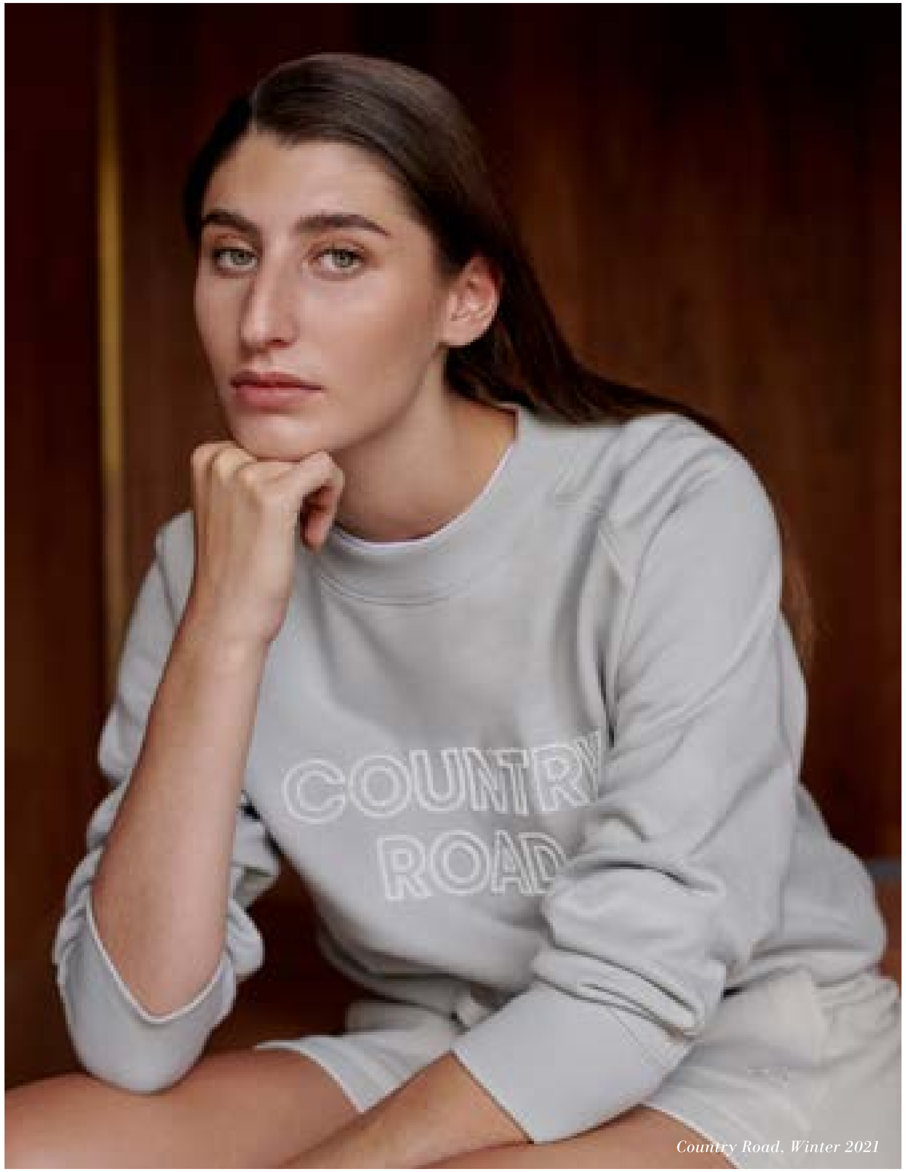
FINANCIAL OVERVIEW

Turnover	**+5.8%** to R39.6 billion
Turnover and concession sales	**+5.3%** to R43.0 billion
Profit before tax	**+66.2%** to R3.6 billion
Adjusted profit before tax	**+24.6%** to R2.7 billion
Earnings per share	**+76.0%** to 288.8 cps
Headline earnings per share	**+58.3%** to 261.1 cps
Adjusted diluted headline earnings per share	**+19.4%** to 193.7 cps
Net borrowings (excluding lease liabilities) reduced by	**R5.0bn** to R6.8 billion

No interim dividend declared
2019: 89.0 cps



Country Road, Winter 2021

The first half of the 2021 financial year continued to be impacted by Covid-19, with significantly reduced store footfall, particularly in larger shopping centres and CBD locations. Actions to stimulate trade, strengthen online capabilities and protect margins through cost containment, tight inventory management and the assistance of government support measures, resulted in a 24.6% adjusted profit before tax growth for the half.

A key focus over the period has been the strengthening of the Group's balance sheet. Through cash generation and preservation initiatives, and the execution of property sales, we have improved our liquidity position and significantly reduced net debt levels in both South Africa and Australia. The sale of the David Jones Elizabeth Street property in the second half will further strengthen the Group's balance sheet and ensure a more sustainable capital structure of our Australian entities.

COMMENTARY ON PERFORMANCE

Group sales for the 26 weeks ended 27 December 2020 ('current period') increased by 5.3% compared to the 26 weeks ended 29 December 2019 ('prior period') and declined by 0.5% in constant currency terms. This reflects improved trading momentum across all businesses over the final six weeks of the reporting period.

The Group results have been positively impacted by the following transactions:

- The sale of the Bourke Street Mens property in David Jones was completed in the period, resulting in proceeds of A$121.0 million and a profit on sale of A$23.5 million; and
- The renegotiation of various leases resulted in lease exit and modification gains under IFRS 16 of R667 million (pre-tax), which were recognised in the current period.

Earnings per share ('EPS'), which includes both the aforementioned items, increased by 76.0% to 288.8 cps, whereas headline EPS, which excludes the profit arising on the property sale, increased by 58.3% to 261.1 cps.

Adjusted diluted HEPS, which excludes both the aforementioned items, increased by 19.4% to 193.7 cps. Consistent with the prior year, where an adjustment was made for the non-recognition of deferred tax assets on assessed tax losses in David Jones, the taxation benefit arising on the partial utilisation of these tax losses in the current period was excluded in calculating the adjusted diluted HEPS.

SOUTH AFRICA

South Africa's weak macro environment and consumer confidence has been further exacerbated by the second wave of Covid-19, placing further strain on consumer discretionary spend.

WOOLWORTHS FOOD

Woolworths Food remained resilient throughout the reporting period, delivering further volume and market share gains, driven by innovation, convenience and the focused price investment strategy. Sales over the 26-week period grew by 10.9% and by 9.4% in comparable stores, with net space growth of 0.4%. Online sales grew by 158.5%, contributing 2.2% to sales, with the expansion of delivery options. Price movement was 7.1%, impacted by mix, while underlying product inflation averaged 4.8% over the period.

Gross profit margin of 24.8% was 0.2% higher than the prior period, notwithstanding further price investment, due to higher rebates, improved waste and distribution cost efficiencies. Expenses, including additional Covid-19 related costs, grew by 6.7%. Adjusted operating profit increased by 23.2% to R1 531 million, returning an operating margin of 8.2% for the half.

WOOLWORTHS FASHION, BEAUTY AND HOME ('FBH')

Whilst FBH has commenced the repositioning of its fashion business, performance remains disappointing, with sales declining by 11.2% over the period, and comparable store sales 11.0% lower on a 2.4% price movement. Online sales grew by 118.8%, contributing 4.0% to South African sales. Net space was reduced by 1.9%, in line with our focus on improving store operating efficiency.

Gross profit margin decreased by 0.7% to 45.9% as a result of increased promotions and price investment, together with higher clearance in December. Expenses were well controlled, declining by 1.6%, notwithstanding additional Covid-19 related costs. Adjusted operating profit decreased by 39.9% to R582 million, resulting in an operating margin of 9.1% for the half.

WOOLWORTHS FINANCIAL SERVICES ('WFS')

The WFS book reflected year-on-year contraction of 2.2% at the end of December 2020. The annualised impairment rate for the six months ended 31 December 2020 was 4.1%, compared to 3.3% for the prior comparable period. The focus on customer collections and payment relief initiatives and the timing thereof reflects in the shape of the book and the impairment rate for the period.

AUSTRALIA AND NEW ZEALAND

Early expectations of a recovery in Australia were short-lived, with the imposition of the stage 4 lockdown in the State of Victoria from 6 August to 28 October, resulting in unplanned store closures. While this negatively impacted sales for the half, the subsequent easing of Covid-19 restrictions, together with the impact of government support on consumer discretionary spend, our successful Black Friday and Cyber Monday campaigns, and further growth in our online sales, contributed to an improved sales performance in the last six weeks of the reporting period.

DAVID JONES ('DJ')

DJ sales over the 26-week period declined by 8.8% and by 10.5% in comparable stores. Excluding Victorian stores, which traded significantly down on the prior period due to the extended lockdown, the balance of the DJ business, including online, grew by 5.9%. Online sales increased by 55.5%, contributing 17.7% to total sales over the half.

Gross profit margin was 0.3% lower than the prior period, at 34.8%, due to higher online fulfilment costs and a higher mix of lower-margin sales, which offset reduced markdowns and promotions. Expenses were 14.9% lower than the prior period, benefitting from government support and rent relief and the cost-out initiatives implemented to mitigate the impact of the loss of trade. The space reduction, including the exit from Market Street, contributed further to the cost reduction. Adjusted operating profit of A$56.0 million was 33.3% up on the prior period, resulting in an operating margin of 5.2%.

COUNTRY ROAD GROUP ('CRG')

CRG delivered strong sales growth of 6.7% in the last six weeks of the current period, underpinned by new product ranges, particularly in the Country Road business. Sales over the half declined by 5.2% and by 2.4% in comparable stores, negatively impacted by the lockdown in Victoria and in CBD and airport stores. Excluding the Victorian stores, the balance of the CRG business, including online, grew by 8.2%. Online sales increased by 52.5%, and contributed 31.6% to total sales for the period.

Gross profit margin declined by 2.3% to 60.0% due to the impact of weaker exchange rates and additional online fulfilment costs, which were partially offset by the gains from higher full-priced sales. Expenses for the period reduced by 21.5%, mainly from store closures and a reduction in discretionary spend, as well as the benefits from government support and rent relief. Adjusted operating profit increased by 44.6% to A$94.0 million, resulting in an operating margin of 18.4%.

OUTLOOK

The trading environment is challenging and uncertain and is expected to remain so throughout the second half of the year. The economic outlook for South Africa is bleak, with the consumer under significant strain, and the possibility of further waves of infection and delays in the rollout of vaccines likely to further exacerbate the pressure on discretionary spend.

In Australia, economic fundamentals are stronger and more supportive of an earlier recovery in economic activity, but we are mindful that government initiatives, which have buoyed consumer spend, are coming to an end. As previously advised, we expect to conclude the sale of the Elizabeth Street property in the second half of the financial year, the proceeds of which will be used to settle debt and further strengthen our balance sheet.

Whilst we are pleased with some of the progress that we have made to date, we remain steadfastly focused on the other elements of our strategic priorities, including the repositioning of FBH, maintaining our leadership position in Food, our real estate optimisation efforts in David Jones and driving growth through digital, online and data.

The Board remains of the view that, while we have made significant progress on our capital plan, it is in the best interests of the Company for distributions to WHL shareholders to remain suspended, given the ongoing impact and uncertainty of Covid-19. The Company has therefore not declared an interim dividend in respect of this reporting period.

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.

APPOINTMENT OF DEBT OFFICER

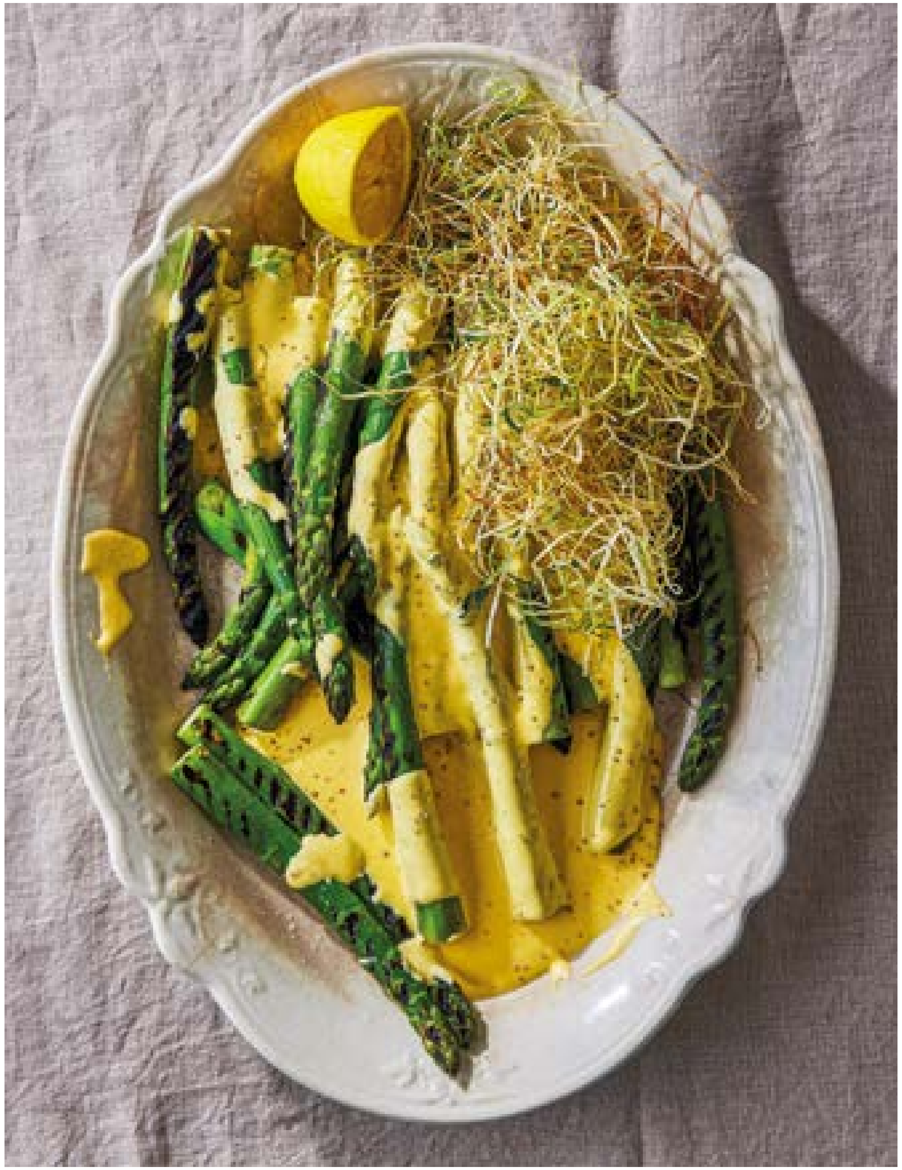
As previously advised on the JSE Stock Exchange News Service, Ian Thompson, in his capacity as the Group Head of Treasury and Tax of WHL, was appointed as the Debt Officer of WHL with effect from 1 November 2020.

H Brody
Chairman

R Bagattini
Group Chief Executive Officer

Cape Town,
24 February 2021

UNAUDITED INTERIM GROUP RESULTS



INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME

52 weeks to 28 Jun 2020 Rm		Notes	26 weeks to 27 Dec 2020 Rm	Restated* 26 weeks to 29 Dec 2019 Rm	% change
74 058	**Revenue**		40 627	38 442	5.7
72 208	**Turnover**		39 601	37 445	5.8
46 859	Cost of sales		25 049	23 311	7.5
25 349	**Gross profit**		14 552	14 134	3.0
1 788	Other revenue		996	974	2.3
22 411	Expenses		11 728	11 829	(0.9)
16 355	Store costs		8 696	8 569	1.5
6 056	Other operating costs		3 032	3 260	(7.0)
4 726	**Operating profit**		3 820	3 279	16.5
–	Profit on sale of property in Australia	5	274	–	–
–	Lease exit and modification gains	10	667	–	–
799	Impairment of assets		11	–	–
62	Investment income		30	23	30.4
2 688	Finance costs		1 292	1 309	(1.3)
1 301	**Profit before earnings from joint ventures**		3 488	1 993	75.0
101	Earnings from joint ventures		89	159	(44.0)
1 402	**Profit before tax**		3 577	2 152	66.2
843	Tax expense		813	579	40.4
559	**Profit for the period**		2 764	1 573	75.7
	Other comprehensive income:				
	Amounts that may be reclassified to profit or loss				
21	Fair value adjustments on financial instruments, after tax		(607)	(184)	
1 416	Exchange differences on translation of foreign subsidiaries		(717)	(232)	
	Amounts that may not be reclassified to profit or loss				
22	Post-retirement medical benefit liability: actuarial gain, after tax		–	–	
1 459	**Other comprehensive income for the period**		(1 324)	(416)	
2 018	**Total comprehensive income for the period**		1 440	1 157	
559	**Profit attributable to:**		2 764	1 573	
557	Shareholders of the parent		2 762	1 571	
2	Non-controlling interests		2	2	
2 018	**Total comprehensive income attributable to:**		1 440	1 157	
2 012	Shareholders of the parent		1 438	1 155	
6	Non-controlling interests		2	2	
58.2	Earnings per share (cents)	2	288.8	164.1	76.0
57.6	Diluted earnings per share (cents)	2	284.3	162.4	75.1
956.0	Number of shares in issue (millions)		956.9	957.6	(0.1)
956.9	Weighted average number of shares in issue (millions)		956.4	957.3	(0.1)

ADDITIONAL EARNINGS MEASURES

52 weeks to 28 Jun 2020 Rm		Notes	26 weeks to 27 Dec 2020	26 weeks to 29 Dec 2019	% change
119.8	Headline earnings per share (cents)	3	261.1	164.9	58.3
118.4	Diluted headline earnings per share (cents)	3	257.0	163.2	57.5
170.3	Adjusted headline earnings per share (cents)	4	196.8	163.9	20.1
168.4	Adjusted diluted headline earnings per share (cents)	4	193.7	162.2	19.4

* Turnover and concession sales and Concession sales previously disclosed on the Statement of comprehensive income have now been included in note 8.1. 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.

INTERIM GROUP STATEMENT OF FINANCIAL POSITION

At 28 Jun 2020 Rm		Notes	At 27 Dec 2020 Rm	At 29 Dec 2019 Rm
	ASSETS			
47 920	**Non-current assets**		38 975	44 207
15 134	Property, plant and equipment	5	9 881	13 688
8 228	Intangible assets	5	7 745	7 373
20 519	Right-of-use assets	10	17 320	19 321
742	Investment in joint ventures		831	890
84	Other loans		57	73
1	Derivative financial instruments	9	56	19
3 212	Deferred tax		3 085	2 843
16 034	**Current assets**		19 159	13 533
8 054	Inventories		8 724	9 006
2 160	Trade and other receivables		1 925	1 638
282	Derivative financial instruments	9	82	79
4	Tax		56	596
5 534	Cash and cash equivalents		8 372	2 214
1 112	**Non-current assets held for sale**	5	4 128	922
65 066	**TOTAL ASSETS**		62 262	58 662
	EQUITY AND LIABILITIES			
6 510	**TOTAL EQUITY**		8 000	6 569
6 489	Equity attributable to shareholders of the parent		7 977	6 552
21	Non-controlling interests		23	17
42 746	**Non-current liabilities**		36 827	37 145
16 023	Interest-bearing borrowings		13 918	12 240
25 929	Lease liabilities	10	22 006	24 136
354	Post-retirement medical benefit liability		362	378
381	Provisions		415	313
59	Derivative financial instruments	9	125	78
–	Deferred tax		1	–
15 810	**Current liabilities**		17 435	14 948
10 762	Trade and other payables		11 473	9 541
848	Provisions		1 173	883
2 670	Lease liabilities	10	2 329	2 054
282	Derivative financial instruments	9	852	230
151	Tax		425	483
1 097	Overdrafts and interest-bearing borrowings		1 183	1 757
58 556	**TOTAL LIABILITIES**		54 262	52 093
65 066	**TOTAL EQUITY AND LIABILITIES**		62 262	58 662
679	**Net asset book value per share (cents)**		834	684

INTERIM GROUP STATEMENT OF CASH FLOWS

52 weeks to 28 Jun 2020 Rm		Notes	26 weeks to 27 Dec 2020 Rm	Restated* 26 weeks to 29 Dec 2019 Rm
	Cash flow from operating activities			
9 437	Cash inflow from trading		6 539	5 867
1 704	Working capital movements		1 052	554
11 141	**Cash generated by operating activities**		7 591	6 421
62	Investment income received		34	23
(2 569)	Finance costs paid		(1 307)	(1 309)
(685)	Tax paid		(632)	(754)
7 949	**Cash generated by operations**		5 686	4 381
170	Dividends received from joint ventures		–	80
(1 808)	Dividends paid to ordinary shareholders		–	(950)
6 311	**Net cash inflow from operating activities**		5 686	3 511
	Cash flow from investing activities			
(2 075)	Investment in property, plant and equipment and intangible assets to maintain operations		(622)	(1 319)
(355)	Investment in property, plant and equipment and intangible assets to expand operations		(142)	(299)
23	Proceeds on disposal of property, plant and equipment and intangible assets		1 498	–
(23)	Other loans repaid/(advanced)		27	4
(2 430)	**Net cash inflow/(outflow) from investing activities**		761	(1 614)
	Cash flow from financing activities			
(36)	Settlement of share-based payments through share purchase	6	(35)	25
(2 263)	Lease liabilities repaid		(1 590)	(1 241)
2 598	Borrowings raised		500	–
(300)	Borrowings repaid		(2 044)	(251)
(1)	**Net cash outflow from financing activities**		(3 169)	(1 467)
3 880	**Increase in cash and cash equivalents**		3 278	430
1 042	**Net cash and cash equivalents at the beginning of the period**		5 437	1 042
515	**Effect of foreign exchange rate changes**		(419)	(15)
5 437	**Net cash and cash equivalents at the end of the period**		8 296	1 457

* Comparative information has been restated to decrease Borrowings raised and Borrowings repaid by R3.5 billion, as the refinancing of debt did not result in any additional cash flows. The restatement has had no impact on the Interim Group Statement of Comprehensive Income, Interim Group Statement of Financial Position, Interim Group Statement of Changes in Equity, nor on Earnings per share and Headline earnings per share.

INTERIM GROUP STATEMENT OF CHANGES IN EQUITY

Total 52 weeks to 28 Jun 2020 Rm		Share-holders of the parent Rm	Non-controlling interests Rm	Total 26 weeks to 27 Dec 2020 Rm	Share-holders of the parent Rm	Non-controlling interests Rm	Total 26 weeks to 29 Dec 2019 Rm
6 233	**Shareholders' interest at the beginning of the period**	6 489	21	6 510	6 218	15	6 233
	Movements for the period:						
559	Profit for the period	2 762	2	2 764	1 571	2	1 573
1 459	Other comprehensive income	(1 324)	–	(1 324)	(416)	–	(416)
2 018	Total comprehensive income for the period	1 438	2	1 440	1 155	2	1 157
92	Share-based payments	85	–	85	104	–	104
(25)	Net (acquisition)/disposal of Treasury shares	(35)	–	(35)	25	–	25
(1 808)	Dividends to ordinary shareholders	–	–	–	(950)	–	(950)
6 510	**Shareholders' interest at the end of the period**	7 977	23	8 000	6 552	17	6 569
89.0	Dividend per ordinary share (cents)			–			89.0
1.34	Dividend cover (based on headline earnings)			–			1.85

INTERIM SEGMENTAL ANALYSIS

52 weeks to 28 Jun 2020 Rm		Notes	26 weeks to 27 Dec 2020 Rm	26 weeks to 29 Dec 2019 Rm	% change
	REVENUE				
72 208	**Turnover**		39 601	37 445	5.8
12 421	Woolworths Fashion, Beauty and Home		6 425	7 236	(11.2)
35 141	Woolworths Food		18 661	16 648	12.1
517	Woolworths Logistics		280	253	10.7
14 474	David Jones		8 257	7 844	5.3
9 655	Country Road Group		5 978	5 464	9.4
1 850	**Other revenue and investment income**		1 026	997	2.9
17	Woolworths Fashion, Beauty and Home		6	7	(14.3)
117	Woolworths Food		36	69	(47.8)
2 092	David Jones		1 219	1 145	6.5
68	Country Road Group		25	25	–
49	Treasury		24	17	41.2
(493)	Intragroup	13	(284)	(266)	6.8
74 058	**Total Group**		40 627	38 442	5.7
	GROSS PROFIT				
5 468	Woolworths Fashion, Beauty and Home		2 948	3 372	(12.6)
8 744	Woolworths Food		4 619	4 101	12.6
5 239	David Jones		3 267	3 130	4.4
5 621	Country Road Group		3 582	3 400	5.4
277	Intragroup	13	136	131	3.8
25 349	**Total Group**		14 552	14 134	3.0
	PROFIT BEFORE TAX				
948	Woolworths Fashion, Beauty and Home		582	969	(39.9)
2 896	Woolworths Food		1 531	1 243	23.2
101	Woolworths Financial Services		89	159	(44.0)
151	David Jones		556	390	42.6
621	Country Road Group		1 085	659	64.6
(2 549)	Treasury		(1 180)	(1 282)	(8.0)
2 168	**Total Group – adjusted**		2 663	2 138	24.6
(766)	**Adjustments**		914	14	
–	Profit on sale of property in Australia		274	–	
16	Lease exit and modification gains		667	25	
(799)	Impairment of assets		(11)	–	
13	Restructure and store exit costs		4	(3)	
4	Unrealised foreign exchange (losses)/gains		(20)	(8)	
1 402	**Total Group – unadjusted**		3 577	2 152	66.2
887	Woolworths Fashion, Beauty and Home		567	973	(41.7)
2 905	Woolworths Food		1 528	1 256	21.7
101	Woolworths Financial Services		89	159	(44.0)
(499)	David Jones		1 499	387	>100
561	Country Road Group		1 074	659	63.0
(2 553)	Treasury		(1 180)	(1 282)	(8.0)

52 weeks to 28 Jun 2020 Rm		26 weeks to 27 Dec 2020 Rm	26 weeks to 29 Dec 2019 Rm
65 066	**TOTAL ASSETS**	62 262	58 662
19 248	Woolworths*	20 956	20 656
30 962	David Jones	27 109	25 616
13 906	Country Road Group	13 149	11 427
732	Woolworths Financial Services	821	881
218	Treasury	227	82
8 054	**INVENTORIES**	8 724	9 006
3 959	Woolworths*	4 532	4 434
2 668	David Jones	2 897	3 264
1 427	Country Road Group	1 295	1 308
58 556	**TOTAL LIABILITIES**	54 262	52 093
12 809	Woolworths*	13 595	11 480
20 547	David Jones	17 867	18 688
7 890	Country Road Group	7 121	7 631
17 310	Treasury	15 679	14 294
1 666	**APPROVED CAPITAL COMMITMENTS**	1 077	1 490
1 066	Woolworths*	621	791
409	David Jones	334	534
191	Country Road Group	122	165
11 141	**CASH GENERATED BY OPERATING ACTIVITIES**	7 591	6 421
6 442	Woolworths*	3 227	3 313
2 559	David Jones	2 201	1 894
2 140	Country Road Group	2 163	1 214

* Includes Woolworths Fashion, Beauty and Home, Woolworths Food and Woolworths Logistics.

NOTES

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act of South Africa applicable to interim financial statements. The Listings Requirements require interim reports to be prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the preparation of the Group Annual Financial Statements for the 52-week period to 28 June 2020 and with the prior period, except for the new standards adopted, as detailed in note 7. The condensed consolidated interim 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 condensed consolidated interim 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

52 weeks to 28 Jun 2020 Rm		26 weeks to 27 Dec 2020 Rm	26 weeks to 29 Dec 2019 Rm	% change
	Reconciliation of headline earnings			
557	Basic earnings attributable to shareholders of the parent	2 762	1 571	75.8
–	Profit on sale of property in Australia	(274)	-	
35	Net loss on disposal of property, plant and equipment and intangible assets	2	5	
799	Impairment of property, plant and equipment, intangible assets and right-of-use assets	11	6	
(10)	Reversal of impairment of property, plant and equipment, intangible assets and right-of-use assets	-	-	
(235)	Tax impact of adjustments	(4)	(3)	
1 146	**Headline earnings**	2 497	1 579	58.1

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

52 weeks to 28 Jun 2020 Rm		26 weeks to 27 Dec 2020 Rm	26 weeks to 29 Dec 2019 Rm	% change
	ADJUSTED HEADLINE EARNINGS			
1 146	Headline earnings	2 497	1 579	58.1
484	Adjustments	(615)	(10)	
(16)	Lease exit and modification gains	(667)	(25)	
(13)	Restructure and store exit costs	(4)	3	
(4)	Unrealised foreign exchange losses/(gains)	20	8	
506	(Tax losses utilised)/deferred tax on assessed losses not recognised	(174)	–	
11	Tax impact of adjustments	210	4	
1 630	Adjusted headline earnings	1 882	1 569	19.9

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 R399 million (2019: R1 317 million) and intangible assets at a fair value of R212 million (2019: R372 million).

A fixed property, amounting to R1 112 million (A$94.0 million), previously disclosed under non-current assets held for sale, was sold during the period for R1 498 million (A$121.0 million).

On 21 December 2020, WHL announced the sale of the David Jones Elizabeth Street Property, in the Sydney CBD, to Charter Hall. The property, with a carrying value of R4 128 million (A$372.5 million) at period-end and previously disclosed under property, plant and equipment, has been reclassified to non-currents asset held for sale, with depreciation ceasing at date of reclassification. At period end, the property is recognised at the lower of its carrying amount and fair value, less costs to sell. The directors consider the conclusion of the sale to be highly probable. The sale is subject to certain conditions precedent that need to be fulfilled. The property will be disposed for an amount of A$510 million, with a portion of the proceeds utilised to settle debt. David Jones will also enter into a lease agreement with Charter Hall, granting David Jones, as lease tenant, a leasehold interest in the property at market-related terms. The lease is for an initial term of 20 years, together with five options to renew the lease, each for a further term of 10 years.

6. ISSUE AND PURCHASE OF SHARES

1 973 131 (2019: nil) ordinary shares totalling R69 million (2019: nil) 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. 987 950 (2019: 366 118) ordinary shares totalling R34 million (2019: R25 million) were sold to the market in terms of the Group's Restricted Share Plan. 711 801 (2019: 97 094) ordinary shares totalling R44 million (2019: R8 million) previously purchased were allocated to employees in terms of the Group's Restricted Share Plan.

1 173 278 (2019: 67 544) ordinary shares totalling R41 million (2019: R4 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 period, 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.

NOTES (CONTINUED)

7. ACCOUNTING POLICIES (CONTINUED)

STANDARDS ISSUED AND EFFECTIVE

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information, in particular:

- the Group addresses materiality in the context of the financial statements as a whole; and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide the Group with certain reliefs in relation to interest rate benchmark reforms and the hedge accounting treatment thereof, and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

Amendments to IFRS 3: Definition of a Business

The amended definition of a business requires an acquisition by the Group to include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

Revised Conceptual Framework for Financial Reporting

The revised Conceptual Framework will be used in standard-setting decisions with immediate effect. Key changes include increasing the prominence of stewardship in the objective of financial reporting; reinstating prudence as a component of neutrality; defining a reporting entity, which may be a legal entity, or a portion of an entity; revising the definitions of an asset and a liability; removing the probability threshold for recognition and adding guidance on derecognition; adding guidance on different measurement basis, and stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

Covid-19 Related Rent Concessions: Amendments to IFRS 16

As a result of the Covid-19 pandemic, rent concessions have been granted to the Group. Such concessions may take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases, which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. Accordingly, in certain instances, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. The Group has applied this practical expedient to all qualifying rent concessions.

8. PRO FORMA FINANCIAL INFORMATION

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

- In note 8.1: for the 26 weeks to 27 December 2020, Turnover and concession sales have been reported against the prior period reported 26 weeks to 29 December 2019. These are important for understanding underlying business performance and are described as "Non-IFRS financial information".
- In note 8.2: for the 26 weeks to 27 December 2020, adjustments, as detailed in supplementary notes 2 and 4, have been made (respectively, the 'Non-IFRS financial information').
- In note 8.3: for the 26 weeks to 27 December 2020, Turnover and concession sales, as well as Segmental contribution before interest and tax 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 Limited Listings Requirements which requires that pro forma financial information be compiled in terms of the JSE Limited Listings 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 Unaudited Interim Group Results for the 26 weeks ended 27 December 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

	26 weeks to 27 Dec 2020 (1) Rm	26 weeks to 29 Dec 2019 (1) Rm	% change
Turnover	39 601	37 445	5.8
Concession sales	3 446	3 437	0.3
Turnover and concession sales	43 047	40 882	5.3

Notes:

1. The '26 weeks to 27 Dec 2020' and '26 weeks to 29 Dec 2019' turnover financial information has been extracted, without adjustment, from the Group Statement of comprehensive income for the 26 weeks to 27 Dec 2020 and Restated 26 weeks to 29 Dec 2019, as presented in the Unaudited Interim Group Results for the 26 weeks ended 27 December 2020. The Concession sales information has been extracted from the Group's accounting records.

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.

NOTES (CONTINUED)

8. PRO FORMA FINANCIAL INFORMATION (CONTINUED)

8.2 EXCLUDING ADJUSTMENTS IN BOTH PERIODS

	26 weeks to 27 Dec 2020 (1) Rm	Adjust -ments (2) Rm	Pro forma 26 weeks to 27 Dec 2020 (3) Rm	26 weeks to 29 Dec 2019 (1) Rm	Adjust -ments (4) Rm	Pro forma 26 weeks to 29 Dec 2019 (5) %
Segmental contribution before interest and tax	4 840	(914)	3 926	3 443	(14)	3 429
Profit before tax	3 577	(914)	2 663	2 152	(14)	2 138

Notes:

1. The '26 weeks to 27 Dec 2020' and '26 weeks to 29 Dec 2019' financial information has been extracted, without adjustment, from the Interim Group Statement of comprehensive income for the 26 weeks to 27 Dec 2020, as presented in the Unaudited Interim Group Results for the 26 weeks ended 27 December 2020. Segmental contribution before interest and tax comprises Operating profit, Profit on sale of property in Australia, Lease exit and modification gains, Impairment of assets and Earnings from joint ventures, and excludes Group entities costs of R1 million (2019: R5 million).
2. Adjustments comprise profit on sale of property in Australia (R274 million), lease exit and modification gains (R667 million), impairment of assets (R11 million), restructure and store exit costs reversed (R4 million) and unrealised foreign exchange losses (R20 million).
3. The 'Pro forma 26 weeks to 27 Dec 2020' column reflects the pro forma financial information after adjusting for the items included in column 2, which results in an adjusted operating profit and adjusted profit before tax.
4. Adjustments comprise restructure and store exit costs (R3 million), lease exit and modification gains (R25 million) and unrealised foreign exchange losses (R8 million).
5. The 'Pro forma 26 weeks to 29 Dec 2019' column reflects the pro forma financial information after adjusting for the items included in column 4, which results in an adjusted operating profit and adjusted profit before tax.

8.3 CONSTANT CURRENCY INFORMATION

GROUP STATEMENT OF COMPREHENSIVE INCOME ITEMS

	26 weeks to 27 Dec 2020 Rm	26 weeks to 29 Dec 2019 (3) Rm	% change
Turnover and concession sales[1]	40 682	40 882	(0.5)
Pro forma segmental contribution before interest and tax[2]	3 707	3 429	8.1

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 period, as extracted from the Unaudited Interim Group Results for the 26 weeks ended 27 December 2020, have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior period. The aggregated monthly average Australian dollar exchange rate is R11.65/A$ for the current period and R10.05/A$ for the prior period.
2. Pro forma 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 pro forma segmental contribution before interest and tax growth rate, pro forma segmental contribution before interest and tax denominated in Australian dollars for the current period have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior period. The aggregated monthly average Australian dollar exchange rate is R11.52/A$ for the current period and R10.05/A$ for the prior period.
3. The '26 weeks to 29 Dec 2019' financial information has been extracted, without adjustment, from the Unaudited Interim Group Results for the 26 weeks ended 29 December 2019 and Cash Dividend Declaration and is provided to facilitate comparison against the current reporting period.

The pro forma financial information has not been reviewed or reported on by the Group's external auditors.

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. LEASE EXIT AND MODIFICATIONS

During the period, the Group renegotiated various leases with landlords, particularly within the David Jones segment. As a result, right-of-use assets and lease liabilities were modified by approximately R1.4 billion and R2.1 billion respectively, with lease exit and modifications gains of R667 million (pre-tax) recognised in the current period.

11. 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.

12. BORROWING FACILITIES

Unutilised banking and debt facilities amount to R6 965 million (2019: R9 174 million) as follows:

	2020 Rm	2019 Rm
Committed	6 454	8 674
Uncommitted	511	500
Total	6 965	9 174

Notes to the value of R3.6 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 in December 2019. 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.

13. 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.

14. EVENTS SUBSEQUENT TO THE REPORTING DATE

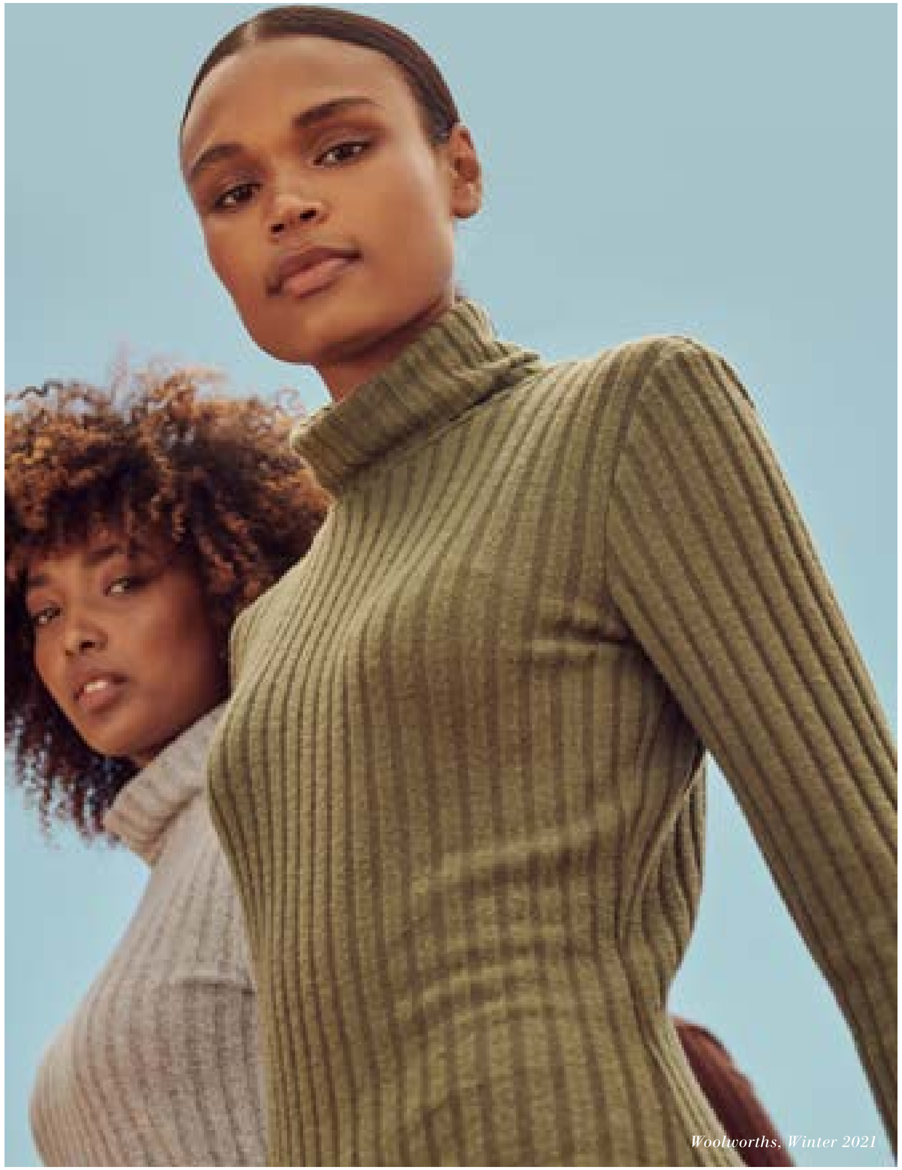
No event material to the understanding of the condensed consolidated interim financial statements has occurred between the end of the financial period and the date of approval.

15. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the Board of Directors on 24 February 2021.

16. AUDIT OPINION

The condensed consolidated interim financial statements have not been reviewed or audited.



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

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