

WOOLWORTHS HOLDINGS LIMITED

INTERIM RESULTS

Summary of the Unaudited Interim Group Results for the
26 Weeks ended 26 December 2021
& Cash Dividend Declaration

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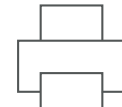
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FINANCIAL OVERVIEW

<i>Turnover</i>	-1.0% <i>to R39.2bn</i>
<i>Turnover and concession sales</i>	-2.1% <i>to R42.1bn</i>
<i>Profit before tax</i>	-36.9% <i>to R2.3bn</i>
<i>Adjusted profit before tax</i>	-16.9% <i>to R2.2bn</i>
<i>Earnings per share</i>	-41.9% <i>to 167.9cps</i>
<i>Headline earnings per share</i>	-35.6% <i>to 168.2cps</i>
<i>Adjusted diluted headline earnings per share</i>	-16.3% <i>to 162.2cps</i>
<i>Net cash (excluding lease liabilities) of</i>	R0.3bn <i>(2020: net borrowings of R6.8bn)</i>
<i>Interim dividend of</i>	80.5cps <i>(2020: Nil)</i>



COMMENTARY ON PERFORMANCE

Group turnover and concession sales for the 26 weeks ended 26 December 2021 ('current period' or 'period') decreased by 2.1%, compared to the 26 weeks ended 27 December 2020 ('prior period') and by 0.3% in constant currency terms. Online sales grew by 22.4%, contributing 13.7% to the Group's total turnover and concession sales for the period. Overall trading momentum improved in the last six weeks of the period, with sales growing by 3.0%, and by 3.5% in constant currency terms, supported by more targeted Black Friday promotions, positive festive season trade, and the lifting of lockdown restrictions in Australia.

The results for the current period are not directly comparable to that of the prior period, given the impact of lost sales arising from the prolonged lockdowns in Australia and, to a lesser degree, disruptions in South Africa, coupled with the absence of JobKeeper allowances in Australia and rent relief, which supported the prior period base. The results of the prior period also included the profit on the sale of the Bourke Street Men's property, as well as lease exit and modification gains. Earnings per share ('EPS') was 167.9cps compared to 288.8cps for the prior period, while headline EPS ('HEPS') and adjusted diluted HEPS decreased by 35.6% and 16.3% over the prior period to 168.2cps and 162.2cps, respectively.

The Group ended the period with a strong balance sheet and a net cash position of R258 million. Having successfully progressed our capital restructuring in Australia, and as a result of our ongoing cash generation initiatives, David Jones ended the period with a net cash position of A\$347 million. Given the level of excess cash in this business, the Board of David Jones therefore declared a special dividend to WHL of A\$90 million (approximately R1 billion) after period end, which will, in the interim, be utilised to reduce debt in South Africa.

SOUTH AFRICA

In South Africa, trading conditions earlier in the reporting period were impacted by the ongoing effects of Covid-19, the civil unrest in July, power outages and international supply chain disruptions and supplier delays. International travel restrictions during the key festive season affected inbound tourism and consumption to some degree.

WOOLWORTHS FASHION, BEAUTY AND HOME ('FBH')

The FBH business grew turnover and concession sales by 4.2% and by 4.7% in comparable stores, with price movement of 5.4%. Growth on the prior period was impacted by the reduced footprint, rationalising brands and SKUs and the timing of summer clearance. The slower trading momentum in the last six weeks of the period was due, in part, to underperformance in selected Womenswear categories. Online sales grew by 19.2%, contributing 4.4% of South African sales, while the ongoing execution of space reduction initiatives reduced the footprint by 6.1%, resulting in improved trading densities.

With a deliberate focus on driving full-price sales, coupled with increased promotional effectiveness, gross profit margin increased by 40bps to 46.3%, notwithstanding inflationary supply chain pressures. Expenses reduced by 0.9%, as we improved operating efficiencies through space reduction and other initiatives. Adjusted operating profit increased by 34.0% to R780 million, resulting in an operating margin of 11.6% for the period.

WOOLWORTHS FOOD

The Woolworths Food business grew turnover and concession sales by 3.8% for the half, and by 5.8% in the last six weeks of the period. Sales in comparable stores grew by 2.8%, with price movement of 2.6% and underlying product inflation of 3.7%. Sales growth should be considered in the context of the high Covid-19 base, which benefitted from increased home consumption. Relative to the comparative 2019 period, sales have grown by a cumulative 15.2%. Online sales increased by 55.8%, contributing 3.1% of South African sales, while space grew by 2.2% relative to the prior period.

Gross profit margin of 24.1% was 70bps lower than the prior period, as a result of the high volumes and low waste in the base, continued price investment and the higher online sales contribution. Expenses grew by 6.3%, due to the ongoing investment in online and digital capabilities and higher energy costs. Adjusted operating profit declined by 8.0% to R1 409 million, returning an operating margin of 7.2% for the period.

WOOLWORTHS FINANCIAL SERVICES ('WFS')

The WFS net book grew by 5.3% year-on-year to the end of December 2021, compared to a 7.8% contraction at 31 December 2020, reflecting the recovery in consumer spend. The annualised impairment rate for the six months ended 31 December 2021 improved to 4.0%, compared to 4.1% in the prior period.

AUSTRALIA AND NEW ZEALAND

Trade was significantly impacted by government-imposed Covid restrictions across the region, where we were unable to trade in stores representing 70% of our brick-and-mortar sales for over three months during the period. The easing of restrictions and reopening of stores, coupled with pent-up consumer demand, delivered positive sales growth in the last six weeks of the period, notwithstanding the shift of Boxing Day sales into the second half of this financial year versus the first half of the prior period.

DAVID JONES ('DJ')

DJ turnover and concession sales declined by 9.2% and by 9.0% in comparable stores for the half but grew by 3.2% in the last six weeks of the period (7.7% adjusting for the shift in Boxing Day sales). In line with our space optimisation strategy, trading space reduced by a further 5.8% relative to the prior period. Online sales increased by 44.2% and contributed 28.1% to total sales during the period.

Gross profit margin increased by 20bps to 35.0%, as a result of reduced markdowns, an improved inventory position, and the timing of the Boxing Day sale. Expenses declined by 1.8% on the prior period, as a result of store closures, space reduction and cost-out initiatives, notwithstanding Covid-related government support and rent concessions in the prior period base. Adjusted operating profit of A\$31.0 million was 44.6% down on the prior period, returning an operating margin of 3.2%.

COUNTRY ROAD GROUP ('CRG')

CRG sales declined by 3.1% and by 3.2% in comparable stores for the half but grew by 1.7% in the last six weeks of the period. Online sales increased by 3.6% and contributed 33.8% to total sales, while trading space reduced by 7.4% relative to the prior period.

Gross profit margin of 59.5% was 50bps lower than the prior period, mainly due to increased freight and online fulfilment costs. Expenses for the current period increased by 15.8%, as a result of the Covid-related government support and rent relief benefits in the prior year base. Adjusted operating profit declined by 48.9% to A\$48.0 million for the current period, resulting in an operating margin of 9.7%.

OUTLOOK

The South African economy is showing encouraging signs of a post-pandemic recovery. Notwithstanding this, high unemployment, coupled with rising inflation and rising interest rates, are likely to remain a headwind to the outlook for consumer spend.

In Australia, trading conditions are expected to improve post the Omicron peak at the beginning of the second half, as restrictions ease and consumer confidence recovers. Footfall in stores is also expected to improve, albeit that it is likely to remain below pre-Covid levels, particularly in CBD areas. Whilst the prospect of rising interest rates will have some impact, the underlying fundamentals of the economy are sound with record low unemployment, rising wages and a robust housing market.

Global supply chain disruptions and high freight costs continue to pose a risk to both the cost and supply of product.

We remain steadfast and focused on the execution of our strategies and deliberate in our drive for sustainable growth and sound capital management across the Group. We have a strong balance sheet, which provides a solid foundation for future investment for profitable growth.

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

H Brody
Chairman
Cape Town
1 March 2022

R Bagattini
Group Chief Executive Officer

DIVIDEND DECLARATION

The Board of Directors of WHL ('Board') has taken a decision to declare an interim gross cash dividend per ordinary share ('dividend') based on a pay-out ratio of 60% of headline earnings of the combined Woolworths South Africa business segments (FBH, Food and WFSI).

Notice is hereby given that the Board has declared an interim dividend of 80.5 cents (64.4 cents net of dividend withholding tax) for the 26 weeks ended 26 December 2021. The Company did not declare an interim dividend in the prior period. The dividend has been declared from reserves and therefore does not constitute a distribution of 'contributed tax capital' as defined in the Income Tax Act, 58 of 1962. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 1 051 890 006 ordinary shares. The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 22 March 2022
Shares commence trading 'ex' dividend	Wednesday, 23 March 2022
Record date	Friday, 25 March 2022
Payment date	Monday, 28 March 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 23 March 2022 and Friday, 25 March 2022, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 28 March 2022. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details after which the cash dividend will be paid via electronic transfer into the personal bank account of the certificated shareholder.

CA Reddiar

Group Company Secretary
Cape Town
1 March 2022

CHANGES TO THE BOARD OF DIRECTORS AND BOARD COMMITTEES

Shareholders and bondholders are hereby advised, further to the Company's previous announcement on 30 September 2021 on the JSE Stock Exchange News Service ('SENS') in this regard, that Ms Zarina Bassa will step down from the WHL Board; as lead independent director of WHL; and as a member of the WHL Remuneration and Talent Management, Nominations, Risk and Compliance, Audit, and Treasury Committees, with effect from 31 March 2022.

Ms Bassa has served WHL with distinction since her appointment in November 2011 and has resigned given the Board's tenure guidelines, which provides that tenures beyond nine years are only extended in exceptional circumstances.

The Board thanks Zarina for her commitment and extensive contributions to WHL over the years and wishes her well in her future endeavours.

The following changes to the Board were advised on the SENS, during the period under review:

- Ms Zyda Rylands stepped down as the Chief Executive Officer of Woolworths South Africa (WSA) and as an Executive director of WHL, with effect from 30 September 2021. She has been appointed as Chief Executive Officer of the Food business within Woolworths South Africa.
- Mr Sam Ngumeni, an Executive director, was appointed as a member of the WHL Social and Ethics and Sustainability Committees, with effect from 1 October 2021.
- Mr David Kneale, an independent Non-executive director, stepped into the position of Chairman of the WHL Remuneration and Talent Management Committee with effect from 25 November 2021 and of the WHL Risk and Compliance Committee, with effect from 1 March 2022.
- Ms Phumzile Langeni has been appointed as an independent Non-executive director, with effect from 1 April 2022. She will also serve on the Risk and Compliance and Audit Committees of the Group.



Witchery, Autumn 2022

**SUMMARY OF THE
UNAUDITED INTERIM GROUP RESULTS**



CONDENSED CONSOLIDATED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 26 weeks to 26 Dec 2021 Rm	Unaudited 26 weeks to 27 Dec 2020 Rm	% change	Audited 52 weeks to 27 Jun 2021 Rm
Revenue		40 138	40 627	(1.2)	80 942
Turnover		39 204	39 601	(1.0)	78 763
Cost of sales		25 080	25 049	0.1	49 816
Gross profit		14 124	14 552	(2.9)	28 947
Other revenue		912	996	(8.4)	2 096
Expenses		11 939	11 728	1.8	24 311
Store costs		8 356	8 696	(3.9)	17 512
Other operating costs		3 583	3 032	18.2	6 799
Operating profit		3 097	3 820	(18.9)	6 732
Profit on sale of property in Australia		–	274	(100.0)	492
Lease exit and modification gains	10	67	667	(90.0)	591
Impairment of assets		–	11	(100.0)	364
Investment income		22	30	(26.7)	83
Finance costs		1 014	1 292	(21.5)	2 502
Profit before earnings from joint ventures		2 172	3 488	(37.7)	5 032
Earnings from joint ventures		85	89	(4.5)	118
Profit before tax		2 257	3 577	(36.9)	5 150
Tax expense		647	813	(20.4)	987
Profit for the period		1 610	2 764	(41.8)	4 163
Other comprehensive income					
Amounts that may be reclassified to profit or loss					
Fair value adjustments on financial instruments, after tax		307	(607)		(392)
Exchange differences on translation of foreign subsidiaries		316	(717)		(1 027)
Amounts that may not be reclassified to profit or loss					
Post-retirement medical benefit liability, actuarial gain, after tax		–	–		4
Other comprehensive income for the period		623	(1 324)		(1 415)
Total comprehensive income for the period		2 233	1 440		2 748
Profit attributable to:		1 610	2 764		4 163
Shareholders of the parent		1 609	2 762		4 161
Non-controlling interests		1	2		2
Total comprehensive income attributable to:		2 233	1 440		2 748
Shareholders of the parent		2 232	1 438		2 746
Non-controlling interests		1	2		2
Earnings per share (cents)	2	167.9	288.8	(41.9)	435.1
Diluted earnings per share (cents)	2	165.5	284.3	(41.8)	428.7
Number of shares in issue (millions)		959.6	956.9	0.3	956.7
Weighted average number of shares in issue (millions)		958.5	956.4	0.2	956.3

ADDITIONAL EARNINGS MEASURES

	Notes	Unaudited 26 weeks to 26 Dec 2021	Unaudited 26 weeks to 27 Dec 2020	% change	Audited 52 weeks to 27 Jun 2021
Headline earnings per share (cents)	3	168.2	261.1	(35.6)	374.4
Diluted headline earnings per share (cents)	3	165.8	257.0	(35.5)	368.9
Adjusted headline earnings per share (cents)	4	164.5	196.8	(16.4)	346.6
Adjusted diluted headline earnings per share (cents)	4	162.2	193.7	(16.3)	341.6

CONDENSED CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited at 26 Dec 2021 Rm	Restated* Unaudited at 27 Dec 2020 Rm	Restated* Audited at 27 Jun 2021 Rm
ASSETS				
Non-current assets		42 074	38 680	40 105
Property, plant and equipment	5	9 540	9 881	9 315
Intangible assets	5	7 452	7 334	7 135
Right-of-use assets	10	20 671	17 320	19 116
Investment in joint ventures		915	831	893
Other loans		56	57	100
Derivative financial instruments	9	20	56	13
Deferred tax		3 420	3 201	3 533
Current assets		18 098	19 188	15 483
Inventories		9 473	8 724	8 501
Trade and other receivables		1 911	1 954	1 277
Derivative financial instruments	9	230	82	33
Tax		–	56	48
Cash and cash equivalents		6 484	8 372	5 624
Non-current assets held for sale		–	4 128	–
TOTAL ASSETS		60 172	61 996	55 588
EQUITY AND LIABILITIES				
TOTAL EQUITY		11 069	7 734	9 328
Equity attributable to shareholders of the parent		11 045	7 711	9 305
Non-controlling interests		24	23	23
Non-current liabilities		31 887	36 827	31 305
Interest-bearing borrowings		5 063	13 918	5 963
Lease liabilities	10	26 052	22 006	24 608
Post-retirement medical benefit liability		372	362	363
Provisions		400	415	361
Derivative financial instruments	9	–	125	10
Deferred tax		–	1	–
Current liabilities		17 216	17 435	14 955
Trade and other payables		11 637	11 473	9 625
Provisions		1 434	1 173	1 308
Lease liabilities	10	2 876	2 329	2 586
Derivative financial instruments	9	71	852	369
Tax		85	425	390
Overdrafts and interest-bearing borrowings		1 113	1 183	677
TOTAL LIABILITIES		49 103	54 262	46 260
TOTAL EQUITY AND LIABILITIES		60 172	61 996	55 588
Net asset book value per share (cents)		1 151	806	973

* Refer to note 7 for details of the restatement.

CONDENSED CONSOLIDATED GROUP STATEMENT OF CASH FLOWS

	Notes	Unaudited 26 weeks to 26 Dec 2021 Rm	Unaudited 26 weeks to 27 Dec 2020 Rm	Audited 52 weeks to 27 Jun 2021 Rm
Cash flow from operating activities				
Cash inflow from trading		5 483	6 539	11 393
Working capital movements		397	1 052	256
Cash generated by operating activities		5 880	7 591	11 649
Investment income received		6	34	83
Finance costs paid		(995)	(1 307)	(2 595)
Tax paid		(865)	(632)	(1 108)
Cash generated by operations		4 026	5 686	8 029
Dividends received from joint ventures		62	–	–
Dividends paid to ordinary shareholders		(638)	–	–
Net cash inflow from operating activities		3 450	5 686	8 029
Cash flow from investing activities				
Investment in property, plant and equipment and intangible assets to maintain operations		(656)	(622)	(1 110)
Investment in property, plant and equipment and intangible assets to expand operations		(286)	(142)	(315)
Proceeds on disposal of property, plant and equipment and intangible assets		1	1 498	7 356
Other loans repaid/advanced		7	27	(21)
Net cash (outflow)/inflow from investing activities		(934)	761	5 910
Cash flow from financing activities				
Settlement of share-based payments through share purchase	6	(11)	(35)	(70)
Lease liabilities repaid		(1 435)	(1 590)	(3 048)
Borrowings raised		142	500	500
Borrowings repaid		(537)	(2 044)	(10 898)
Net cash outflow from financing activities		(1 841)	(3 169)	(13 516)
Increase in cash and cash equivalents		675	3 278	423
Net cash and cash equivalents at the beginning of the period		5 484	5 437	5 437
Effect of foreign exchange rate changes		259	(419)	(376)
Net cash and cash equivalents at the end of the period		6 418	8 296	5 484

CONDENSED CONSOLIDATED GROUP STATEMENT OF CHANGES IN EQUITY

	Share- holders of the parent Rm	Non- controlling interests Rm	Unaudited total 26 weeks to 26 Dec 2021	Share- holders of the parent Rm	Non- controlling interests Rm	Unaudited total 26 weeks to 27 Dec 2020	Audited total 52 weeks to 27 Jun 2021
Shareholders' interest at the beginning of the period	9 305	23	9 328	6 489	21	6 510	6 510
Cloud computing costs policy change (refer to note 7)	–	–	–	(266)	–	(266)	(266)
Shareholders' interest at the beginning of the period (restated)	9 305	23	9 328	6 223	21	6 244	6 244
Movements for the period:							
Profit for the period	1 609	1	1 610	2 762	2	2 764	4 163
Other comprehensive income	623	–	623	(1 324)	–	(1 324)	(1 415)
Total comprehensive income for the period	2 232	1	2 233	1 438	2	1 440	2 748
Share-based payments	157	–	157	85	–	85	250
Net acquisition of Treasury shares	(11)	–	(11)	(35)	–	(35)	(70)
Transfer of Financial Instrument Revaluation Reserve to inventories	–	–	–	–	–	–	156
Dividends to ordinary shareholders	(638)	–	(638)	–	–	–	–
Shareholders' interest at the end of the period	11 045	24	11 069	7 711	23	7 734	9 328
Dividend per ordinary share (cents)			80.5			–	66.0
Dividend cover (based on headline earnings)			2.09			–	5.69

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	Notes	Unaudited 26 weeks to 26 Dec 2021 Rm	Unaudited 26 weeks to 27 Dec 2020 Rm	% change	Audited 52 weeks to 27 Jun 2021 Rm
REVENUE					
Turnover		39 204	39 601	(1.0)	78 763
Woolworths Fashion, Beauty and Home		6 674	6 425	3.9	12 855
Woolworths Food		19 322	18 661	3.5	37 743
Woolworths Logistics		305	280	8.9	574
David Jones		7 409	8 257	(10.3)	15 569
Country Road Group		5 494	5 978	(8.1)	12 022
Other revenue and investment income		934	1 026	(9.0)	2 179
Woolworths Fashion, Beauty and Home		77	6	>100	14
Woolworths Food		81	36	>100	84
David Jones		956	1 219	(21.6)	2 544
Country Road Group		15	25	(40.0)	34
Treasury		16	24	(33.3)	70
Intragroup	13	(211)	(284)	(25.7)	(567)
Total Group		40 138	40 627	(1.2)	80 942
GROSS PROFIT					
Woolworths Fashion, Beauty and Home		3 091	2 948	4.9	5 852
Woolworths Food		4 659	4 619	0.9	9 252
David Jones		2 949	3 267	(9.7)	6 267
Country Road Group		3 275	3 582	(8.6)	7 302
Intragroup	13	150	136	10.3	274
Total Group		14 124	14 552	(2.9)	28 947
PROFIT BEFORE TAX					
Woolworths Fashion, Beauty and Home		780	582	34.0	1 083
Woolworths Food		1 409	1 531	(8.0)	3 009
Woolworths Financial Services		85	89	(4.5)	118
David Jones		391	556	(29.7)	836
Country Road Group		536	1 085	(50.6)	1 757
Treasury		(987)	(1 180)	(16.4)	(2 235)
Total Group – adjusted		2 214	2 663	(16.9)	4 568
Adjustments		43	914		582
Lease exit and modification gains		67	667		591
SA civil unrest costs		(25)	–		–
Store exit costs		(16)	4		(123)
Unrealised foreign exchange gains/(losses)		17	(20)		(14)
Impairment of assets		–	(11)		(364)
Profit on sale of property in Australia		–	274		492
Total Group – unadjusted		2 257	3 577	(36.9)	5 150
Woolworths Fashion, Beauty and Home		798	567	40.7	1 081
Woolworths Food		1 388	1 528	(9.2)	3 001
Woolworths Financial Services		85	89	(4.5)	118
David Jones		437	1 499	(70.8)	1 535
Country Road Group		536	1 074	(50.1)	1 674
Treasury		(987)	(1 180)	(16.4)	(2 259)

	Unaudited 26 weeks to 26 Dec 2021 Rm	Restated Unaudited 26 weeks to 27 Dec 2020 Rm	Restated Audited 52 weeks to 27 Jun 2021 Rm
TOTAL ASSETS	60 172	61 996	55 588
Woolworths*	19 883	20 956	19 279
David Jones	27 520	26 891	24 423
Country Road Group	11 643	13 101	10 905
Woolworths Financial Services	904	821	883
Treasury	222	227	98
INVENTORIES	9 473	8 724	8 501
Woolworths*	4 625	4 532	4 458
David Jones	3 179	2 897	2 737
Country Road Group	1 669	1 295	1 306
TOTAL LIABILITIES	49 103	54 262	46 260
Woolworths*	13 420	13 595	12 446
David Jones	23 168	17 867	20 223
Country Road Group	6 251	7 121	6 383
Treasury	6 264	15 679	7 208
APPROVED CAPITAL COMMITMENTS	1 924	1 077	2 835
Woolworths*	1 216	621	1 854
David Jones	445	334	601
Country Road Group	263	122	380
CASH GENERATED BY OPERATING ACTIVITIES	5 880	7 591	11 649
Woolworths*	3 152	3 227	6 271
David Jones	1 800	2 201	1 897
Country Road Group	928	2 163	3 481

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS

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 and Debt Listings Requirements for interim reports, and the requirements of the Companies Act of South Africa applicable to interim financial statements. The Listings Requirements and Debt 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 27 June 2021 and with the prior period, except for the change in accounting policies 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.

For details on the Group's performance, including the impact of the lockdowns in Australia and the civil unrest in South Africa, refer to the Commentary on performance.

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. HEADLINE EARNINGS

	Unaudited 26 weeks to 26 Dec 2021 Rm	Unaudited 26 weeks to 27 Dec 2020 Rm	% change	Audited 52 weeks to 27 Jun 2021 Rm
Reconciliation of headline earnings				
Basic earnings attributable to shareholders of the parent	1 609	2 762	(41.7)	4 161
Profit on sale of property in Australia	-	(274)		(492)
Net loss on disposal of property, plant and equipment and intangible assets	3	2		14
Impairment of property, plant and equipment, intangible assets and right-of-use assets	2	11		364
Tax impact of adjustments	(2)	(4)		(467)
Headline earnings	1 612	2 497	(35.4)	3 580

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 1/2021.

4. NON-IFRS MEASURES: ADJUSTED HEADLINE EARNINGS

	Unaudited 26 weeks to 26 Dec 2021 Rm	Unaudited 26 weeks to 27 Dec 2020 Rm	% change	Audited 52 weeks to 27 Jun 2021 Rm
Reconciliation of adjusted headline earnings				
Headline earnings	1 612	2 497	(35.4)	3 580
Adjustments	(35)	(615)		(265)
Lease exit and modification gains	(67)	(667)		(591)
SA civil unrest costs*	23	-		-
Store exit costs	16	(4)		123
Unrealised foreign exchange (gains)/losses	(17)	20		14
(Tax losses utilised)/deferred tax on assessed losses not recognised	(1)	(174)		33
Tax impact of adjustments	11	210		156
Adjusted headline earnings	1 577	1 882	(16.2)	3 315

* Related to the unrest in KwaZulu-Natal and parts of Gauteng in July, net of insurance proceeds received to date.

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 is 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 R606 million (2020: R399 million) and intangible assets at a fair value of R291 million (2020: R212 million).

6. ISSUE AND PURCHASE OF SHARES

758 485 (2020: 1 973 131) ordinary shares totalling R45 million (2020: R69 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. 522 464 (2020: 987 950) ordinary shares totalling R34 million (2020: R34 million) were sold to the market in terms of the Group's Restricted Share Plan. 1 222 911 (2020: 711 801) ordinary shares totalling R67 million (2020: R44 million) previously purchased were allocated to employees in terms of the Group's Restricted Share Plan.

1 912 776 (2020: 1 173 278) ordinary shares totalling R114 million (2020: R41 million) were issued and allocated to employees in terms of the Group's other share incentive schemes.

7. ACCOUNTING POLICIES

IFRIC AGENDA DECISION: CONFIGURATION OR CUSTOMISATION COSTS IN A CLOUD COMPUTING ARRANGEMENT

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to implementing Software as a Service (SaaS) arrangements. The IFRIC observed that, if an intangible asset cannot be recognised for costs incurred as a result of customisation or configuration, the costs should be expensed as services are received.

The Group has retrospectively changed its accounting policy relating to the accounting for configuration and customisation costs incurred in a Software as a Service (SaaS) arrangement. The Group reviewed all existing and past arrangements to quantify the impact of previously capitalised costs that should have been expensed, arising from the clarity detailed in the IFRIC Agenda Decision. As a result, previously reported intangible assets, Deferred tax assets, Trade and other receivables and Equity attributable to shareholders of the parent at 27 December 2020 and 27 June 2021 have been restated, as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (CONTINUED)

7. ACCOUNTING POLICIES (CONTINUED)

CONDENSED CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION (EXTRACT)	Reported Unaudited at 27 Dec 2020		Restated Unaudited at 27 Dec 2020		Reported Audited at 27 Jun 2021		Restated Audited at 27 Jun 2021	
	Rm	Increase/ (decrease) Rm	Rm	Increase/ (decrease) Rm	Rm	Increase/ (decrease) Rm	Rm	Increase/ (decrease) Rm
Intangible assets	7 745	(411)	7 334	7 546	(411)	7 135		
Deferred tax assets	3 085	116	3 201	3 417	116	3 533		
Trade and other receivables	1 925	29	1 954	1 248	29	1 277		
Equity attributable to shareholders of the parent	7 977	(266)	7 711	9 571	(266)	9 305		

The restatement has had no material impact on the Condensed Consolidated Group Statement of comprehensive income, Condensed Consolidated Group Statement of cash flows, nor on Earnings per share and Headline earnings per share for the 26 weeks to 27 December 2020 and 52 weeks to 27 June 2021 comparative periods.

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 26 December 2021, Turnover and concession sales have been reported against the prior period reported 26 weeks to 27 December 2020. 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 26 December 2021, adjustments, as detailed in supplementary notes 2 and 3, have been made respectively, the "Non-IFRS financial information". These are important for understanding underlying business performance and are described as "Non-IFRS financial information".
- In note 8.3: for the 26 weeks to 26 December 2021, Turnover and concession sales, as well as Pro forma 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 and the SAICA Guide on Pro Forma Financial Information.

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 to 26 December 2021 and 26 weeks to 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

	Unaudited 26 weeks to 26 Dec 2021	Unaudited 26 weeks to 27 Dec 2020	% change
	(1) Rm	(1) Rm	
Turnover	39 204	39 601	(1.0)
Concession sales	2 924	3 446	(15.1)
Turnover and concession sales	42 128	43 047	(2.1)

Notes:

- The '26 weeks to 26 Dec 2021' and '26 weeks to 27 Dec 2020' turnover financial information has been extracted, without adjustment, from the Condensed Consolidated Group Statement of comprehensive income for the 26 weeks to 26 Dec 2021 and 26 weeks to 27 Dec 2020, as presented in the Unaudited Interim Group Results for the 26 weeks ended 26 December 2021. 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.

8.2 ADJUSTMENT OF OPERATING PROFIT AND PROFIT BEFORE TAX

	Unaudited 26 weeks to 26 Dec 2021	Adjust -ments	Pro forma 26 weeks to 26 Dec 2021	Unaudited 26 weeks to 27 Dec 2020	Adjust -ments	Pro forma 26 weeks to 27 Dec 2020
	(1) Rm	(2) Rm	(4) Rm	(1) Rm	(3) Rm	(4) Rm
Segmental contribution before interest and tax	3 256	(43)	3 213	4 840	(914)	3 926
Profit before tax	2 257	(43)	2 214	3 577	(914)	2 663

Notes:

- The '26 weeks to 26 Dec 2021' and '26 weeks to 27 Dec 2020' financial information has been extracted, without adjustment, from the Condensed Consolidated Group Statement of Comprehensive Income for the 26 weeks to 26 Dec 2021 and 26 weeks to 27 Dec 2020, as presented in the Unaudited Interim Group Results for the 26 weeks ended 26 December 2021. Segmental contribution before interest and tax comprises of Profit before tax, as illustrated on the Condensed Consolidated Group Statement of Comprehensive Income for the 26 weeks to 26 Dec 2021 and 26 weeks to 27 Dec 2020, and excludes Investment income of R22 million (2020: R30 million), Finance costs of R1 014 million (2020: R1 292 million) and Group entity costs of R7 million (2020: R1 million).
- Segmental contribution before interest and tax adjustments for the '26 weeks to 26 Dec 2021' comprise of Lease exit and modification gains of R67 million, Civil unrest costs of R25 million, Store exit costs of R16 million and Unrealised foreign exchange gains of R17 million, which results in an Adjusted segmental contribution before interest and tax. Profit before tax adjustments include all of the aforementioned adjustments, which results in an Adjusted profit before tax.
- Segmental contribution before interest and tax adjustments for the '26 weeks to 27 Dec 2020' comprise of Profit on sale of property in Australia of R274 million, Lease exit and modification gains of R667 million, Impairment of assets of R11 million, Store exit costs reversed of R4 million and Unrealised foreign exchange losses of R20 million, which results in an Adjusted segmental contribution before interest and tax. Profit before tax adjustments include all of the aforementioned adjustments, which results in an Adjusted profit before tax.
- The 'Pro forma 26 weeks to 26 Dec 2021' and the 'Pro forma 26 weeks to 27 Dec 2020' columns reflect the pro forma financial information after adjusting for the items included in column 2 (2020: column 3), which results in an Adjusted segmental contribution before interest and tax (also referred to as Adjusted EBIT) and Adjusted profit before tax.

8.3 CONSTANT CURRENCY INFORMATION

GROUP STATEMENT OF COMPREHENSIVE INCOME ITEMS

	Unaudited 26 weeks to 26 Dec 2021	Unaudited 26 weeks to 27 Dec 2020	% change
	Rm	(3) Rm	
Turnover and concession sales ¹	42 914	43 047	(0.3)
Pro forma segmental contribution before interest and tax ²	3 199	3 926	(18.5)

Notes:

- 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 have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior period, as extracted from the Unaudited Interim Group Results for the 26 weeks ended 26 December 2021. The aggregated monthly average Australian dollar exchange rate is R11.09/A\$ for the current period and R11.65/A\$ for the prior period.
- 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 has 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 R11.95/A\$ for the current period and R11.52/A\$ for the prior period.
- The Turnover and concession sales and Pro forma segmental contribution before interest and tax has been extracted from notes 8.1 and 8.2 above, respectively.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (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 9: Financial Instruments, the Group's derivative financial instruments are measured at fair value. The derivative financial instruments are determined to be Level 2 instruments under the fair value hierarchy as per IFRS 13 Fair value measurement. 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 GAINS

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 R0.1 billion and R0.2 billion respectively, with lease exit and modifications gains of R67 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 R7 383 million (2020: R6 965 million) as follows:

	2021 Rm	2020 Rm
Committed	7 254	6 454
Uncommitted	129	511
Total	7 383	6 965

Notes to the value of R2.7 billion (2020: R3.6 billion) are outstanding 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.

Debt facilities of A\$93.0 million have been established for Country Road Group (CRG) and are secured by Real Property Mortgages and a General Security Deed over the assets of CRG. At 26 December 2021, A\$13 million of the facilities are drawn.

A rental bank guarantee of A\$25.5 million was established and is in place at 26 December 2021 in David Jones. This facility is secured by Property Mortgages.

13. RELATED-PARTY TRANSACTIONS

The Group entered into related-party transactions, the substance of which is disclosed in the Group's 2021 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 1 March 2022.

16. AUDIT OPINION

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



Country Road, Summer 2022



Woolworths, Autumn 2022

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 (Group Chief Operating Officer)

GROUP COMPANY SECRETARY

Chantel Reddiar

REGISTRATION NUMBER

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SHARE CODE

WHL

SHARE ISIN

ZAE000063863

BOND COMPANY CODE

WHLI

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TRANSFER SECRETARIES

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