WOOLWORTHS HOLDINGS LIMITED

ANNUAL FINANCIAL STATEMENTS

2022

START

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REPORTS

Trenery, Winter 2022

SHAREHOLDING DISCLOSURES

STATED CAPITAL

AUTHORISED

Ordinary shares – 2 410 600 000 of no par value

ISSUED

Ordinary shares – 1 038 034 484 of no par value

During the year, the Board approved the implementation of a R1.5 billion share repurchase. Further details of the stated capital and the movements for the period under review are disclosed in note 10 of the Company Annual Financial Statements.

SHAREHOLDER SPREAD

PUBLIC AND NON-PUBLIC SHAREHOLDERS	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	42 668	77.9	7 830 992	0.7
1 001 – 10 000 shares	9 644	17.6	29 022 041	2.8
10 001 – 100 000 shares	1 766	3.2	55 625 395	5.4
100 001 – 1 000 000 shares	535	1.0	154 421 943	14.9
1 000 001 shares and above	132	0.3	791 134 113	76.2
Total	54 745	100.0	1 038 034 484	100.0

ANALYSIS OF SHAREHOLDERS

PUBLIC AND NON-PUBLIC SHAREHOLDERS	Number of shareholders	% of total	Number of shares	% of total
Non-public shareholders	13	–	93 256 895	9.0
Directors and their associates	10	–	8 898 400	0.9
E-Com Investments 16 (RF) Proprietary Limited	1	–	43 763 861	4.2
Woolworths Proprietary Limited	1	–	40 497 604	3.9
Woolworths Proprietary Limited on behalf of deceased and untraceable former Woolworths Employee Share Ownership Trust beneficiaries	1	–	117 030	–
Public shareholders	54 732	100.0	944 757 589	91.0
Total	54 745	100.0	1 038 034 484	100.0

Total number of treasury shares held at 26 June 2022 – 84 261 465.

Directors of the Company hold direct and indirect beneficial interests of 8 898 400 ordinary shares (2021: 8 777 234) in the Company.

According to the Company's register of shareholders, read in conjunction with the Company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held, directly and indirectly, beneficially in excess of 5% of any class of the issued stated capital at 26 June 2022:

MAJOR SHAREHOLDERS	Total shareholding Jun 2022	% of issued capital	Total shareholding Jun 2021	% of issued capital
Allan Gray Proprietary Limited*	200 037 078	19.1	213 153 880	20.1
Government Employees Pension Fund (PIC) (ZA)	143 996 885	13.7	119 522 589	11.4
Coronation Asset Management (Pty) Ltd*	64 946 560	6.2	36 847 143	3.5
BlackRock Inc.*	49 822 413	4.7	46 915 116	4.5

* Held on behalf of their clients

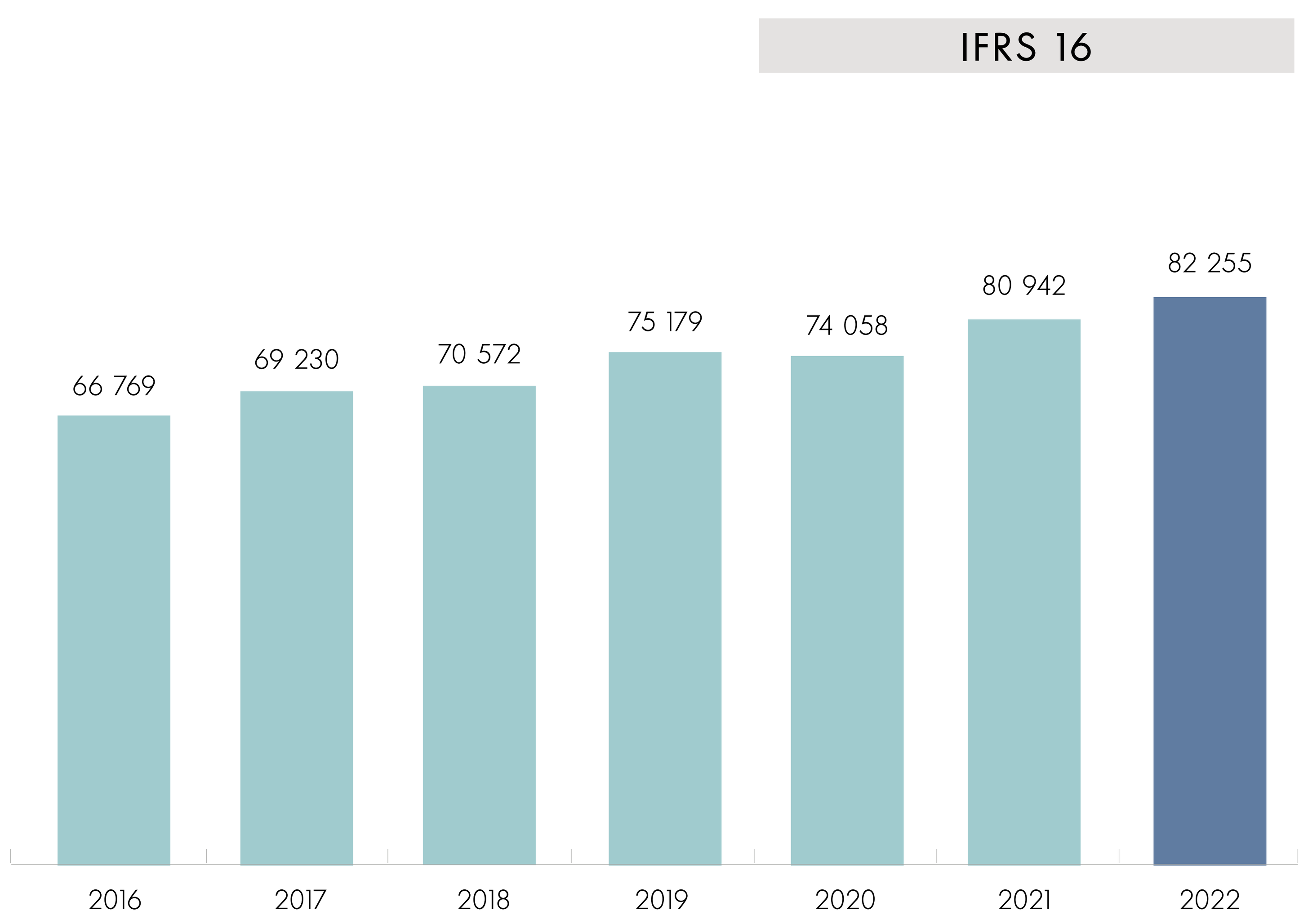
Woolworths, Winter 2022

SEVEN-YEAR REVIEW

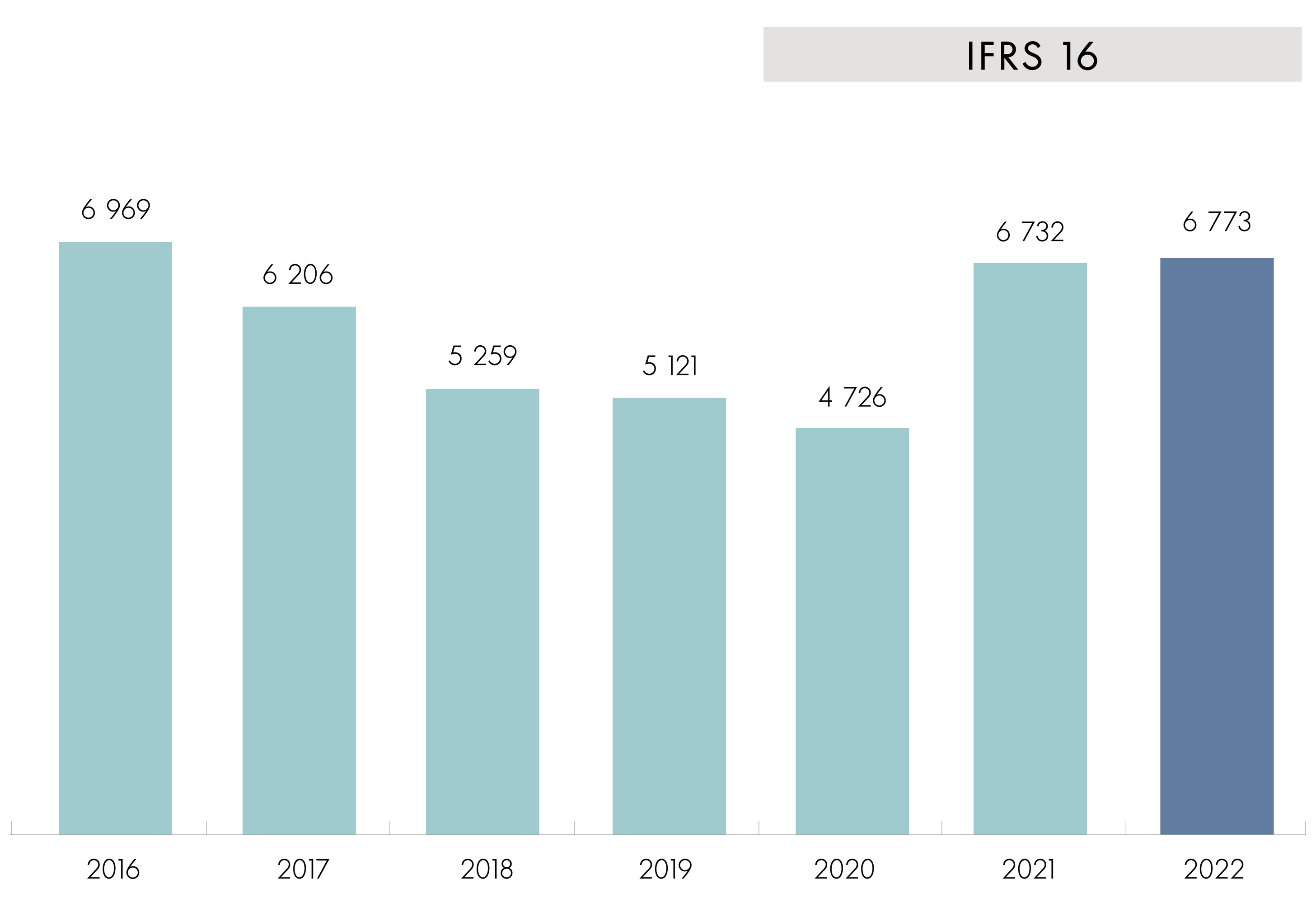
Year Number of weeks	2022* 52 Rm	2021* 52 Rm	2020* 52 Rm	2019 53 Rm	2018 52 Rm	2017 52 Rm	2016 52 Rm
GROUP STATEMENTS OF PROFIT OR LOSS							
Revenue	82 255	80 942	74 058	75 179	70 572	69 230	66 769
Turnover and concession sales	87 020	85 857	78 262	79 816	75 232	74 052	71 928
Concession sales	(6 953)	(7 094)	(6 054)	(6 713)	(6 640)	(6 862)	(7 133)
Turnover	80 067	78 763	72 208	73 103	68 592	67 190	64 795
Cost of sales	(50 881)	(49 816)	(46 859)	(45 139)	(41 700)	(40 518)	(38 409)
Gross profit	29 186	28 947	25 349	27 964	26 892	26 672	26 386
Other revenue	2 121	2 096	1 788	2 000	1 909	1 944	1 926
Expenses	(24 534)	(24 311)	(22 411)	(24 843)	(23 542)	(22 410)	(21 343)
Operating profit from core trading activities	6 773	6 732	4 726	5 121	5 259	6 206	6 969
Profit on sale of property in Australia	–	492	–	–	–	1 420	–
Lease exit and modification gains	259	591	–	–	–	–	–
Impairment of assets	(121)	(364)	(799)	(6 153)	(6 927)	–	–
Operating profit before net finance costs	6 911	7 451	3 927	(1 032)	(1 668)	7 626	6 969
Investment income	67	83	62	76	71	96	48
Finance costs	(1 953)	(2 502)	(2 688)	(1 139)	(1 124)	(1 256)	(1 234)
Earnings from joint ventures and associate	165	118	101	295	287	260	250
Profit/(loss) before tax	5 190	5 150	1 402	(1 800)	(2 434)	6 726	6 033
Tax (expense)/credit	(1 473)	(987)	(843)	716	(1 115)	(1 278)	(1 680)
Profit/(loss) for the year	3 717	4 163	559	(1 084)	(3 549)	5 448	4 353
Profit/(loss) attributable to:							
Shareholders of the parent	3 715	4 161	557	(1 086)	(3 550)	5 446	4 344
Non-controlling interests	2	2	2	2	1	2	9

* 2022, 2021 and 2020 include the impact of IFRS 16 Leases.

REVENUE (R million)



OPERATING PROFIT (R million)

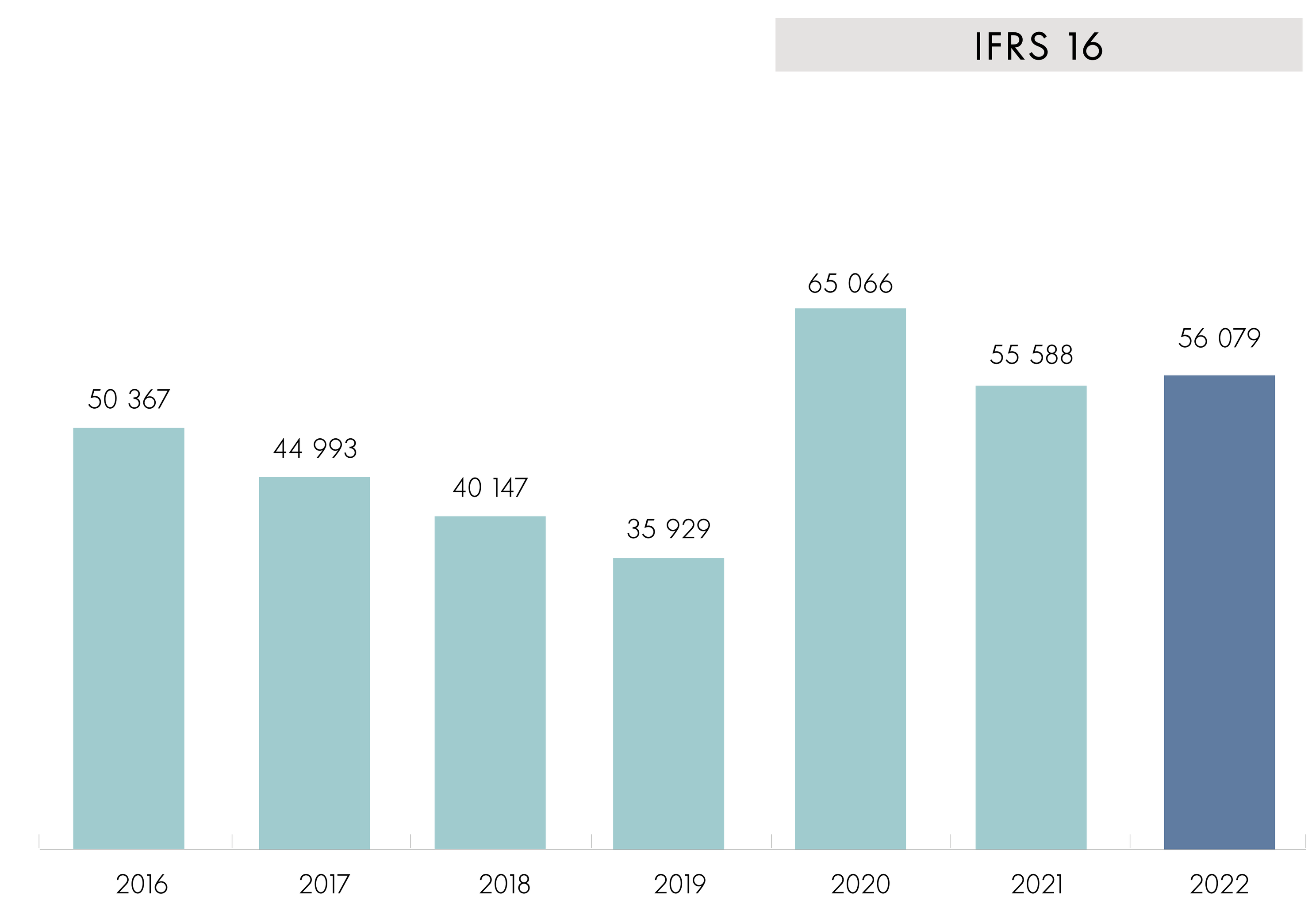


SEVEN-YEAR REVIEW (CONTINUED)

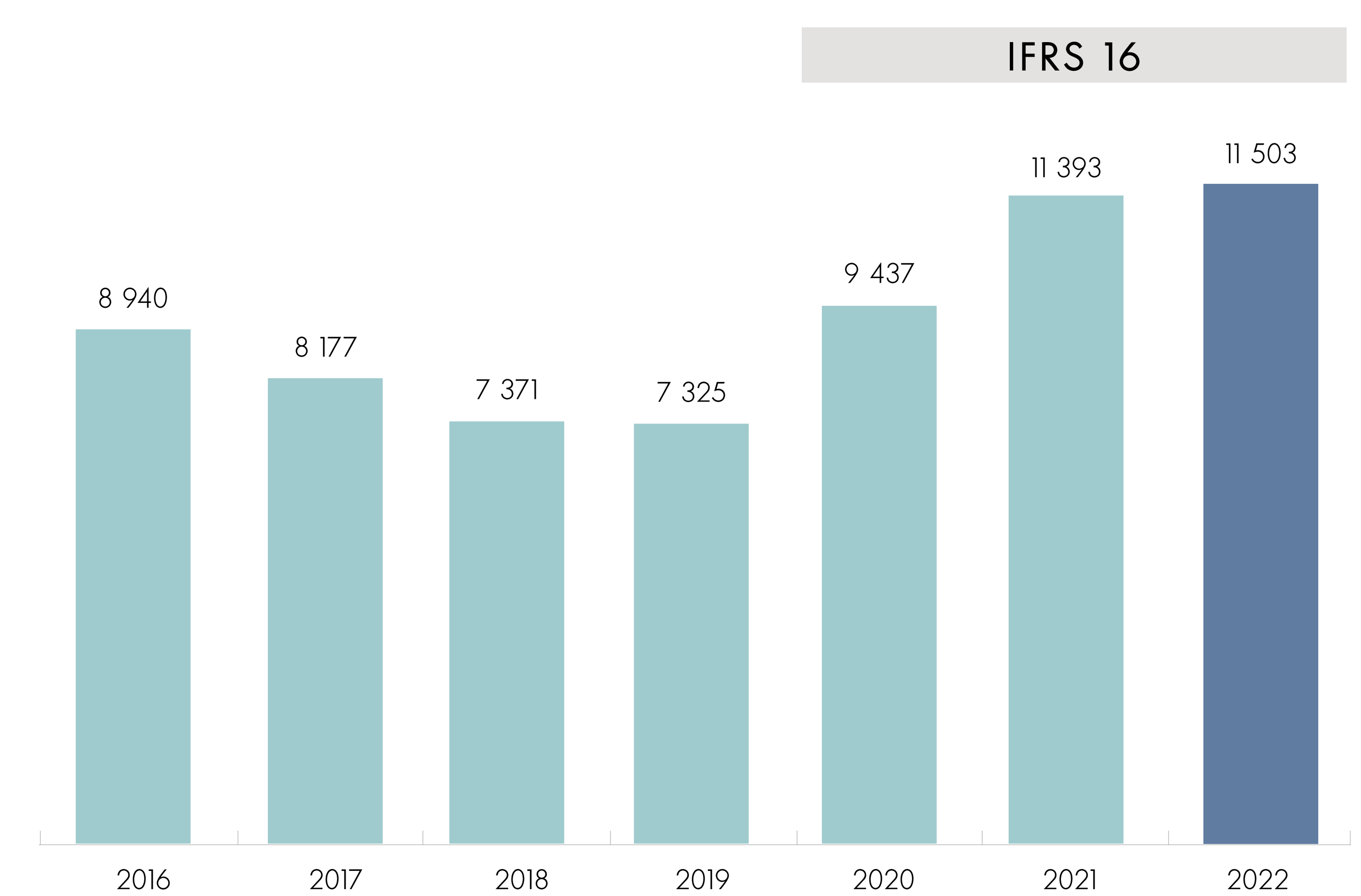
Year Number of weeks	2022* 52 Rm	2021* 52 Rm	2020* 52 Rm	2019 53 Rm	2018 52 Rm	2017 52 Rm	2016 52 Rm
GROUP STATEMENTS OF FINANCIAL POSITION							
Non-current assets	39 953	40 105	47 920	24 032	28 650	34 706	40 027
Current assets	16 126	15 483	17 146	11 897	11 497	10 287	10 340
Total assets	56 079	55 588	65 066	35 929	40 147	44 993	50 367
Equity attributable to shareholders of the parent	11 775	9 305	6 489	9 428	13 113	19 038	19 826
Non-controlling interests	25	23	21	15	13	28	27
Non-current liabilities	29 880	31 305	42 746	15 850	15 076	15 336	19 536
Current liabilities	14 399	14 955	15 810	10 636	11 945	10 591	10 978
Total equity and liabilities	56 079	55 588	65 066	35 929	40 147	44 993	50 367
GROUP STATEMENTS OF CASH FLOWS							
Cash inflow from trading	11 503	11 393	9 437	7 325	7 371	8 177	8 940
Working capital movements	99	256	1 704	(991)	(305)	(615)	(311)
Cash generated by operating activities	11 602	11 649	11 141	6 334	7 066	7 562	8 629
Net interest paid	(1 921)	(2 512)	(2 507)	(1 051)	(1 046)	(1 120)	(1 128)
Tax paid	(1 673)	(1 108)	(685)	(1 114)	(1 037)	(1 701)	(1 536)
Cash generated by operations	8 008	8 029	7 949	4 169	4 983	4 741	5 965
Dividends received from joint ventures and associate	112	–	170	245	325	223	169
Dividends paid to ordinary shareholders	(1 417)	–	(1 808)	(2 145)	(2 782)	(3 015)	(2 464)
Net cash inflow from operating activities	6 703	8 029	6 311	2 269	2 526	1 949	3 670
Net cash (outflow)/inflow from investing activities	(1 855)	5 910	(2 430)	(2 710)	(2 601)	422	(2 809)
Net cash (outflow)/inflow from financing activities	(5 101)	(13 516)	(1)	(393)	171	(2 007)	(326)
(Decrease)/increase in cash and cash equivalents	(253)	423	3 880	(834)	96	364	535
Net cash and cash equivalents at the beginning of the year	5 484	5 437	1 042	1 878	1 761	1 497	891
Effect of foreign exchange rate changes	110	(376)	515	(2)	21	(100)	71
Net cash and cash equivalents at the end of the year	5 341	5 484	5 437	1 042	1 878	1 761	1 497

* 2022, 2021 and 2020 include the impact of IFRS 16 Leases.

TOTAL ASSETS (R million)



CASH INFLOW FROM TRADING (R million)



SEVEN-YEAR REVIEW (CONTINUED)

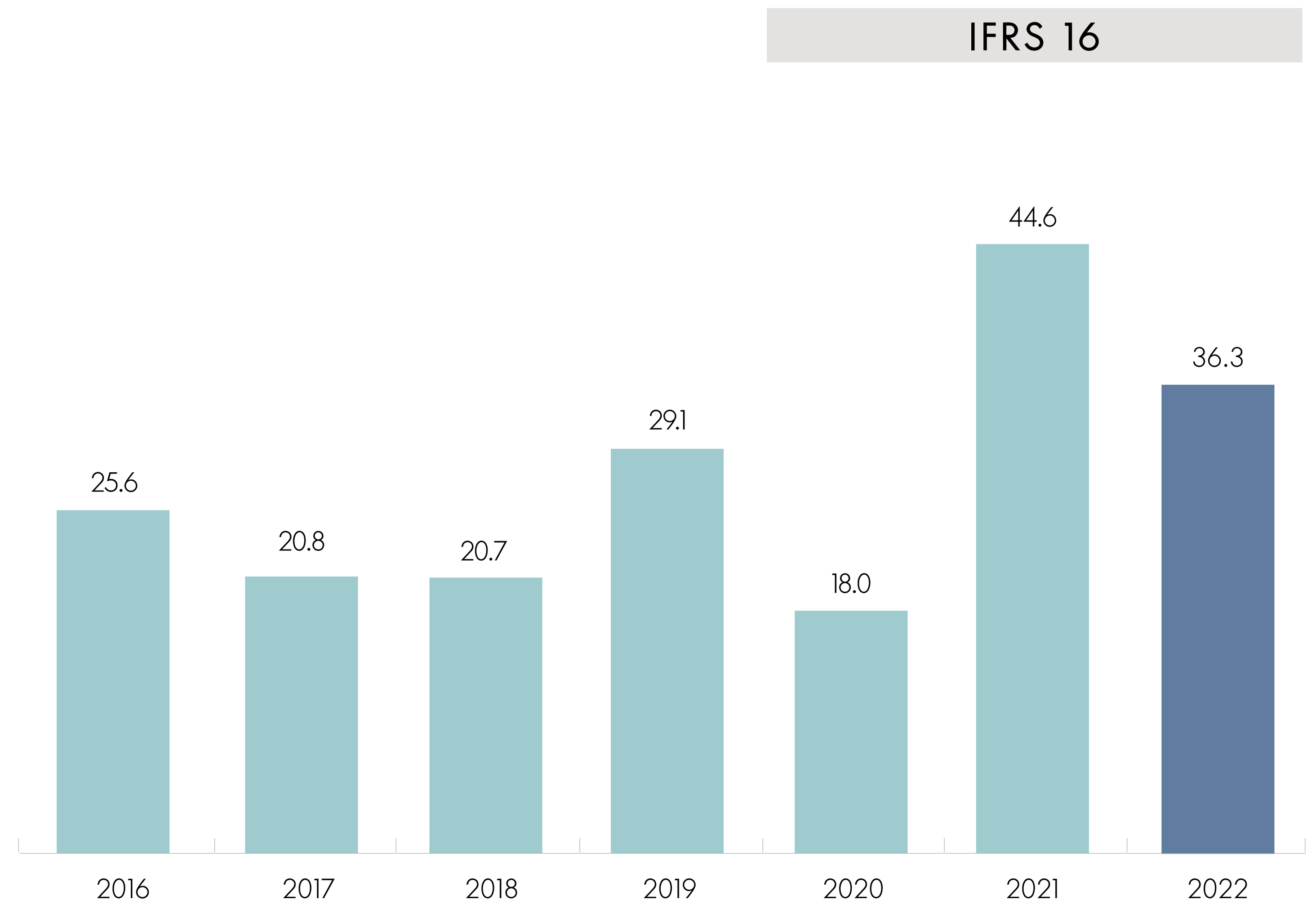
Year Number of weeks	2022# 52 %	2021# 52 %	2020# 52 %	2019 53 %	2018 52 %	2017 52 %	2016 52 %
RETURNS							
Return on equity (RoE)	36.3	44.6	18.0	29.1	20.7	20.8	25.6
– headline earnings as a percentage of the average of equity attributable to shareholders of the parent at the beginning and end of the year							
Return on assets (RoA)	12.1	11.1	9.4	13.6	12.6	13.2	15.4
– operating profit as a percentage of the average of total assets less deferred tax liability at the beginning and end of the year							
Return on capital employed (RoCE)[1]	16.8	14.9	9.2	18.3	15.4	15.1	16.8
– adjusted operating profit after tax as a percentage of average capital employed at the beginning and end of the year							
MARGINS							
Gross profit margin	36.5	36.8	35.1	38.3	39.2	39.7	40.7
– gross profit as a percentage of turnover							
Operating profit margin	8.5	8.5	6.5	7.0	7.7	9.2	10.8
– operating profit as a percentage of turnover							
SOLVENCY AND LIQUIDITY							
Debt ratio (times)	9.1	11.9	26.3	40.1	34.5	29.6	31.6
– interest-bearing debt as a percentage of total assets							
Current ratio (times)	1.1	1.0	1.1	1.1	1.0	1.0	0.9
– current assets divided by current liabilities							
Total liabilities to equity (times)	375.2	482.2	899.5	280.5	205.9	136.0	153.7
– non-current liabilities and current liabilities as a percentage of total equity							
Net debt to equity (times)	1.6	2.1	4.8	1.3	0.9	0.6	0.7
– net debt divided by total equity							
Net debt to Adjusted EBITDA (times)[2]	1.6	1.7	3.3	1.6	1.5	1.4	1.6
– net debt divided by earnings before interest, tax, depreciation and amortisation							
Interest cover (times)	6.0	4.9	3.7	7.4	7.5	7.3	7.6
– earnings before interest, tax, depreciation and amortisation divided by net interest							

[1] Adjusted operating profit after tax comprises Adjusted profit before tax less Investment income and Tax, and add Finance costs. Average capital employed consists of average Net debt and Equity.

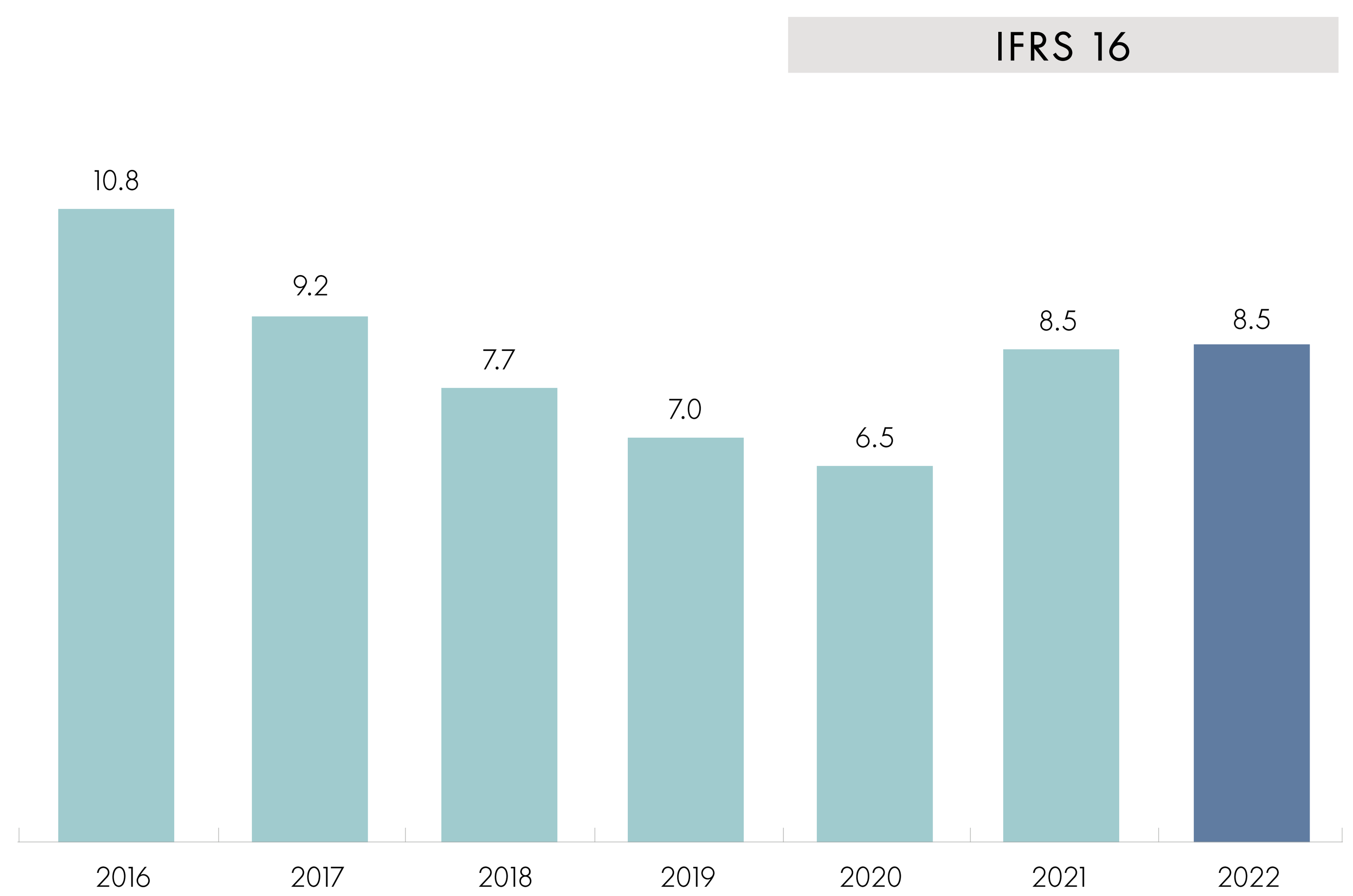
[2] 2022 Adjusted EBITDA comprises Earnings before interest, tax, depreciation and amortisation, SA civil unrest costs, net of insurance proceeds, Restructure and store exit costs, Unrealised foreign exchange gains and Dividends received from joint ventures.

2022, 2021 and 2020 include the impact of IFRS 16 Leases.

RETURN ON EQUITY (%)



OPERATING PROFIT MARGIN (%)



SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2022# 52 Rm	2021# 52 Rm	2020# 52 Rm	2019 53 Rm	2018 52 Rm	2017 52 Rm	2016 52 Rm
DIVISIONAL ANALYSIS							
REVENUE							
Woolworths Fashion, Beauty and Home	13 614	12 869	12 438	14 197	13 705	13 913	13 728
Woolworths Food	39 422	37 827	35 258	32 343	29 462	27 199	25 071
Woolworths Logistics	637	574	517	492	429	376	306
David Jones	17 004	18 113	16 566	17 347	16 676	17 169	17 297
Country Road Group	12 016	12 056	9 723	11 272	10 770	10 867	10 690
Treasury	50	70	49	51	11	69	28
Intragroup	(488)	(567)	(493)	(523)	(481)	(363)	(351)
	82 255	80 942	74 058	75 179	70 572	69 230	66 769
TURNOVER							
Woolworths Fashion, Beauty and Home	13 502	12 855	12 421	14 180	13 687	13 894	13 701
Woolworths Food	39 240	37 743	35 141	32 206	29 332	27 075	24 956
Woolworths Logistics	637	574	517	492	429	376	306
David Jones	14 705	15 569	14 474	15 043	14 455	15 030	15 185
Country Road Group	11 983	12 022	9 655	11 182	10 689	10 815	10 647
	80 067	78 763	72 208	73 103	68 592	67 190	64 795
PROFIT/(LOSS) BEFORE TAX							
Woolworths Fashion, Beauty and Home	1 338	713	492	1 745	1 712	2 177	2 295
Woolworths Food	2 647	2 754	2 623	2 338	2 168	1 979	1 824
Woolworths Financial Services	164	118	101	295	286	259	248
David Jones	298	845	(1 150)	(6 095)	(6 527)	2 502	1 814
Country Road Group	1 153	1 468	334	1 017	991	939	1 016
Treasury	(410)	(748)	(998)	(1 100)	(1 064)	(1 130)	(1 164)
	5 190	5 150	1 402	(1 800)	(2 434)	6 726	6 033
PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS							
Woolworths*	2 697	2 061	1 562	2 462	2 281	2 405	2 352
David Jones	216	1 053	(1 251)	(4 291)	(6 540)	2 376	1 274
Country Road Group	802	1 047	246	743	709	665	718
	3 715	4 161	557	(1 086)	(3 550)	5 446	4 344

2022, 2021 and 2020 include the impact of IFRS 16 Leases. Comparative information has been restated to reallocate IFRS 16 finance costs from the Treasury segment to the reportable business segments.
* Includes Woolworths Fashion, Beauty and Home, Woolworths Food, Woolworths Logistics, Woolworths Financial Services, Treasury and earnings from associate and property joint venture.

SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2022* 52	2021* 52	2020* 52	2019 53	2018 52	2017 52	2016 52
OTHER STATISTICAL DATA							
WOOLWORTHS							
Woolworths Fashion, Beauty and Home – gross profit margin (%)	47.3	45.5	44.0	47.6	46.7	47.9	48.3
Woolworths Food – gross profit margin (%)	24.0	24.5	24.9	24.8	25.0	25.1	25.5
Number of employees (average weekly full-time equivalent)	33 127	33 589	32 168	35 312	34 104	33 545	32 870
Number of stores							
– local	398	396	406	400	394	390	382
– Africa and Engen	150	149	147	146	142	141	140
Closing trading area (m²)							
– local	647 069	661 678	693 625	682 862	676 771	657 741	633 156
– Africa and Engen	54 186	55 047	53 953	52 028	52 806	51 054	50 001
Turnover ratios							
– turnover per employee (R'000)	1 611.3	1 523.5	1 496.6	1 327.5	1 274.0	1 239.1	1 191.7
– turnover per m² (owned) (R'000)	82.5	77.3	69.3	68.6	64.2	63.2	61.9
Asset turn (times)	2.8	2.7	3.0	3.6	3.4	3.3	3.5
– revenue divided by average total assets less deferred tax at the beginning and end of the year							
Inventory turn (times)	8.4	8.6	8.3	8.2	8.3	8.2	8.4
– cost of sales divided by average inventory at the beginning and end of the year							
Profit before tax to turnover (%)	7.8	7.0	6.7	9.3	9.6	10.7	11.2
DAVID JONES (IN A$ TERMS)							
Gross profit margin (%)	35.2	35.2	33.0	35.9	37.1	37.0	38
Number of employees (full-time equivalent)	3 677	3 768	4 181	4 321	4 360	4 701	4 956
Number of stores	44	45	47	47	45	43	40
Trading area (m²)	430 321	441 935	471 574	475 332	473 554	473 190	471 214
Turnover (including concession sales) ratios							
– turnover per employee (A$'000)	559.7	560.5	493.7	517.0	507.3	471.0	442.3
– turnover per m² (A$'000)	4.8	4.8	4.4	4.7	4.7	4.7	4.7
Asset turn (times)	1.1	1.0	1.2	1.8	1.9	1.8	1.9
Inventory turn (times)	3.0	3.4	3.4	3.1	3.3	3.9	3.8
Profit before tax to turnover (%)	1.0	3.4	(4.7)	(27.6)	(30.5)	11.0	7.7

* 2022, 2021 and 2020 include the impact of IFRS 16 Leases. Comparative information has been restated to reallocate IFRS 16 finance costs from the Treasury segment to the reportable business segments.

SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2022* 52	2021* 52	2020* 52	2019 53	2018 52	2017 52	2016 52
OTHER STATISTICAL DATA (CONTINUED)							
COUNTRY ROAD GROUP (IN A$ TERMS)							
Gross profit margin (%)	59.5	60.8	58.6	63.4	62.8	60.3	59.4
Number of employees (full-time equivalent)	2 971	2 982	3 464	3 611	3 701	3 851	3 459
Number of store locations							
– owned	333	348	368	365	379	389	362
– concession	289	341	346	443	420	352	298
Trading area (m^2)	101 920	110 875	114 699	121 058	124 693	121 625	118 025
Turnover ratios							
– turnover per employee (A$'000)	364.9	352.8	267.6	304.1	290.2	274.2	290.5
– turnover per m^2 (A$'000)	10.6	9.5	8.1	9.1	8.6	8.7	8.5
Asset turn (times)	0.9	0.8	0.9	1.4	1.4	1.8	2.0
Inventory turn (times)	3.7	3.4	3.2	3.4	3.2	3.2	3.3
Profit before tax to turnover (%)	9.4	12.3	3.8	9.1	9.2	8.8	9.5
ORDINARY SHARE PERFORMANCE							
Earnings per share (cents)	387.4	435.1	58.2	(113.4)	(369.5)	566.7	454.2
Headline earnings per share (cents)	398.9	374.4	119.8	342.9	346.3	420.9	455.6
Adjusted headline earnings per share (cents)	380.9	346.6	170.3	371.7	366.3	420.0	456.6
Dividend per share (cents)	229.5	66.0	89.0	190.5	239.0	313.0	313.0
Net asset book value per share (cents)	1 245.1	972.6	678.8	985.2	1 365.1	1 979.6	2 065.0
Share price (cents): Highest	6 379	5 681	6 027	5 775	6 754	9 410	10 490
Lowest	4 948	3 054	2 558	4 305	5 375	6 227	7 928
Average	5 547	4 177	4 503	5 018	6 109	7 379	9 356
Closing	5 719	5 439	3 276	4 888	5 415	6 289	8 364
Indexed closing share price (June 2000 = 100)	1 972	1 876	1 130	1 686	1 867	2 169	2 884
JSE indexed:							
– retail (June 2000 = 100)	822	811	440	780	884	790	945
– all share (June 2000 = 100)	861	858	696	755	737	668	670
Market capitalisation at June (R million)	59 365	57 108	34 351	51 249	56 766	65 899	87 490
Number of shares in issue (millions)•	946	957	956	957	961	962	960
Number of shares traded (millions)	1 009	1 019	1 359	955	1 253	1 299	1 459
Percentage of shares traded	106.7	106.5	142.2	99.8	130.4	135.1	152.0
Value of shares traded (R million)	55 993	42 549	61 196	47 922	76 546	95 853	136 504
Price:earnings ratio	14.8	12.5	56.3	(43.1)	(14.7)	11.1	18.4
Dividend yield (%)	4.0	1.2	2.7	3.9	4.4	5.0	3.7

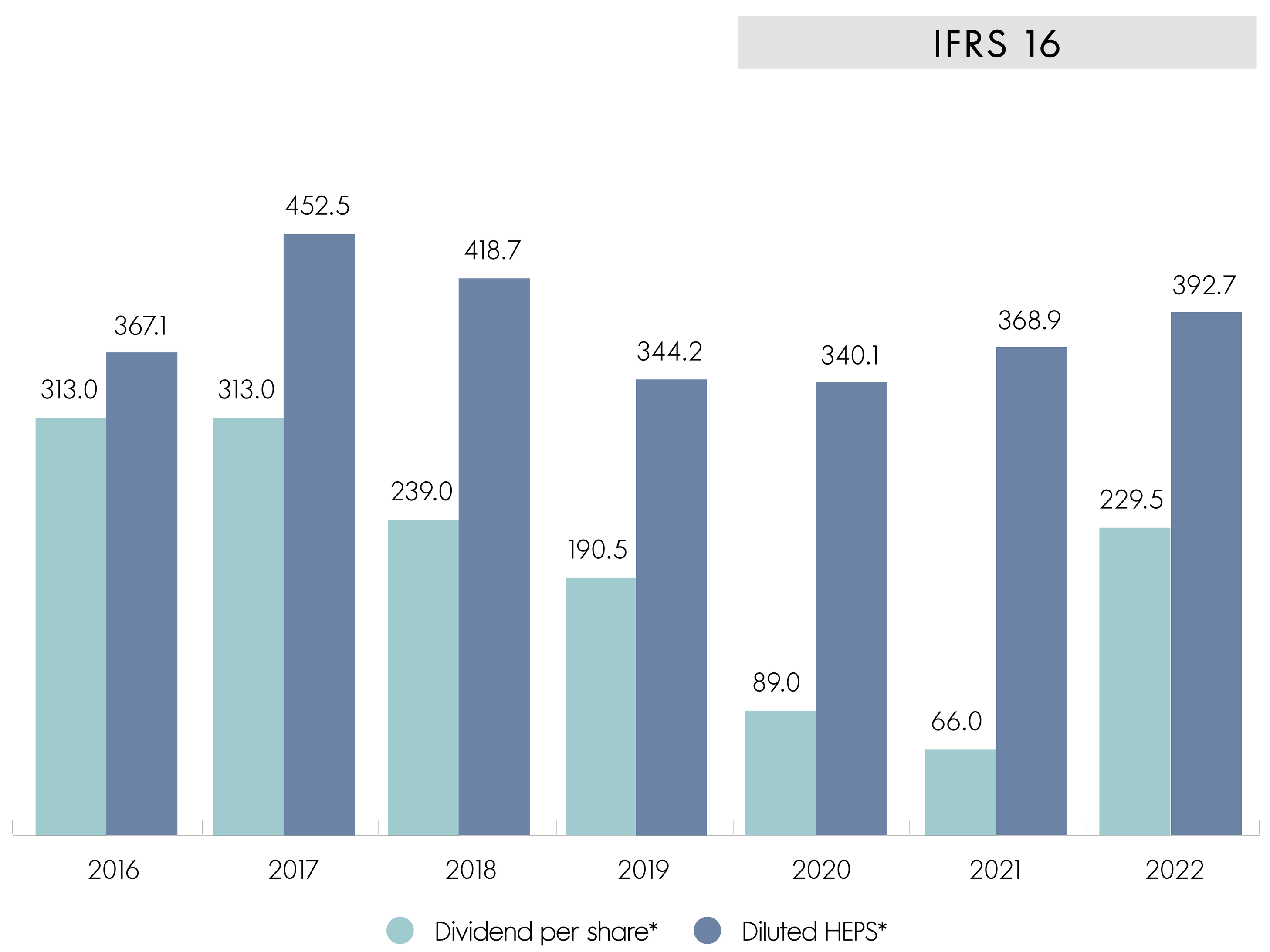
* 2022, 2021 and 2020 include the impact of IFRS 16 Leases.
• Net of treasury shares held by subsidiaries, E-Com Investments 16 (RF) Proprietary Limited and Woolworths Proprietary Limited.

SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2022# 52	2021# 52	2020# 52	2019 53	2018 52	2017 52	2016 52
FOREIGN CURRENCY EXCHANGE RATES							
US$ – average	15.20	15.44	15.66	14.18	12.84	13.64	14.47
US$ – closing	15.91	14.12	17.24	14.11	13.44	12.93	15.07
A$ – average	11.00	11.50	10.48	10.14	9.95	10.28	10.56
A$ – closing	10.99	10.73	11.83	9.89	10.00	9.79	11.25
KEY INFORMATION (US$ MILLION)							
Revenue	5 412	5 242	4 729	5 302	5 496	5 076	4 614
Headline earnings per share (cents)	26.2	24.2	7.7	24.2	27.0	30.9	31.5
Profit/(loss) attributable to ordinary shareholders	244	270	36	(77)	(277)	319	300
Total assets	3 525	3 937	3 774	2 546	2 987	3 480	3 342
Market capitalisation	3 731	4 044	1 993	3 632	4 224	5 097	5 806

\# 2022, 2021 and 2020 include the impact of IFRS 16 Leases.

DILUTED HEPS AND DIVIDEND PER SHARE (CENTS)



* Net of treasury shares held by subsidiaries, E-Com Investments 16 (RF) Proprietary Limited and Woolworths Proprietary Limited.

CERTIFICATE OF THE GROUP COMPANY SECRETARY

In my capacity as the Group Company Secretary and in terms of the Companies Act of South Africa, I hereby confirm that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act of South Africa, in respect of the financial year ended 26 June 2022 and that all such returns and notices are true, correct and up to date.

CA Reddiar
Group Company Secretary
30 August 2022

RESPONSIBILITY STATEMENT

In terms of Section 3.84(k) of the JSE Limited Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

a) The Annual Financial Statements, set out on pages 22 to 66, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

c) Internal financial controls have been put in place to ensure that material information relating to Woolworths Holdings Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Woolworths Holdings Limited;

d) The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function, as Executive Directors with primary responsibility for implementation and execution of control;

e) Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

f) We are not aware of any fraud involving directors.

R Bagattini
Group Chief Executive Officer
30 August 2022

MR Isaacs
Group Finance Director

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been compiled under the supervision of Reeza Isaacs CA(SA), the Group Finance Director.
The Annual Financial Statements were approved by the Board on Tuesday, 30 August 2022 and signed on its behalf by:

H Brody
Chairman

R Bagattini
Group Chief Executive Officer

REPORT OF THE AUDIT COMMITTEE

INTRODUCTION

The WHL Audit Committee (committee), is pleased to present its report for the 2022 financial year. This report has been prepared in accordance with the requirements of the Companies Act, 71 of 2008, as amended (Companies Act), the King IV™ Code of Governance for South Africa, the JSE Limited Listings Requirements and Debt Listings Requirements, IFRS and other applicable regulatory requirements.

The committee's role and responsibility as defined within a Board approved terms of reference and the Companies Act, is to provide independent oversight of the effectiveness of the Group's external and internal assurance functions and services, internal financial controls and the system of internal controls. In doing so it assists the Board in ensuring and monitoring the integrity of the Group's Annual Financial Statements and related external reports.

This report provides details on the committee's composition and its processes which are considered as key enablers for the committee to fulfil its role. It also provides an overview of the manner in which the committee carried out its various statutory and governance obligations during the year under review.

COMMITTEE COMPOSITION AND PROCESSES

This year the Committee bid farewell to Ms Bassa upon her retirement from the Board and welcomed Ms Langeni to the Committee.

All members of the committee are independent and collectively have the necessary financial literacy skills and experience to execute their duties effectively. Independence on the committee is assessed by means of the Board's annual independence review.

Full biographical details of all members are available in the Integrated Annual Report and members' fees have been included in the table of directors' remuneration on page 34.

Four meetings of the committee were held during the year under review with full attendance recorded by all members. There were no ad-hoc meetings convened during the year as all matters were adequately dealt with during the scheduled meetings.

The committee composition and members' attendance at the meetings during the 2022 financial year are set out in the following table.

Member	Date of Appointment/ Resignation	Attendance of meetings
Clive Thomson (Committee Chairman) BCom (Hons), MPhil, CA(SA)	2019	4/4
Zarina Bassa BAcc, CA(SA)	2011 Resigned on 31 March 2022	3/3
Christopher Colfer BA	2019	4/4
Phumzile Langeni BCom (Hons), MCom (Business Management)	2022 Appointed on 1 April 2022	1/1
Thembisa Skweyiya B.Proc, LLB, LLM, H. Dip (Tax)	2019	4/4

The Group Chief Executive Officer, the Group Finance Director and the Heads of Group Risk and Compliance, Internal Audit, and Treasury, as well as the external auditors, are invited to attend all meetings of the committee. In addition, there is an open invitation to all Board members to attend committee meetings and all directors have access to the papers for each of the committee's meetings. Other senior executives and professional advisors are invited to meetings when required, for purposes of providing insight into specific issues or areas of the Group.

The committee meets independently with the external and internal auditors to discuss pertinent matters as necessary, as well as to discuss any relevant matters relating to the year-end audit and finalisation of the financial results. The committee Chairman also meets separately with external and internal auditors between committee meetings.

All committee members are also members of the WHL Risk and Compliance Committee, which provides members with insight into the Group enterprise risk management framework, key risks and compliance coverage in the Group. The cross-committee membership enhances the committee's oversight of financial and other risks that may affect the integrity of the Group's external reports (such as financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting, and risks pertaining to information and technology and cyber security).

The committee is supported by the Group Treasury Committee, which is a subcommittee of the Board and reports relevant treasury related matters to the audit committee.

The committee Chairman reports to the Board at the quarterly Board meetings on the committee's activities and matters discussed at each meeting, highlighting key items deliberated and those requiring the Board's attention.

Woolworths, Winter 2022

KEY AREAS OF ACTIVITY DURING THE YEAR

During the year, the committee dealt with the following statutory, regulatory and compliance matters:

- reviewed the Group Finance Director's quarterly reports relating to the Group's financial performance, forecasts, the budget, integrated business plan, long-term plans and capital expenditure;
- reviewed reports from the Group Treasury Committee in regard to Treasury Policy compliance, Group funding matters, including the Group's facilities, the refinancing and ongoing renewal thereof, debt covenants and compliance, the capital restructure of the Australian entities, financial stress testing, the revision of the Domestic Medium Term Note (DMTN) programme and the implementation of a R1.5 billion share repurchase, among others;
- received feedback on the Group's tax position and status of tax compliance;
- reviewed proposed refinancing of debt facilities across the Group and the required financial assistance resolutions and recommended same to the Board for approval;
- considered proposals to negotiate and renew funding arrangements including ESG linked measures, with at least 80% of the South Africa drawn term debt converted to ESG linked funding;
- reviewed proposed amendments to the Treasury policy to separate the liquidity headroom requirements for each of David Jones Proprietary Limited (DJ) and Country Road Group Proprietary Limited (CRG), as well as minor changes to the counterparty exposure limits and recommended same to the Board for approval;
- reviewed the reporting process and controls in respect of the compilation of the financial information and found the processes and controls to be effective and appropriate;
- reviewed a proposal for the establishment of an internal reporting framework to ensure appropriate TCFD in reports;
- reviewed the interim reports and preliminary results announcements and recommended these to the Board for approval;
- assessed and confirmed the appropriateness of the going concern assumption used in the Group Annual Financial Statements and recommended proposals to the Board in respect of interim and final dividends;
- reviewed the basis for determining materiality for external reporting;
- reviewed the committee's terms of reference;
- reviewed the JSE's Report Back on Pro-Active Monitoring of Financial Statements;
- reported to the Board on matters concerning the Group's accounting policies, financial controls, records and reporting;
- accepted the role of audit committee for Woolworths Proprietary Limited and its subsidiaries (WSA or Woolworths SA) and certain Woolworths SA subsidiary companies, as contemplated by section 94(2) of the Companies Act;
- considered and recommended the Group's revised policies that fall within the committee's remit, including the Insider Trading, Price-Sensitive Information, External Auditor and Complaints Procedure policies;
- considered, and was satisfied with the requirements of the Debt Listings Requirements relating to the Group's Debt Officer, Ian Thompson;
- considered the JSE Limited Listings Requirement relating to the Chief Executive Officer and Chief Financial Officer sign-off on the effectiveness of the internal control environment; and
- considered the results of the committee effectiveness evaluation.

EXPERTISE OF GROUP FINANCE DIRECTOR AND FINANCE FUNCTION

In accordance with King IV™ recommendations, the committee considered the expertise and experience of the Group Finance Director, Reeza Isaacs, as well as the expertise and resources within the Group finance function and concluded that the experience and expertise of the Group Finance Director and the Group finance function is appropriate and effective for the Group.

COMMITTEE EVALUATION

A formal internal Board and committee self-evaluation was conducted in the 2022 financial year. The overall consensus on the committee's performance was positive, with no material issues of concern raised.

EXTERNAL AUDITOR MATTERS

We are pleased to report that the committee, in line with its commitment to shareholders, oversaw a smooth external auditor transition, following the appointment of KPMG Inc., which was approved by shareholders at the 2021 Annual General Meeting ("AGM").

KPMG Inc. is afforded unrestricted access to the Group's records and management, and present any significant issues arising from their annual audit to the committee. In addition, the designated partner currently Mr Edward Belstead, where necessary, raises matters of concern directly with the committee Chairman.

During the year under review, the committee:

- approved the external auditor's plan for the 2022 annual audit as well as the related scope of work, and reviewed the key audit risks identified;
- approved the audit fees for the 2022 external audit;
- had interactions with the Group designated audit partners: Mr Belstead; Mr Jeewa (for Woolworths SA and its subsidiaries); and the lead KPMG audit partner for Country Road Group and David Jones, Mr Duvall;
- confirmed that no reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, 26 of 2005;
- reviewed the findings and recommendations of the external auditor and confirmed that there were no material unresolved matters at the date that the Annual Financial Statements were approved;
- approved fees for other audit-related and non-audit services amounting to 0.3% of the prior year audit fee (2021: 2.9%), which are well within the policy limit;
- reviewed the independence of the external auditor in accordance with the provisions of sections 90 and 94 of the Companies Act and assessed the performance and accreditation of the external audit firm and designated auditor in terms of the JSE Limited Listings Requirements, applicable regulations and legislation, and the appropriate audit quality indicators, and concluded that it is satisfied with the external auditors' independence, JSE accreditation, and performance;
- monitored the effectiveness of the external auditor in terms of their audit quality, expertise and independence, as well as the content and execution of the audit plan;
- received confirmation from KPMG Inc. as to their internal governance processes that are in place to ensure independence and effectiveness; and
- requested and reviewed the information as per paragraph 22.15(h) of the JSE Limited Listings Requirements from KPMG Inc. when assessing their suitability for their appointment for the current year.

Having considered all of the related governance criteria and taking into account the performance of KPMG Inc. in the year under review, we will table a resolution at the AGM to be held on 23 November 2022 to re-appoint KPMG Inc. as the external auditors for the 2023 financial year.

INTERNAL AUDIT

The internal audit function currently led by Ms Nyathi, reviews and provides assurance on the adequacy and effectiveness of internal controls and internal financial controls through assessments conducted for interim and year-end purposes.

During the year under review, the committee:

- reviewed and approved the annual internal audit coverage plan and charter;
- evaluated and satisfied itself as to the independence, effectiveness and performance of Ms Catherine Nyathi, the Group Head of Internal Audit and Fraud and the Group internal audit function in terms of its scope, execution of its plan, coverage, independence, skills, resourcing, overall performance and position within the organisation;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal;
- considered the internal audit reports on the Group's systems of internal controls, including financial controls, governance and business risk management;
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to internal audit findings and considered management's responses to adverse internal audit findings;
- monitored and challenged, where appropriate, actions taken by management regarding adverse internal audit findings;
- met with the Group Head of Internal Audit and Fraud independently of management;
- assessed the adequacy of the performance of the internal audit function and found it to be satisfactory and effective; and
- received confirmation that internal audit members conform to the recognised industry code of ethics and that the internal audit function had conformed to the key principles of the International Institute of Internal Auditors standards for professional practice of internal auditing.

THE KING IV™ REPORT

The Group applies the principles of King IV™, details of which are reported in the Group's 2022 Integrated Annual Report, with a more detailed application register to be made available on the Company's website, both of which we expect to publish on or about 30 September 2022.

SIGNIFICANT MATTERS

The committee has considered the Key Audit Matters reported in the external audit report on page 18 and, after discussions with management and the external auditors, is satisfied that the consolidated financial statements appropriately address the critical judgements and key estimates pertaining to the key audit matters.

Other significant matters of focus, including the impact of the civil unrest in South Africa, Cloud Computing costs and the IFRIC Agenda decision to expense such costs, and Lease exit and modification gains, were discussed with management and the external auditors during the year, and have been appropriately dealt with in the financial statements.

INTERNAL FINANCIAL CONTROLS

The committee reviewed the written assessment performed by internal audit on the design, implementation and effectiveness of the Group's internal financial controls. The results of this review, and information provided by management and the risk management process, together with the work and engagement with the independent assurance providers was provided to the committee. Based on these, the committee is of the opinion that the internal financial controls are adequate and effective and form a sound basis for the preparation of reliable financial statements.

COMBINED ASSURANCE

In respect of the coordination of assurance activities, the committee reviewed:

- the plans and work outputs of the external and internal auditors and concluded they were adequate to address all significant financial risks facing the business; and
- the Combined Assurance Report, which had also been reviewed by the Group's Risk and Compliance Committee.

The committee was satisfied that the Group's Combined Assurance Model was effective in achieving:

- transparent reporting to management and the Board;
- risk mitigation; and
- an acceptable level of residual risk.

The committee confirmed that the Combined Assurance Model enabled a sufficiently coordinated approach to assurance and that the level of assurance from the internal and external assurance providers, was adequate and effective.

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements were compiled under the supervision of the Group Finance Director, Reeza Isaacs CA (SA). Following the review of the Annual Financial Statements of the Company for the year ended 26 June 2022, the committee is of the view that, in all material respects, these financial statements comply with the relevant provisions of the Companies Act and IFRS.

RECOMMENDATION AND APPROVAL

The committee reviewed the 2022 Group and Company's Annual Financial Statements for the year ended 26 June 2022 and recommended them to the Board for approval on 30 August 2022.

The Board subsequently approved the Annual Financial Statements which will be open for discussion at the upcoming AGM.

KEY FOCUS AREAS OF ACTIVITY FOR 2023

The committee has set the following key areas of focus for the 2023 financial period:

- continue to monitor business and financial performance in line with the strategy and cost optimisation plans;
- monitor the capital allocation framework and principles to ensure that capital allocation decisions are aligned to these;
- continue to ensure that financing decisions are aligned with maintaining a strong balance sheet, achieving targeted gearing levels and incorporating ESG and sustainability principles; and
- monitor progress in aligning reports with appropriate Climate-related Financial Disclosures.

APPRECIATION AND CONCLUDING REMARKS

I would like to acknowledge and note my appreciation to Ms Bassa who stepped down from the Board and its committees at the end of March 2022, for her extensive contributions to the committee during her tenure. In addition, a significant vote of thanks to Ernst & Young for their years of service as auditors to the Group, as well as to the committee members, executive management, and the KPMG Inc. team for their efforts in ensuring a smooth audit transition and the ongoing support provided to the committee.

The committee is satisfied that it has complied with, and discharged, all statutory duties in terms of section 94(7) of the Companies Act and the JSE Limited Listings Requirements, as well as with the functions and responsibilities assigned to it by the Board under its terms of reference and committee mandate, for the 2022 financial year.

C Thomson
Audit Committee Chairman
30 August 2022

Woolworths, Summer 2022

DIRECTORS' REPORT

NATURE OF BUSINESS

WHL is a southern hemisphere retail Group with operations conducted through three major operating subsidiaries, namely Woolworths Proprietary Limited and its subsidiaries (WSA or Woolworths SA), David Jones Proprietary Limited (DJ) and Country Road Group Proprietary Limited (CRG). A further joint venture operation, Woolworths Financial Services Proprietary Limited (WFS), offers financial products to WSA customers. The Company is listed on the securities exchange of the JSE Limited (JSE), where it has maintained a listing since 1997.

WSA was established in 1931, and is a leading South African retailer primarily offering a range of private label products under its own brand name. There are 636 WSA store locations in South Africa (including 84 stores operated on Engen forecourts) and 84 store locations in the rest of Africa.

DJ is the oldest department store in Australia and one of the oldest in the world. The iconic department store opened its first store in Sydney in 1838. DJ is synonymous with style and progress and offers customers the finest brands across fashion, beauty and home in its 44 store locations in Australia and New Zealand.

CRG is a retail chain offering clothing and homeware products in stand-alone retail stores and concession locations throughout Australia, New Zealand and South Africa. There are 537 retail and concession store locations in Australia and New Zealand. It is also represented in 85 WSA store locations in South Africa.

WFS is operated jointly with ABSA Group Limited and provides a suite of financial products to WSA customers, including the WSA store card, credit card and personal loans. Financial services hubs are located in 34 WSA stores, where credit card applications can be processed, and which offer instant customer service.

The nature of the business of the subsidiaries held directly and indirectly is set out in Annexure 1 on page 66. There have been no material changes to the nature of the Group's business since the prior year.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The results for the year are not directly comparable to that of the 2021 financial year, given the impact of lost sales, arising from the prolonged lockdowns in Australia and, to a lesser degree, disruptions in South Africa. Our results have been negatively affected by the lost sales; however, performance improved during the second half across all businesses, as lockdown restrictions eased and our focus on trade and executing against our strategic priorities delivered positive results.

As a result of the looting of our stores in KwaZulu-Natal, South Africa during July 2021, the Group was successful in receiving insurance proceeds of R150 million on claims submitted, relating to business interruption, fixed asset damages and stock losses. The insurance recoveries and the related expenses are recognised in profit or loss.

The Group has assessed its impairment of goodwill, intangible assets and right-of-use assets, taking into consideration the constrained retail environment. As a result, an impairment loss of R121 million was recognised. Refer to notes 8, 9 and 10 for further details.

Store leases were renegotiated during the year, both in South Africa and Australia, as a result of the Group's space optimisation strategy to reduce space, as well as store closures, resulting in lease exit and modification gains of R259 million.

Further details on the review of the operations and financial results of the Group are contained in the 2022 Integrated Annual Report and the 2022 Annual Financial Statements.

STATED CAPITAL

AUTHORISED

Ordinary shares – 2 410 600 000 of no par value (2021: 2 410 600 000)

ISSUED

Ordinary shares – 1 038 034 484 of no par value (2021: 1 049 977 230)

During the year, the Board approved the implementation of a R1.5 billion share repurchase. Further details of the stated capital and the movements for the period under review are disclosed in note 10 of the Company Annual Financial Statements.

Details of the Group's shareholder analysis as at 26 June 2022 are set out on page 4.

DIVIDEND

The following dividends were declared in respect of the year ended 26 June 2022:

INTERIM

On 1 March 2022, a gross cash dividend of 80.5 cents (64.4 cents net of dividend withholding tax) (2021: nil) was declared to shareholders recorded at close of business on Friday, 25 March 2022, and paid on Monday, 28 March 2022.

FINAL

On 30 August 2022, a gross cash dividend of 149.0 cents (119.2 cents net of dividend withholding tax) (2021: 66.0 cents) was declared to shareholders recorded at close of business on Friday, 16 September 2022, to be paid on Monday, 19 September 2022.

BORROWINGS

The Company's borrowing powers are unlimited in terms of the Memorandum of Incorporation and all borrowings by the Group are subject to Board approval. Details of borrowings appear in note 18 on page 45.

DIRECTORATE AND GROUP COMPANY SECRETARY

Details of the directors who served on the Board during the year and at the reporting date are provided below, together with director role changes that occurred during the reporting period. Biographical details of the current directors are available on the Company's website at: https://www.woolworthsholdings.co.za/

NAME	DESIGNATION	DATE OF APPOINTMENT	ROLE CHANGES
Hubert Brody	Independent Non-executive Chairman	27/11/2019	
	Independent Non-executive	1/07/2014	
Zarina Bassa	Lead Independent Non-executive Independent Non-executive	27/11/2019	Stepped down as Chairman of the Remuneration and Talent Management Committee, with effect from 25 November 2021; retired from the Board, and as a member of the Remuneration and Talent Management, Nominations, Risk and Compliance, Audit, and Treasury Committees, with effect from 31 March 2022
Christopher Colfer	Independent Non-executive	1/07/2019	
Belinda Earl	Independent Non-executive	1/07/2019	
David Kneale	Independent Non-executive	11/03/2019	Appointed as Chairman of the Remuneration and Talent Management Committee, with effect from 25 November 2021, and as Chairman of the Risk and Compliance Committee, with effect from 1 March 2022.
Nombulelo Moholi	Independent Non-executive Lead Independent Non-executive	1/07/2014	Appointed as the Lead Independent Director, with effect from 7 July 2022.
Thembisa Skweyiya	Independent Non-executive	11/03/2019	
Clive Thomson	Independent Non-executive	19/08/2019	
Phumzile Langeni	Independent Non-executive	01/04/2022	Appointed as an Independent Non-executive and as a member of the Risk and Compliance and Audit Committees, with effect from 1 April 2022.
Roy Bagattini	Group Chief Executive Officer	17/02/2020	
Reeza Isaacs	Executive	26/11/2013	
Sam Ngumeni	Executive	12/02/2014	Appointed as a member of Social and Ethics and Sustainability Committees, with effect from 1 October 2021.
Zyda Rylands	Executive	22/08/2006	Resigned from the Board, Social, Ethics and Compliance and Sustainability Committees and as Chief Executive Officer of WSA, and appointed as Chief Executive Officer of the Food business within WSA, with effect from 30 September 2021.
Chantel Reddiar	Group Company Secretary	1/09/2016	

In terms of the Company's Memorandum of Incorporation, at least one-third of the Board are required to retire by rotation at each Annual General Meeting (AGM) and may offer themselves for re-election. The directors to retire are firstly those appointed since the last AGM and thereafter, those in office the longest since their last election.

Phumzile Langeni was appointed since the last AGM; and Belinda Earl, Christopher Colfer and Clive Thomson have been in office the longest since their last election. They are each available for election or re-election, as the case may be and the Board recommends their election/re-election. Board evaluation feedback is provided in the Governance Report of the 2022 Integrated Annual Report, to be published on or about 30 September 2022.

DIRECTORS' INTERESTS IN SHARES

Over the reporting period, the directors of the Company beneficially held the following ordinary shares in the Company:

	2022 BENEFICIAL		2021 BENEFICIAL	
	DIRECT	INDIRECT	DIRECT	INDIRECT
NON–EXECUTIVE DIRECTORS	158 453	9 992	149 003	9 992
Hubert Brody	115 932	–	106 482	–
Zarina Bassa[1]	5 077	–	5 077	–
Christopher Colfer	25 000	–	25 000	–
Belinda Earl	–	–	–	–
David Kneale	6 500	–	6 500	–
Nombulelo Moholi	–	–	–	–
Thembisa Skweyiya	5 944	–	5 944	–
Clive Thomson	–	9 992	–	9 992
Phumzile Langeni[2]	–	–	–	–
EXECUTIVE DIRECTORS	6 150 754	2 579 201	6 232 857	2 385 382
Roy Bagattini	2 486 384	–	2 095 893	–
Reeza Isaacs	522 490	417 263	331 598	422 383
Sam Ngumeni	1 355 260	589 244	1 448 252	589 727
Zyda Rylands[3]	1 786 620	1 572 694	2 357 114	1 373 272
Total	6 309 207	2 589 193	6 381 860	2 395 374

1. Ms Bassa stepped down as a WHL Non-executive Director, with effect from 31 March 2022.
2. Ms Langeni was appointed as a WHL Non-executive Director, with effect from 1 April 2022.
3. Ms Rylands stepped down as a WHL Executive Director, with effect from 30 September 2021.

There have been no further changes to the directors' interests between the end of the reporting period and the date of the Directors' Report. The remuneration paid to directors of the Company during the period under review is set out on page 34.

During the year, no directors had any material interests in contracts with the Company or any of its subsidiaries that gave rise to a conflict of interest. Related party transactions, in terms of the International Financial Reporting Standards, between the Company or its subsidiaries, and the directors or their associates, are disclosed in note 7 on page 33.

DEBT OFFICER

Ian Thompson will continue as the Debt Officer of the Group, pursuant to paragraph 6.78 of the Debt Listings Requirements.

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Financial Statements and other information presented in the 2022 Integrated Annual Report, in a manner that fairly presents the financial position and the results of the operations of the Company and the Group for the year ended 26 June 2022.

The external auditors are responsible for carrying out an independent examination of the Annual Financial Statements in accordance with International Standards on Auditing and in the manner required by the Companies Act and for reporting their findings thereon. The auditors' report is set out on pages 18 to 20.

The Annual Financial Statements set out on pages 22 to 66 have been prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies, which have been consistently applied in all material respects, and are supported by reasonable and prudent estimates, where appropriate. Adequate accounting records have been maintained throughout the period under review.

INTERNAL CONTROL

The Board is accountable for the system of internal controls for the Group. The output of the risk management process, in conjunction with the work of the assurance providers, indicates to the directors that the controls in place, including financial controls, are adequate and effective. Furthermore, no material losses, exposures, financial misstatements or compliance breaches have been reported to the directors for the financial year. The directors recognise that the business is becoming more complex and dynamic and that, at any point in time, there are new areas of risk exposure, which may require management attention. As such, there is a continual focus on ensuring that the control environment within each business area is understood and maintained at the required level.

GOING CONCERN

The directors have reviewed the Group's budget and cash flow forecast for the year, and details of the Group insurance arrangements. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the Annual Financial Statements. Refer to note 20 of the Company Annual Financial statements.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the previous 12 months, a material effect on the Group's financial position.

SOLVENCY AND LIQUIDITY TEST

The directors have performed the required solvency and liquidity tests required by the Companies Act for the Company and Group.

KING IV™

The Group applies the King IV™ principles, details of which are reported in the Group's 2022 Integrated Annual Report, with a more detailed application register to be made available on the Company's website, both of which we expect to publish on or about 30 September 2022.

SUBSIDIARY COMPANIES

Full particulars of the subsidiary companies appears in Annexure 1 on page 66.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end, the Group concluded the Board-approved R1.5 billion share repurchase by purchasing and cancelling 10 813 149 ordinary shares totalling R597 million. In addition, 2 550 000 ordinary shares totalling R145 million, which were repurchased before year-end, were cancelled after year-end.

On 30 August 2022, the Board declared a gross cash dividend of 149.0 cents (119.2 cents net of dividend withholding tax) (2021: 66.0 cents) for the 52 weeks ended 26 June 2022 to ordinary shareholders recorded at close of business on Friday, 16 September 2022, to be paid on Monday, 19 September 2022.

SPECIAL RESOLUTIONS

The following special resolutions were passed by shareholders of the Company at the AGM in November 2021:

- remuneration for the non-executive directors; and
- general authority to repurchase shares.

During the year under review, the Board approved the implementation of a R1.5 billion share repurchase. A resolution seeking general authority to repurchase shares (which is valid for one year) will be tabled again at the 2022 AGM.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WOOLWORTHS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Woolworths Holdings Limited (the Group and Company) set out on pages 21 to 64 and page 66, which comprise the Group and Company statements of financial position at 26 June 2022, and the Group and Company statements of comprehensive income, the Group and Company statements of changes in equity and the Group and Company statements of cash flows for the 52 weeks then ended, and notes to the Group and Company financial statements, including a summary of significant accounting policies and annexure 1.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Woolworths Holdings Limited at 26 June 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the 52 weeks then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters set out below related to our audit of the consolidated financial statements. We have determined that there are no key audit matters to communicate in respect of our audit of the separate financial statements.

IMPAIRMENT OF GOODWILL, BRANDS AND CUSTOMER DATABASES (REFER TO NOTE 1, *SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS – GOODWILL AND BRANDS* AND NOTE 9 TO THE GROUP FINANCIAL STATEMENTS)

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
At 26 June 2022, the Group held goodwill, brands and customer databases at a carrying value of R6 047 million, included in the financial statement caption intangible assets. In accordance with IAS 36: *Impairment of Assets* (IAS 36), the Group is required to assess, at least annually, the recoverable amount of the cash generating unit (CGUs) that includes goodwill and intangible assets with indefinite useful lives. The recoverable amount of each CGU is determined using a discounted cash flow model, which takes into account the latest available projected sales growth rates, operating margin, return on capital, reinvestment of profits, working capital requirements, capital expenditure and terminal value assumptions. The Group's revenue generation and profitability of stores across the various geographic locations was impacted by Covid-19 and lockdown restrictions imposed in countries in which the Group operates at the beginning of the year. Management has applied significant judgement in determining the inputs for the discounted cash flows with regards to the forecast sales growth rates, gross margins, cost growth assumptions and long-term growth rates, as well as the working capital requirements and in the determination of the discount rates applied. As a result of the significant audit effort required to assess the judgements made by management with regard to the inputs into the discounted cash flows and the degree of complexity involved in determining the recoverable amounts of each CGU, the impairment of goodwill, brands and customer databases was considered a key audit matter in our audit of the consolidated financial statements.	The primary procedures we performed to address this key audit matter included the following: • We gained an understanding of the process followed by management to assess these intangible assets for impairment and tested the design and implementation of certain key controls related to this assessment. • We evaluated management's assessment of impairment, on a CGU basis, by evaluating the performance of each CGU against approved budgets and forecasts. • We evaluated the appropriateness of the valuation methodology applied by management to calculate the recoverable amount of each CGU. We considered the principles and integrity of the discounted cash flow models against the requirements of IAS 36 and acceptable industry standards. • We involved internal valuation specialists with specialised skills and knowledge to assist in: – Evaluating the appropriateness of the Group's discount rates used in each discounted cash flow model, by comparing these discount rates against external industry data and assessing the reasonableness of specific risk premiums (country and entity-specific) inputted into the calculation of the discount rates. • We evaluated the appropriateness of the store profitability reports utilised in the impairment assessment, by: – Comparing the number of stores to the store stock count registers to assess whether all stores had been considered; and – Assessing the appropriateness of the allocation of sales and costs per store against prior year trends. • We challenged management with respect to the forecast sales growth rates and gross margins underlying the cash flow forecasts by comparing the Group's historical forecast growth rates and gross margins with the actual results over the same period to determine whether they are reasonable and supportable. • We performed sensitivity analysis over management's forecast sales growth rates, gross margins, long-term growth rates and the discount rates applied to assess the impact of changes in these key assumptions on the recoverable amount of each CGU. • We compared the calculated recoverable amount against the carrying value of each CGU to confirm whether an impairment was required to be recognised. • We assessed the appropriateness of disclosures included in the financial statements in accordance with the requirements of IAS 36.

VALUATION OF INVENTORY (REFER TO NOTES 1, *PROVISION FOR NET REALISABLE VALUE OF INVENTORY* AND 13 TO THE GROUP FINANCIAL STATEMENTS)	
KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
At 26 June 2022, the Group held inventory at a carrying value of R8 709 million. In accordance with *IAS 2: Inventories* (IAS 2), the Group holds inventory at the lower of cost or net realisable value. The Group sells a wide range of fashion and other general merchandise products that are subject to changing consumer demands and fashion trends. This increases the risk that, as trends change, inventories may need to be sold at a discount below their recorded cost. Management estimates the extent to which merchandise on hand will be sold below cost as well as the level of provisioning for obsolete inventory. The estimates are made after considering historical data and sell-through rates, the inventory profile and age and forecast mark downs. Such judgements have a significant impact on the Group's provisions recognised against inventories, and therefore the overall carrying value of inventories. As a result of the significant audit effort required to assess the judgements made by management in relation to the inputs used to determine the provisions against inventory, specifically given the large volume of inventories across various geographies, the valuation of inventory was considered a key audit matter in our audit of the consolidated financial statements.	The primary procedures we performed to address this key audit matter included the following: • We gained an understanding of the process followed by management to estimate the inventory provisions and tested the design and implementation of certain key controls related to the recognition of the provisions. • We evaluated the appropriateness of the Group's inventory provisioning methodology and principles against the requirements of IAS 2. • We evaluated the current year's provision and the key judgements applied by: – Challenging management with respect to their assumptions in relation to their mark-down provision by comparing the Group's forecast mark downs against historical trends, also taking into account our knowledge of the industry. – Analysing the Group's obsolescence provision as a percentage of the total inventory on hand and compared this to prior years to assess whether this was reasonable and in line with expectations based on current and expected future market conditions. • We evaluated, on a sample basis, the integrity of management's calculations for determining the provision by agreeing the inputs used to the inventory system, including performing mathematical accuracy checks of the formulas used within the calculations.

OTHER MATTER

The consolidated and separate financial statements of the Group and Company as at and for the 52 weeks ended 27 June 2021, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 25 August 2021.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Woolworths Holdings Limited Annual Financial Statements 2022", which includes the Certificate of the Group Company Secretary, Report of the Audit Committee and the Directors' Report, as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the 2022 Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

Woolworths, Spring 2022

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Woolworths Holdings Limited for one year.

KPMG Inc.

Per EA Belstead
Chartered Accountant (SA)
Registered Auditor
Director
30 August 2022

4 Christiaan Barnard Street
Foreshore
Cape Town
8000

Country Road, Summer 2022

GROUP ANNUAL FINANCIAL STATEMENTS

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 26 June 2022 Rm	52 weeks to 27 June 2021 Rm
Revenue	2	82 255	80 942
Turnover	2	80 067	78 763
Cost of sales		50 881	49 816
Gross profit		29 186	28 947
Other revenue	2	2 121	2 096
Expenses		24 534	24 311
Store costs		16 865	17 512
Other operating costs		7 669	6 799
Operating profit from core trading activities*	1	6 773	6 732
Profit on sale of property in Australia	8	–	492
Lease exit and modification gains	10	259	591
Impairment of assets	8 – 10	121	364
Operating profit before net finance costs*		6 911	7 451
Investment income	2	67	83
Finance costs	3.6	1 953	2 502
Profit before earnings from joint ventures and associate		5 025	5 032
Earnings from joint ventures	29	165	118
Profit before tax	3	5 190	5 150
Tax expense	4	1 473	987
Profit for the year		3 717	4 163
Other comprehensive income:			
Amounts that may be reclassified to profit or loss			
Fair value adjustments on financial instruments	25.6	704	(498)
Tax on fair value adjustments on financial instruments		(159)	106
Exchange differences on translation of foreign subsidiaries		171	(1 027)
Amounts that may not be reclassified to profit or loss			
Post-retirement medical benefit liability: actuarial gain	21	20	5
Deferred tax on post-retirement medical benefit liability: actuarial gain		(5)	(1)
Other comprehensive income for the year		731	(1 415)
Total comprehensive income for the year		4 448	2 748
Profit attributable to:		3 717	4 163
Shareholders of the parent		3 715	4 161
Non-controlling interests		2	2
Total comprehensive income attributable to:		4 448	2 748
Shareholders of the parent		4 446	2 746
Non-controlling interests		2	2
Earnings per share (cents)	5	387.4	435.1
Diluted earnings per share (cents)	6	381.4	428.7
Headline earnings per share (cents)	5	398.9	374.4
Diluted headline earnings per share (cents)	6	392.7	368.9

* Comparative information has been updated by renaming the subtotal "Operating profit" to "Operating profit from core trading activities" and adding the subtotal "Operating profit before net finance costs", arising from the JSE review process.

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	At 26 June 2022 Rm	Restated* At 27 June 2021 Rm
ASSETS			
Non-current assets		39 953	40 105
Property, plant and equipment	8	9 190	9 315
Intangible assets	9	7 451	7 135
Right-of-use assets	10	18 891	19 116
Investment in joint ventures	29	945	893
Other loans	11	92	100
Derivative financial instruments	15	56	13
Deferred tax	12	3 328	3 533
Current assets		16 126	15 483
Inventories	13	8 709	8 501
Trade and other receivables	14	1 703	1 277
Derivative financial instruments	15	314	33
Tax	28.3	26	48
Cash and cash equivalents	28.4	5 374	5 624
TOTAL ASSETS		56 079	55 588
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent		11 775	9 305
Stated capital	16	10 830	11 465
Treasury shares		(1 659)	(1 715)
Non-distributable reserve	17	808	637
Distributable reserves	17	1 796	(1 082)
Non-controlling interests		25	23
TOTAL EQUITY		11 800	9 328
Non-current liabilities		29 880	31 305
Interest-bearing borrowings	18	4 813	5 963
Lease liabilities	19	24 220	24 608
Post-retirement medical benefit liability	21	359	363
Provisions and other payables	20 & 22	485	361
Derivative financial instruments	15	–	10
Deferred tax	12	3	–
Current liabilities		14 399	14 955
Trade and other payables	20	10 211	9 625
Provisions	22	1 260	1 308
Lease liabilities	19	2 564	2 586
Derivative financial instruments	15	53	369
Tax	28.3	28	390
Overdrafts and interest-bearing borrowings	18	283	677
TOTAL LIABILITIES		44 279	46 260
TOTAL EQUITY AND LIABILITIES		56 079	55 588

* Refer to note 30 for details of the restatement relating to accounting policy change for Cloud computing costs.

GROUP STATEMENT OF CHANGES IN EQUITY

		Attributable to shareholders of the parent								
				Non-distributable reserve	Distributable reserves					
	Notes	Stated capital Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Share-based payments reserve Rm	Financial instrument revaluation reserve Rm	Retained profit/ (accumulated loss) Rm	Shareholders' interest before non-controlling interests Rm	Non-controlling interests Rm	Total Rm
Shareholders' interest at 28 June 2020		11 413	(1 728)	1 664	336	49	(5 245)	6 489	21	6 510
Effect of IFRIC Agenda Decision adoption	30	–	–	–	–	–	(266)	(266)	–	(266)
Shareholders' interest at 28 June 2020 (restated)		11 413	(1 728)	1 664	336	49	(5 511)	6 223	21	6 244
Profit for the year		–	–	–	–	–	4 161	4 161	2	4 163
Other comprehensive income		–	–	(1 027)	–	(392)	4	(1 415)	–	(1 415)
Total comprehensive income for the year		–	–	(1 027)	–	(392)	4 165	2 746	2	2 748
Shares issued	16	52	(52)	–	–	–	–	–	–	–
Share-based payments		–	–	–	250	–	–	250	–	250
Net (acquisition)/disposal of Treasury shares		–	65	–	(161)	–	26	(70)	–	(70)
Transfer of Financial Instrument revaluation reserve to inventories		–	–	–	–	156	–	156	–	156
Transfer between reserves		–	–	–	(12)	12	–	–	–	–
Shareholders' interest at 27 June 2021		11 465	(1 715)	637	413	(175)	(1 320)	9 305	23	9 328
Profit for the year		–	–	–	–	–	3 715	3 715	2	3 717
Other comprehensive income		–	–	171	–	545	15	731	–	731
Total comprehensive income for the year		–	–	171	–	545	3 730	4 446	2	4 448
Shares issued	16	124	(124)	–	–	–	–	–	–	–
Share-based payments		–	–	–	327	–	–	327	–	327
Net (acquisition)/disposal of Treasury shares		–	180	–	(190)	–	(9)	(19)	–	(19)
Shares repurchased and cancelled	16	(759)	–	–	–	–	–	(759)	–	(759)
Transfer of Financial Instrument revaluation reserve to inventories		–	–	–	–	(108)	–	(108)	–	(108)
Dividends to ordinary shareholders	27	–	–	–	–	–	(1 417)	(1 417)	–	(1 417)
Shareholders' interest at 26 June 2022		10 830	(1 659)	808	550	262	984	11 775	25	11 800

	Notes	2022	2021
Dividend per ordinary share declared for the financial year (cents)	27	229.5	66.0
Interim		80.5	–
Final		149.0	66.0

GROUP STATEMENT OF CASH FLOWS

	Notes	52 weeks to 26 June 2022 Rm	52 weeks to 27 June 2021 Rm
Cash flow from operating activities			
Cash inflow from trading	28.1	11 503	11 393
Working capital movements	28.2	99	256
Cash generated by operating activities		11 602	11 649
Investment income received		67	83
Finance costs paid		(1 988)	(2 595)
Tax paid	28.3	(1 673)	(1 108)
Cash generated by operations		8 008	8 029
Dividends received from joint ventures		112	–
Dividends to ordinary shareholders		(1 417)	–
Net cash inflow from operating activities		6 703	8 029
Cash flow from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		(1 066)	(1 110)
Investment in property, plant and equipment and intangible assets to expand operations		(794)	(315)
Proceeds on disposal of property, plant and equipment and intangible assets		7	7 356
Other loans advanced		(2)	(21)
Net cash (outflow)/inflow from investing activities		(1 855)	5 910
Cash flow from financing activities			
Net aquisition of Treasury shares		(19)	(70)
Shares repurchased		(904)	–
Lease liabilities repaid		(2 741)	(3 048)
Borrowings raised		–	500
Borrowings repaid		(1 437)	(10 898)
Net cash outflow from financing activities		(5 101)	(13 516)
(Decrease)/increase in cash and cash equivalents		(253)	423
Net cash and cash equivalents at the beginning of the year		5 484	5 437
Effect of foreign exchange rate changes		110	(376)
Net cash and cash equivalents at the end of the year	28.4	5 341	5 484


Politix, Winter 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate Annual Financial Statements of Woolworths Holdings Limited (the Company) for the 52 weeks ended 26 June 2022 (2021: 52 weeks ended 27 June 2021) comprise the Company, its subsidiaries, joint ventures and associates (together referred to as the Group).

STATEMENT OF COMPLIANCE

The consolidated and separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the Companies Act of South Africa, the JSE Limited Listings Requirements and Debt Listings Requirements.

BASIS OF PREPARATION

The consolidated and separate Annual Financial Statements are 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 accounting policies set out below have been consistently applied to all years presented in these consolidated and separate Annual Financial Statements, unless stated otherwise, except where the Group has adopted the IFRS and IFRIC interpretations and amendments listed below that became effective during the year.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT HAVE BECOME EFFECTIVE DURING THE YEAR

CHANGES IN 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 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. Refer to Note 30 for details of the restatement.

OTHER STANDARDS

The following standards, interpretations and amendments have had no material financial impact on the reported results in the period. Where applicable, additional disclosures for the current and comparative periods are provided.

INTEREST RATE BENCHMARK REFORM – AMENDMENTS TO IFRS 7, IFRS 9 AND IAS 39

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting 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.

REVISED CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING

The IASB has issued a revised Conceptual Framework which 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.

BASIS OF CONSOLIDATION

The Group consolidates all of its subsidiaries. Accounting policies are applied consistently in all Group companies. The results of subsidiaries are included from the effective date of acquisition up to the effective date of disposal. All subsidiaries, with the exception of the Woolworths Holdings Share Trust and the Woolworths Trust, have the same financial year ends and are consolidated to that date. The results of subsidiaries with year ends differing from that of the Group are compiled for a rolling 12-month year ending June and consolidated to that date.

All intragroup balances, transactions, income, expenses and profits or losses resulting from intragroup transactions between subsidiaries or the parent and subsidiaries are eliminated in full.

CONTROL

The Group consolidates an entity when control exists and can be demonstrated as follows:

- power over the investee through having existing rights that give it the current ability to direct relevant activities;
- exposure, or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The Group's interests in joint ventures and associates are accounted for using the equity method.

A change in the ownership interest of a subsidiary, without leading to control being obtained or given up, is accounted or as an equity transaction.

Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Company carries its investments in subsidiaries at cost less accumulated impairment losses.

FOREIGN CURRENCY TRANSLATIONS

The presentation currency of the Group and parent Company Annual Financial Statements is the South African rand. Certain individual companies in the Group have different functional currencies and are translated upon consolidation.

Foreign currency transactions are recorded at the exchange rates ruling on the transaction dates. Monetary assets and liabilities designated in foreign currencies are subsequently translated at rates of exchange ruling at the reporting date and resulting gains and losses thereon are recognised in profit or loss. Upon settlement, foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the settlement date and resulting gains and losses are recognised in profit or loss. Non-monetary assets and liabilities are consistently translated at rates of exchange ruling at acquisition date.

Foreign operations are translated from their functional currency into rand at the rates of exchange ruling at the reporting date in respect of Statement of Financial Position items and at an average rate per month in respect of Statement of Comprehensive Income items. Gains and losses on the translation of foreign operations are recognised in other comprehensive income.

Translation gains and losses arising on loans, which form part of the net investment in the foreign operations, are reported in profit or loss in the company extending or receiving the loan. In the consolidated Annual Financial Statements they are carried in equity until realised, and thereafter are recognised in profit or loss.

PRESENTATION OF OPERATING PROFIT FROM CORE TRADING ACTIVITIES

Operating profit from core trading activities is calculated by excluding items that have attributes of either being infrequent or not incurred in the ordinary course of business, which would otherwise not have been considered under IAS 1 Presentation of Financial Statements. Operating profit before net finance costs includes these items.

This measure is not a defined term under IFRS and is not intended to be a substitute for, or superior to, measures as required by IFRS. It comprises items recognised and measured in accordance with IFRS. Management believes that the use of this measure is relevant to the understanding of the Group's financial performance and helpful to users of financial statements by providing a more meaningful measure of the quality of earnings and the sustainability thereof. The methodology of determining adjustments is applied consistently enabling comparisons over different reporting periods.

USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and subsequent years, if the revision affects both.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

GOODWILL AND BRANDS

Goodwill and brands are tested for impairment at every financial year-end or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill and brands are allocated. The recoverable amount is determined with the use of a discounted cash flow, which takes into account the latest available projected sales growth rates, operating margin, return on capital, reinvestment of profits, working capital requirements, capital expenditure and terminal value assumptions. Where the cash-generating unit's recoverable amount is less than its carrying value, an impairment loss is recognised. It is allocated first to reduce the carrying value of any goodwill allocated to the cash-generating unit, and then to other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill cannot be reversed in future periods. Refer to note 9 for details relating to estimates and assumptions used.

LEASES

Judgement is applied when assessing whether an arrangement should be treated as a lease. Where the Group acts as the lessee, judgement is applied in determining whether control of the underlying asset have been transferred in order to recognise a lease.

Lease terms applicable to lease agreements, relating to the Group's lease liabilities, are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Management exercises judgement in determining the likelihood of exercising termination or extension options in determining the lease term including considerations of the age of the lease, the nature of the leased asset and the expected return on the underlying cash-generating unit to which the leased asset belongs.

Subsequent to the commencement date of lease agreements, lease terms are reassessed when there is a significant event or change in circumstances that is within the Group's control and affects its ability to exercise or not to exercise the option to renew or to terminate. Significant events could include a change in the Group's assessment of whether it is reasonably certain to exercise a renewal or termination option, the incurrences of unanticipated significant leasehold improvements or the negotiation of unanticipated lease incentives. Refer to notes 10 and 19 for details relating to estimates and assumptions used.

Incremental borrowing rates applied in the measurement of certain lease liabilities are specific to the country, term, currency and start date of the applicable lease agreement. 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.

AMENDMENTS TO IFRS 16: COVID-19-RELATED RENT CONCESSIONS

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the Covid-19 pandemic. The expedient initially applied to reductions in lease payments due on or before 30 June 2021, but that date was subsequently extended to 30 June 2022 through further amendments made in March 2021, effective from 1 April 2021. These need to satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria occurring during the financial year.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. Assessments of useful lives and residual values are performed annually after considering factors such as technological innovation, maintenance programmes, relevant market information, manner of recovery and management consideration.

In assessing residual values, the Group considers the remaining life of the asset, its projected disposal value and future market conditions. Refer to note 8.

PROVISION FOR NET REALISABLE VALUE OF INVENTORY

The provision for net realisable value of inventory represents management's estimate, based on historic sales trends and its assessment of quality and volume, of the extent to which merchandise on hand at the reporting date will be sold below cost. Refer to note 13.

Management make an estimate and make assumptions to identify the extent to which merchandise on hand at the reporting date will be sold below cost. The estimate by management is made after considering the following factors:

- Historical data and sell-through rates
- the inventory profile and age
- forecast mark downs

As a consequence of the national lockdowns and restrictions on trade in both South Africa and Australia, the Group has been exposed to additional risk of slow moving or obsolete inventory. Management has reassessed the key assumptions used in estimating the net realisable value of inventory on hand.

The Group has considered the nature and condition of inventory, as well as applying assumptions around when trade restrictions might be eased leading to the normalisation of sales. The inventory provision reflects management's best assumptions relating to stock that will be cleared below cost.

PROBABILITY OF VESTING OF RIGHTS TO EQUITY INSTRUMENTS GRANTED IN TERMS OF SHARE-BASED PAYMENT SCHEMES

The cumulative expense recognised in terms of the Group's share-based payment schemes reflects, in the opinion of the directors, the number of rights to equity instruments granted that will ultimately vest. At each reporting date, the unvested rights are adjusted by the number of rights forfeited during the year, to reflect the actual number of instruments outstanding. Management is of the opinion that this number, adjusted for future attrition rates, represents the most accurate estimate of the number of instruments that will ultimately vest.

BUSINESS COMBINATIONS

The Group determines the fair value allocations for assets and liabilities acquired via business combinations, where applicable.

IMPAIRMENT OF FINANCIAL ASSETS

EXPECTED CREDIT LOSS (ECL) MODEL

Impairment using the ECL model in terms of IFRS 9 apply to debt financial assets measured at either amortised cost or at fair value through other comprehensive income (FVOCI), loan commitments, where there is a present commitment to extend credit (unless these are measured at FVTPL) and financial guarantees.

ECL is, at a minimum, required to be measured through a loss allowance at an amount equal to the 12-month ECL of the financial asset. A loss allowance for full lifetime ECL is required for a financial asset if the credit risk of that financial instrument has increased significantly since initial recognition.

The Group applies the IFRS 9 simplified approach to measuring ECLs for all trade receivables, and the general approach for loans and other receivables.

PROVISION FOR EMPLOYEE BENEFITS

Post-retirement defined benefits are provided to certain existing and former employees. Actuarial valuations are performed to assess the financial position of relevant funds and are based on assumptions, which include mortality rates, healthcare inflation, the expected long-term rate of return on investments, the discount rate and current market conditions. Refer to note 21.

SIGNIFICANT JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following areas require significant judgements to be made by management in the application of the Group's accounting policies:

TREATMENT OF WOOLWORTHS FINANCIAL SERVICES PROPRIETARY LIMITED (WFS) AS A JOINT VENTURE

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement.
- Joint operations: where the Group has both the rights to the assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

Based on the Groups' 50% interest and contractual arrangement with WFS, the Group has classified its arrangement with WFS as a joint venture in accordance with IFRS 11. Refer to the accounting policy Investment in joint venture and associates, and note 29 for further details

INCOME TAXES

The Group is subject to income tax in more than one jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

CONSOLIDATION OF THE GROUP'S SHARE TRUST

The Group operates a share incentive scheme through a separate share trust. The trust is operated for the purposes of incentivising staff to promote the continued growth of the Group, and is funded by loan accounts from companies within the Group and by dividends received from the Company. In management's judgement, the Group controls the respective trust in accordance with IFRS 10 Consolidated Financial Statements, and the appropriate accounting treatment for this entity is to consolidate its results.

SALE AND LEASEBACK TRANSACTIONS

A sale and leaseback transaction comprises the sale of an asset by the seller and subsequently leasing it back from the buyer. Recognising a sale and leaseback transaction, in accordance with the requirements of IFRS 16, is dependent on whether the transfer of an asset satisfies the requirements of IFRS 15, in which control of the asset has been transferred to the buyer-lessor.

The Group applies judgement in determining whether the transaction constitutes a transfer of control in terms of IFRS 15, whereby a performance obligation is satisfied by transferring a promised good or service (i.e. an asset) to a customer. The Group considers both qualitative and quantitative factors, including fair value of consideration and the transferred asset, whether the lease payments are at market rates, the transfer of significant risks and rewards of ownership and the uncertainty as to whether a lease option would be exercised beyond a specific period in determining whether control has transferred to the buyer-lessor.

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recognised at cost, which includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, buildings and leasehold improvements are shown at cost, less accumulated depreciation and any impairment in value. Land is measured at cost, less any impairment in value and is not depreciated, since the useful life is considered to be indefinite. Furniture, fittings, equipment, motor vehicles and computer equipment are shown at cost less accumulated depreciation and any impairment in value.

Subsequent expenditure, including the cost of replacing parts of the asset, other than day-to-day servicing costs, are included in the cost of the asset when incurred, if it is probable that such expenditure will result in future economic benefits associated with the item flowing to the Group, and the cost can be measured reliably.

An asset is depreciated from the time that it is available for use. Depreciation of an asset ceases at the earlier of the date that the asset (or disposal group into which the asset falls) is classified as held-for-sale or included in a discontinued operation in accordance with IFRS 5, and the date that the asset is derecognised. The depreciable amount of an asset, being the cost of the asset less the residual value, is allocated on a straight-line basis over theestimated useful life of the asset. Residual value is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. Whilst residual value is equal to or exceeds the carrying value, depreciation is discontinued.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The residual values, useful lives and depreciation methods applied to assets are reviewed at each financial year-end based on relevant market information and management consideration, and are adjusted prospectively, if applicable.

Useful lives per asset category:

Buildings	15 – 75 years*
Leasehold improvements	Written off over the lease period or shorter period if appropriate
Furniture, fittings and equipment	2 – 15 years
Motor vehicles	5 years
Computer equipment	3 – 7 years

* David Jones flagship buildings estimated useful life is 75 years, all other buildings are up to 40 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss, arising on derecognition of the asset, is included in profit or loss within store or other operating costs in the year in which the asset is derecognised.

Items of property, plant and equipment are assessed for impairment as detailed in the accounting policy on impairment.

INTANGIBLE ASSETS

Intangible assets are initially recognised at cost, if acquired separately, or at fair value if acquired as part of a business combination. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised, but expensed in profit or loss in the year during which the expenses are incurred.

Other than brands and goodwill, all of the Group's intangible assets are assessed as having finite useful lives. The Group's intangible assets are amortised over their useful lives using a straight-line basis. Computer software is amortised between five to 10 years.

Amortisation commences when the intangible assets are available for their intended use. The amortisation period and method for intangible assets with finite useful lives are reviewed annually.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The residual value of an intangible asset may increase to an amount equal to or greater than the asset's carrying amount. Amortisation of intangible assets ceases when the residual value is equal to or exceeds the carrying value.

The residual value of an intangible asset is zero, unless there is a commitment by a third party to purchase the asset at the end of its useful life, or if the residual value can be determined by reference to an active market and it is probable that the market will still exist at the end of the asset's useful life.

Amortisation ceases at the earlier of the date that the asset is classified as held-for-sale (or is included in a disposal group that is classified as held-for-sale), or the date that the asset is derecognised.

Subsequent expenditure on intangible assets is capitalised if it is probable that future economic benefits attributable to the asset will flow to the Group and the expenditure can be measured reliably.

Intangible assets are derecognised upon disposal or where no future economic benefits are expected. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. These gains and losses are recognised in profit or loss when the asset is derecognised.

Intangible assets are tested for impairment if indications of impairment exist, except for goodwill and intangible assets with indefinite useful lives, which are tested at least annually. Refer to the accounting policy on impairment of non-financial assets for this process.

COMPUTER SOFTWARE

Computer software acquired from external suppliers is initially recognised at cost. Computer software development costs are capitalised if the recognition criteria outlined below under 'Research and development' are met.

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred.

Development costs are recognised as an expense in the period in which they are incurred unless the technical feasibility of the asset has been demonstrated and the intention to complete and utilise the asset is confirmed. Capitalisation commences when it can be demonstrated how the intangible asset will generate probable future economic benefits, that it is technically feasible to complete the asset, that the intention and ability to complete and use the asset exists, that adequate financial, technical and other resources to complete the development are available and the costs attributable to the process or product can be separately identified and measured reliably. Where development costs are recognised, it has a finite useful life and is amortised over its useful life on a straight-line basis and is tested for impairment if indications of impairment exists.

GOODWILL

Goodwill on acquisitions of subsidiaries is recognised as an asset and initially measured at cost, and represents the excess paid above the fair value of the assets and liabilities obtained as part of the business combination.

After initial recognition, goodwill on acquisitions of subsidiaries is measured at cost, less any accumulated impairment losses. Goodwill is adjusted in the remeasurement period up to one year after its recognition for remeasurement of the amounts recognised. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation can be made to a single cash generating unit or a group of cash-generating units.

Goodwill on acquisitions of the equity-accounted associate and joint ventures is included in the investments in associate or joint ventures and tested for impairment as part of the carrying value of the investment. Goodwill recognised on the acquisition of the associate or joint ventures (equity-accounted) is calculated as the difference between the cost of the investment and the fair value of the proportionate net assets acquired. Any excess of the fair value of the proportionate net assets acquired over the cost of the investment is included in profit or loss of the investor, in the year when acquired, as part of the proportionate share in the associate's profit after tax.

When part of a cash-generating unit that contains goodwill is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation in determining the gain or loss on disposal. Goodwill disposed of in this manner is measured on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

LEASES

The Group's main lease contracts relate to leases of retail stores, offices and distribution centres.

RIGHT-OF-USE ASSETS

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 shorter of the lease term and the estimated useful lives of the assets. 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. These mainly include loss-making stores and stores that the Group intends to close.

LEASE LIABILITIES

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. Interest expense on lease liabilities are presented as a component of finance costs in profit or loss and classified as cash flows from operating activities in the statement of cash flows.

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 elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and a lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term.

SALE AND LEASEBACK TRANSACTIONS

A sale and leaseback transaction is where the Group sells an asset and immediately leases it back from the buyer, thereby reacquiring the use of the asset. If the transfer of the asset by the Group satisfies the requirements of IFRS 15 to be accounted for as a sale, the associated property, plant and equipment asset is derecognised, and a right-of-use asset recognised at the proportion of the previous carrying amount of the asset relating to the right-of-use retained. The gain or loss that the Group recognises is limited to the proportion of the total gain or loss that relates to the rights transferred to the buyer-lessor. Any gain or loss that relates to the rights transferred to the buyer-lessor is recognised in profit or loss.

BUSINESS COMBINATIONS

All business combinations are accounted for by applying the acquisition method. Goodwill may arise on the acquisition of businesses and subsidiaries. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets. Any gain from a bargain purchase is recognised in profit or loss immediately. The fair value of the consideration paid is the fair value at the date of exchange of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree. Acquisition costs incurred are expensed. The fair value of assets and liabilities obtained are determined through a professional valuation.

TAXES

CURRENT TAX

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the tax authorities. The tax rates and laws used to compute the amount are those enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset if the Company has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

DEFERRED TAX

Deferred tax is provided for on the Statement of financial position basis on the temporary differences at the reporting date between the carrying values, for financial reporting purposes, and tax bases of assets and liabilities.

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profit will allow the deferred tax assets to be utilised, unless the deferred tax assets arise from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit or loss. In respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and that taxable profit will be available against which the temporary differences will be utilised.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available for utilisation of the asset.

Deferred tax liabilities are recognised for taxable temporary differences, except where the deferred tax liabilities arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss. In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax liabilities are not recognised when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying values of its assets and liabilities.

Current tax and deferred tax are credited or charged directly to equity or other comprehensive income if they relate to items credited or charged directly to equity or other comprehensive income.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or different taxable entities that intend to settle current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

DIVIDEND WITHHOLDING TAX (DWT)

DWT is a tax levied on the beneficial owner of the shares instead of the Company. The tax is withheld by the Company and paid over to the South African Revenue Service (SARS) on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge of the Company. Amounts not yet paid over to SARS are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

CURRENT ASSETS AND LIABILITIES

Current assets and liabilities have maturity terms of less than 12 months and are expected to be settled in the Group's normal operating cycle.

INVENTORIES

Merchandise, raw materials and consumables are initially recognised at cost, determined using the weighted average cost formula.
The cost of merchandise is the net of the invoice price of merchandise, insurance, freight, customs duties, an appropriate allocation of distribution costs, trade discounts, rebates and settlement discounts. Rebates and discounts received as a reduction in the purchase price of inventories are deducted from the cost of those inventories.

Subsequent to initial recognition, inventories are measured at the lower of cost and net realisable value. Net realisable value of merchandise is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Management make adjustments to the carrying value of inventory to reflect the cost of inventory at the lower of cost and net realisable value, as well as the cost of hedge accounting.
In accordance with the provisions of IFRS 9, the application of hedge accounting requires management to adjust the cost of inventory to incorporate the impact of forward exchange hedging contracts.

Raw materials and consumables held for packaging of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The carrying amount of inventories sold is recognised as an expense in the period in which the related revenue is recognised.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits include salaries, bonuses, leave pay, allowances and other fringe benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount and the obligation can be estimated reliably.

LONG-TERM EMPLOYEE BENEFITS

Long-term employee benefits include employee long-service leave entitlements. A provision is recognised for the amount expected to be redeemed or paid to the employee. The provision is measured based on the service period worked and probability assumptions are applied to determine the likelihood that an employee will qualify for the entitlement. Refer to note 22 for further details.

RETIREMENT BENEFITS

Current contributions to defined contribution retirement funds are based on a percentage of the pensionable payroll and are recognised as an employee benefit expense when they are due. The Group has no further payment obligations once the contributions are paid.

The Group has an obligation to provide certain post-employment medical aid benefits to certain employees and pensioners. The calculated cost arising in respect of post-retirement medical aid benefits is charged to profit or loss, as services are rendered by employees. The present value of future medical aid subsidies for past and current service is determined in accordance with IAS 19:Employee Benefits, using actuarial valuation models. The cost of providing benefits under the plan is determined using the projected unit credit valuation method. All actuarial gains and losses are recognised in other comprehensive income. Any curtailment benefits or settlement amounts are recognised in profit or loss as incurred. Current service costs and interest cost is included in employee costs in profit and loss.

SHARE-BASED PAYMENT TRANSACTIONS

Shares and rights to acquire shares granted to employees in terms of the Group's share incentive schemes meet the definition of share-based payment transactions. Refer to note 16 for a detailed description of each of the schemes.

In its separate Annual Financial Statements, the Company accounts for the share-based payment transaction as an equity-settled share-based payment arrangement, with a corresponding increase in its investment in subsidiaries.

The equity-settled share-based payment schemes allow Group employees to acquire shares in the Company. The fair value of shares granted or rights to acquire shares (granted in the form of share options), is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period in which the employees become unconditionally entitled to these rights. The fair value of the grants is measured with reference to the listed share price.

The Group revises its estimates of the number of shares or rights to acquire shares that it expects will ultimately vest based on the non-market vesting and service conditions. The Group recognises the impact of the revision in the original estimates in profit or loss, with a corresponding adjustment to equity. No subsequent adjustments are made to equity after the vesting date.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the amount measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, the Group recognises, over the remainder of the vesting period, the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee as measured at the date of the modification.

Where an equity-settled award is cancelled by the Group, it is accounted for as an acceleration of the vesting of the awards. It is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Outstanding rights to acquire shares could result in share dilution in the computation of earnings per share (refer to note 6).

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

FINANCIAL INSTRUMENTS

RECOGNITION AND MEASUREMENT

Financial instruments are initially recognised on the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, which includes directly attributable transaction costs in the case of financial assets and liabilities not at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Subsequent measurement for each financial instrument in the Group is performed in accordance with classification of the instrument in line with the following:

FINANCIAL ASSETS

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), financial assets at 'fair value through other comprehensive income' (FVTOCI) and 'loans and receivables at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

EFFECTIVE INTEREST METHOD (AMORTISED COST)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

The Group uses the effective interest method for the following financial assets:

- Trade and other receivables: this comprises all trade and non-trade debtors other than financial services debtors. Short-duration receivables with no stated interest rate are measured at original invoice amount, unless the effect of imputing interest is significant.
- Other loans: these comprise housing and employee loans.
- Cash and cash equivalents: this comprises cash at banks and on hand, overdrafts, as well as short-term deposits held at call with banks.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) – EQUITY INSTRUMENTS

At the initial recognition of the equity instrument, the Group may make an irrevocable election to classify its investments in equity instruments as designated at fair value through other comprehensive income if the investment is not held for trading. This election is performed on an instrument-by-instrument basis.

Gains or losses that are recognised as a result of subsequent measurement of these instruments are never recycled to profit or loss. Dividends received from these instruments are recognised in profit or loss, unless the Group has received these dividends as a recovery of part of the cost of the financial asset.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) – DEBT INSTRUMENTS

Debt instruments such as listed bonds are measured by the Group at FVOCI where the contractual cash flows are solely principal and interest and the objective of the Group's business model for such instruments is achieved both by collecting contractual cash flows and selling the financial assets.

Gains or losses on the instrument are recognised in other comprehensive income, with the exception of impairment losses or reversals, and foreign exchange gains or losses, which are recognised in profit or loss. Interest income earned on the instrument is recognised in profit and loss. Upon derecognition, the cumulative fair value change is recycled from OCI to profit or loss.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

FINANCIAL LIABILITIES

Financial liabilities are classified as either of the following categories:

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial liabilities classified as fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

OTHER FINANCIAL LIABILITIES

Other financial liabilities include borrowings, trade and other payables and overdrafts. The Group subsequently measures these liabilities at amortised cost using the effective interest method. The effective interest method has been outlined above.

DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset is derecognised when the right to receive cash from the asset has expired, or the Group has transferred the asset and the transfer qualifies for derecognition. A transfer qualifying for derecognition occurs when the Group transfers the contractual rights to receive the cash flows of the financial asset, or retains the rights but assumes a contractual obligation to pay those cash flows in full without material delay to a third party under a 'pass-through' arrangement, and where the Group has transferred control or substantially all the risks and rewards of the asset. Where the Group has transferred its rights to the cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. An exchange between the Group and an existing lender of debt instruments with substantially different terms or a substantial modification to an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The resulting difference between the carrying value on derecognition of the financial instrument and the amount received or paid is taken to profit or loss.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted instruments traded in an active market is determined with reference to closing prices at close of business on the Statement of Financial Position date. Where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length market transactions, reference to current market value of other similar instruments, discounted cash flow analyses and option pricing models.

OFFSET

Where a current legally enforceable right to offset exists for recognised financial assets and financial liabilities, and there is an intention to realise the asset and settle the liability simultaneously, or to settle on a net basis, such related financial assets and financial liabilities are offset.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when it becomes due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially at fair value. Subsequently, the contract is measured in accordance with IFRS 9 at the higher of:

- the amount of the loss determined as expected credit loss; or
- the amount initially recognised, less cumulative amortisation recognised in accordance with IFRS 15, unless it was designated as at fair value through profit or loss at inception and measured as such.

Financial guarantees are derecognised when the obligation is extinguished, expires or transferred.

The Group currently does not recognise any financial guarantee contract provisions as, in the opinion of the directors, the ECL arising from these guarantees is insignificant.

HEDGE ACCOUNTING

The Group applies hedge accounting in accordance with the provisions of IFRS 9.

Gains and losses on the effective portion of cash flow hedges in respect of a risk associated with a recognised asset or liability, or highly probable forecast transaction or firm commitment, are recognised in the financial instrument revaluation reserve within equity. Gains and losses on the ineffective portion are recognised in profit or loss immediately, within other expenses.

When forward exchange contracts and interest rate swaps are used to hedge forecast transactions, the Group designates the entire contract as the hedging instrument, i.e. the Group designates the full change in fair value of the derivative contract (including forward points in respect of the forward exchange contracts) as the hedging instrument. This means the gains or losses relating to the effective portion of the change in fair value of the entire derivative contract is recognised in the financial instrument revaluation reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- With reference to forward exchange contracts, where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- With reference to interest rate swaps, the gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

Where the group has entered into interest rate options to hedge exposures to interest rate risk, the intrinsic value is designated as the hedging instrument. Changes in the intrinsic value together with changes in the time value component are recognised in other comprehensive income and accumulated in the financial instrument revaluation reserve within equity.

The option premium is amortised over the term of the interest rate option and is reclassified to profit and loss from the financial instrument revaluation reserve.

Derivative financial instruments not designated as hedging instruments or subsequently not expected to be effective hedges are classified as held-for-trading and recognised at fair value with the resulting gains and losses being recognised in profit or loss in the period in which they arise.

IMPAIRMENT

NON-FINANCIAL ASSETS

The carrying amount of the Group's assets, other than goodwill, inventories, and deferred tax assets (refer to the accounting policy on each asset mentioned respectively), is reviewed at each Statement of Financial Position date for any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs using a discounted cash flow. For franchise buybacks, each African country is treated as its own cash-generating unit.

The recoverable amount is the higher of an asset's or the cash-generating unit's fair value, less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments. This incorporates information and assumptions that a market participant would consider when pricing the item under consideration, the time value of money and the risks specific to the asset or cash-generating unit. Costs to dispose are incremental costs directly attributable to the disposal, excluding finance costs and income tax expense.

The excess of an asset's or cash-generating unit's carrying amount over its recoverable amount is recognised as an impairment loss in profit or loss.

An impairment recognised previously may be reversed when estimates change as a result of an event occurring after the impairment was initially recognised. When an impairment loss is reversed, the carrying value cannot exceed what the carrying value would have been (at the date of reversal) had no impairment losses been recognised in the past on the particular asset. A reversal of an impairment loss is recognised in profit or loss.

FINANCIAL ASSETS

The Group recognises an allowance for ECL, for all debt instruments subsequently measured using the amortised cost method or FVOCI, i.e. not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate (or an approximation thereof).

ECLs are recognised in two stages. A 12-month ECL which means that the Group will recognise a loss allowance based on default events that are possible within the next 12 months, provided that the credit exposures have not seen a significant increase in the credit risk since initial recognition. The second stage, which is referred to as the lifetime ECL, is a loss allowance for credit losses that are expected over the remaining life of the exposure, irrespective of the timing of default. The Group recognises this stage of the allowance where the credit exposures have seen a significant increase in the credit risk since initial recognition.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Debt instruments at amortised cost are recognised net of an allowance for ECL.

For loans and other receivables, the Group applies the general approach in calculating ECL, by incorporating forward-looking information in its application. The general approach is applied using the following stages:

- Stage 1 – This is where the credit risk has not increased significantly since initial recognition. In this stage the Group recognises a 12-month ECL and recognises interest income on a gross basis, i.e. interest is calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- Stage 2 – This is where the credit risk has increased significantly since initial recognition. When the financial asset transfers to stage 2, the Group recognises lifetime ECL, but interest income will continue to be recognised on a gross basis.
- Stage 3 – This is where the financial asset is credit impaired, i.e. there is objective evidence of impairment at the reporting date. For these assets, the Group recognises lifetime ECL, but the interest income is recognised on a net basis, i.e. interest is calculated on the gross carrying amount less ECL.

STATED CAPITAL

SHARE BUYBACKS

Consideration paid for the share buybacks, including any directly attributable incremental costs, net of income taxes, is deducted from equity in treasury shares until the shares are cancelled or reissued.

TREASURY SHARES

Shares in the Company held by wholly owned Group companies are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares and the cost price of the shares is deducted from Group equity. Dividends received on treasury shares are eliminated on consolidation. No gains and losses are recognised in the Group Statement of Comprehensive Income on the purchase, sale, issue or cancellation of treasury shares.

DIVIDENDS TO SHAREHOLDERS

Dividends are recorded in the period in which the dividend is declared and charged directly to equity.

INVESTMENT IN JOINT VENTURES AND ASSOCIATES

A joint venture is an arrangement in which the parties with joint control have rights/exposures to the net assets of the arrangement. An associate is an entity in which the Group has significant influence. The Group's interests in joint ventures and associates are accounted for using the equity method, and the investments are accounted for at cost less accumulated impairment in the separate financial statements of the venturer companies.

Under the equity method, an investment is carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of the net assets of the joint venture or associate. The Statement of Comprehensive Income reflects the share of the results of operations of the company. Where there has been a change recognised directly in the other comprehensive income or equity of the joint venture or associate, the Group recognises its share of any changes and discloses this, where applicable, in the Group's results in accordance with the requirements of IFRS 11.

Unrealised gains and losses resulting from transactions between the Group, the joint venture and associate are eliminated to the extent of their interests. The share of the profit of a joint venture or associate is disclosed in the Statement of Comprehensive Income. This is the profit attributable to the equity holding and therefore is profit after tax and non-controlling interests of the joint venture and associate. Any dividend received by the Group is credited against the investment in the joint venture and associate.

Financial results of the joint venture or associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in a joint venture or associate. The Group determines at each Statement of Financial Position date whether there is any objective evidence that the investment in the joint venture and associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the joint venture or associate and the carrying value and recognises the amount in profit or loss.

REVENUE

Revenue of the Group comprises:

- Turnover: net merchandise sales, sales to franchisees and logistics services;
- Other revenue: rentals, concession sales commission, royalties, other commission, dividends and investment income.

Turnover and concession sales represent the total sales amount of goods sold in Group stores. Concession sales are the sale of goods by concession operators and are not included in revenue.

Value added tax is excluded.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts to be collected on behalf of third parties. The Group recognises revenue when it transfers control over of a product or service to a customer.

The Group does not enter contracts where the period between the transfer of goods and/or services and payment exceeds one year. The Group therefore does not adjust its transaction prices for financing components.

Revenue is recognised on the following basis:

SALE OF MERCHANDISE

The Group recognises sales revenue, net of sales taxes and estimated sales returns at the time it sells merchandise to the customer, which is generally at till point when no further performance obligations are required. The Group's WRewards Programme offers an immediate discount, which is recognised as a reduction in revenue, as it does not create a separate performance obligation providing a material right to a future discount. Online sales include shipping revenue and are recorded upon delivery to the customer when control is deemed to have passed onto the customer. Generally, merchandise purchased in store, or on an online platform can be returned within a reasonable number of days specified on the till slip. Estimated sales returns are calculated using historical experience of actual returns as a percentage of sales calculated at the end of each reporting period using the expected value method. A refund liability as applied to Revenue is recognised in provisions and a right of return asset is recognised in relation to the sales return in other receivables (and corresponding adjustment to cost of sales).

CLICK AND COLLECT SALES

Proceeds from Click and Collect sales are initially recognised as contract liabilities, deferring the revenue. Revenue is recognised when the customer takes possession of the product.

SERVICE REVENUE

The Group recognises the revenue from service transactions over the time the service is performed and when control is transferred to the customer. Services provided by the Group include the following:

- logistics services which relate to the transport of goods on behalf of third parties;
- concession commissions which relate to the commission accrued to the Group when sales on third-party items in accordance with the sale agreements with suppliers, occur. The principal vs agent analysis is made based on whether the intermediary party controls the good or service before transferring it to the customer. The commission is recognised on the conclusion that the Group is currently acting as the agent in its sale agreements.

GIFT CARD
Customer purchases of gift cards, to be utilised in our stores or on our e-commerce websites, are not recognised as revenue until the card is redeemed and the customer purchases merchandise using the gift card, subject to breakage. The Group recognises a contract liability in respect of the performance obligation to transfer, or to stand ready to transfer goods or services in the future. Gift cards in Woolworths carry an expiration date: However, in line with the three-year prescription period these are deemed to only expire after three years. A certain number of shopping cards, both with and without expiration dates, will not be fully redeemed. Management estimates unredeemed gift cards and recognises breakage in proportion to the pattern of rights exercised by the customer where it is determined the likelihood of redemption is remote. Management periodically reviews and updates its estimates for breakage.

OTHER REVENUE
- royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement;
- dividends are recognised when the shareholder's right to receive payment is established;
- investment income is recognised as interest accrues using the effective interest method;
- rental income for fixed escalation leases; and
- contingent rentals.

EXPENSES
Expenses, other than those specifically dealt with in another accounting policy, are recognised in profit or loss when it is probable that an outflow of economic benefits associated with a transaction will occur and that outflow can be measured reliably. Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

SEGMENTAL INFORMATION
IFRS 8 requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-makers (CODM) to allocate resources to the segments and to assess their performance. The CODM has been identified as the Group's executives.

Management has determined the operating segments based on the main internal reporting segments. The Group has identified seven reportable segments:
- Woolworths Fashion, Beauty and Home (FBH) (Clothing, homeware, beauty and other lifestyle products)
- Woolworths Food
- Woolworths Logistics
- David Jones (Department store clothing retailer)
- Country Road Group (Clothing retailer, which includes the Witchery Group)
- Woolworths Financial Services (WFS) (Financial products and services)
- Treasury (Cash and debt management activities)

The Executive Directors evaluate the segmental performance based on profit or loss before exceptional items and tax. To increase transparency and comparability of revenue, the Group has included additional voluntary disclosure of revenue from logistics services.

EARNINGS PER SHARE
The calculation of earnings per share is based on profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings per share is calculated in accordance with Circular 1/2021 issued by the SAICA. Diluted earnings per share is presented to show the effect of the conversion of favourable potential ordinary shares.

INVESTMENT IN SUBSIDIARIES
A subsidiary is an entity over which an investor exercises control. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiaries are shown at cost less impairment losses, as applicable. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

NON-CURRENT ASSETS HELD FOR SALE
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale rather than continuing use. The following conditions are required to be met to be classified as held for sale: (i) management is committed to a plan to sell, (ii) the asset is available for immediate sale in its present condition, and (iii) the sale is highly probable, within 12 months of classification as held for sale, and subject only to terms that are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell, other than financial assets and deferred tax assets, which continue to be measured in accordance with their relevant accounting standards. Assets are assessed for impairment at the time of classification and subsequent to classification. A gain for any subsequent increase in fair value less costs to sell of an asset can be recognised in the profit or loss to the extent that it is not in excess of the cumulative impairment loss that has been recognised.

Property, plant and equipment are not depreciated or amortised once classified as non-current asset held for sale.

IFRS AMENDMENTS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

PROPERTY, PLANT AND EQUIPMENT: PROCEEDS BEFORE INTENDED USE – AMENDMENTS TO IAS 16 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2022)
The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect this amendment to have a material impact on the Group's consolidated financial statements.

REFERENCE TO THE CONCEPTUAL FRAMEWORK – AMENDMENTS TO IFRS 3 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2022)
Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The Group does not expect this amendment to have a material impact on the Group's consolidated financial statements.

ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT AMENDMENTS TO IAS 37 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2022)
The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The Group does not expect this amendment to have a material impact on the Group's consolidated financial statements.

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT – AMENDMENTS TO IAS 1 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023)
The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group does not expect this amendment to have a material impact on the Group's consolidated financial statements.

DISCLOSURE OF ACCOUNTING POLICIES – AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023)
The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Group does not expect this amendment to have a material impact on the Group's consolidated financial statements.

DEFINITION OF ACCOUNTING ESTIMATES – AMENDMENTS TO IAS 8 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023)
The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION – AMENDMENTS TO IAS 12 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023)
The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:
- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect this amendment to have a material impact on the Group's consolidated financial statements.

2. REVENUE

	2022 Rm	2021 Rm
Turnover	80 067	78 763
Fashion, Beauty and Home	39 881	39 910
Food	39 549	38 279
Logistics services and other	637	574
Other revenue	2 121	2 096
Rentals	9	9
Concession sales commission	1 907	2 034
Insurance recoveries	150	–
Royalties	55	53
Investment income	67	83
Interest earned from cash and investments	67	83
	82 255	80 942

Revenue from contracts with customers has been further disaggregated by nature of business and retail chain. Refer to note 32. Rentals and investment income fall outside the scope of IFRS 15. Investment income is measured in terms of the effective interest method in accordance with IFRS 9.

3. PROFIT BEFORE TAX INCLUDES:

	2022 Rm	2021 Rm
3.1 OPERATING LEASE EXPENSES		
Plant and equipment	8	8
Expense relating to short-term leases*	29	16
Expense relating to low-value assets not shown above as short-term leases*	245	7
Expense relating to variable lease payments not included in lease liabilities	794	815
Covid-19 rent relief	(206)	(244)
3.2 AUDITOR'S REMUNERATION		
Audit fee – current year	32	35
Audit fee – prior year	3	5
Tax advisory and other services	1	3
3.3 NET FOREIGN EXCHANGE LOSS	8	104
3.4 OTHER EXPENSES		
Technical and consulting fees	281	298
Depreciation and amortisation (refer to notes 8, 9 and 10)	4 441	4 736
Net gain on sale of property in Australia	–	(492)
Net loss on disposal of property, plant and equipment and intangible assets	32	14
Net impairment of property, plant and equipment, intangible assets and right-of-use assets (refer to notes 8, 9 and 10)	121	364
(Profit)/loss on fair value movements arising from derivative instruments (refer to note 25.6)	(23)	14
3.5 EMPLOYMENT COSTS	11 683	11 355
Short-term employment benefits**	10 423	10 175
Share-based payments expense	309	238
Pension costs (refer to note 21)	893	877
Post-retirement medical benefit (refer to note 21)	41	38
Termination and other benefits	17	27
3.6 FINANCE COSTS	1 953	2 502
Long-term borrowings, bank borrowings and overdrafts	452	991
Lease liabilities	1 501	1 511

* The Group has elected not to recognise right-of-use assets or lease liabilities relating to short-term leases or leases of low value assets.

** Net of TERS UIF in South Africa and JobKeeper subsidy in Australia of nil (2021: R838 million).

4. TAX

	2022 Rm	2021 Rm
Current year		
Normal tax		
South Africa	943	894
Foreign	356	570
Deferred tax		
South Africa	24	(122)
Foreign	101	(362)
Effect of tax rate change	21	–
	1 445	980
Prior year		
Normal tax		
South Africa	13	(12)
Foreign	9	(36)
Deferred tax		
South Africa	8	(23)
Foreign	(2)	78
	1 473	987
Normal tax recognised in other comprehensive income	25	(100)
Deferred tax recognised in other comprehensive income	(58)	(236)
Normal tax recognised in share-based payments reserve	3	–
Deferred tax recognised in share-based payments reserve	15	12

	2022 %	2021 %
The rate of tax on profit is reconciled as follows:		
Standard rate	28.0	28.0
Disallowable expenditure	0.4	0.2
Impact of foreign tax rates	0.2	(0.3)
WFS equity-accounted earnings	(0.9)	(0.6)
Impairment of assets	0.1	0.1
Tax losses utilised	(0.1)	(7.7)
Change in corporate tax rate*	0.4	–
Prior year	0.5	0.1
Other	(0.2)	(0.6)
Effective tax rate	28.4	19.2

Disallowable expenditure consists of expenses of a capital nature, which includes legal fees, consulting fees, directors' fees, share expenses and donations. Other consists mainly of items such as share-based payments and learnership allowances.

* The change in the tax rate was substantively enacted on 23 February 2022, effective for years ending on or after 31 March 2023. As at June 2022, current tax is determined using a tax rate of 28%, as that is the rate enacted for the current reporting period. As at June 2023, current tax will be determined using a tax rate of 27%

5. EARNINGS PER SHARE

BASIC AND HEADLINE EARNINGS

	Profit before tax Rm	Tax Rm	Non-controlling interests Rm	Attributable profit Rm
2022				
Basic earnings	5 190	(1 473)	(2)	3 715
Adjustments:				
Net loss on disposal of property, plant and equipment and intangible assets	32	(9)	–	23
Impairment of property, plant and equipment, intangible assets and right-of-use assets	121	(34)	–	87
Headline earnings	5 343	(1 516)	(2)	3 825
2021				
Basic earnings	5 150	(987)	(2)	4 161
Adjustments:				
Profit on sale of property in Australia	(492)	(369)	–	(861)
Net loss on disposal of property, plant and equipment and intangible assets	14	(4)	–	10
Impairment of property, plant and equipment, intangible assets and right-of-use assets	364	(94)	–	270
Headline earnings	5 036	(1 454)	(2)	3 580

	Number of shares	
WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)	2022	2021
Weighted average number of shares	958 872 392	956 330 298
Number of shares in issue at the beginning of the year	956 676 942	956 024 619
Weighted average number of shares issued in terms of share schemes	1 561 987	962 045
Weighted average number of shares purchased	(603 933)	(2 067 476)
Weighted average number of shares repurchased and cancelled	(200 169)	–
Weighted average number of shares released in terms of the Restricted Share Plan	1 437 565	1 411 110

EARNINGS PER SHARE (CENTS)		
Basic	387.4	435.1
Headline	398.9	374.4

6. DILUTED EARNINGS PER SHARE

	2022 Rm	2021 Rm
DILUTED EARNINGS		
Diluted basic earnings	3 715	4 161
Headline earnings adjustment, after tax	110	(581)
Diluted headline earnings	3 825	3 580

	Number of shares 2022	Number of shares 2021
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES		
Weighted average number of shares	958 872 392	956 330 298
Potential dilutive effect of outstanding number of share options	15 201 788	14 194 740
Diluted weighted average number of shares	974 074 180	970 525 038

Dilution arises from the outstanding in-the-money share incentive scheme options that will be issued to employees at a value lower than the weighted average traded price during the past financial year. At year-end, nil share options have been excluded from the diluted weighted average number of shares' calculation due to their effect being anti-dilutive.

	2022	2021
DILUTED EARNINGS PER SHARE (CENTS)		
Basic	381.4	428.7
% dilution	1.5%	1.5%
Headline	392.7	368.9
% dilution	1.6%	1.5%

7. RELATED-PARTY TRANSACTIONS

RELATED PARTIES
The related-party relationships, transactions and balances as listed below exist within the Group.

HOLDING COMPANY
Refer to note 6 of the Company Annual Financial Statements for the transactions between the holding company and its subsidiaries.

SUBSIDIARIES
Group companies entered into various transactions in the ordinary course of business. All such intragroup related-party transactions and outstanding balances are eliminated in preparation of the consolidated Annual Financial Statements of the Group.

	2022 Rm	2021 Rm
JOINT VENTURES		
The following related-party transactions and balances occurred between the Group and the joint ventures:		
WOOLWORTHS FINANCIAL SERVICES PROPRIETARY LIMITED		
Service costs received by Woolworths Proprietary Limited	(84)	(88)
Merchant fee income paid by Woolworths Proprietary Limited	101	104
Accounts receivable by Woolworths Proprietary Limited	58	56
Accounts payable by Woolworths Proprietary Limited	(56)	(70)
NEDGLEN PROPERTIES PROPRIETARY LIMITED		
Rental paid by Woolworths Proprietary Limited	4	4

KEY MANAGEMENT PERSONNEL
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors, executive and non-executive, of Woolworths Holdings Limited and Woolworths Proprietary Limited. Key management personnel have been defined as the Board of Directors, the Chief Executive Officers of Woolworths Proprietary Limited, David Jones Proprietary Limited and Country Road Group Proprietary Limited. The definition of related parties includes close family members of key management personnel.

KEY MANAGEMENT COMPENSATION	2022 Rm	2021 Rm
Short-term employee benefits	163	163
Woolworths Holdings Limited directors	73	92
Other key management personnel	90	71
Post-employment benefits	4	2
Woolworths Holdings Limited directors	1	1
Other key management personnel	3	1
IFRS 2 value of share-based payments expense	113	84
Woolworths Holdings Limited directors	61	53
Other key management personnel	52	31
	280	249

Short-term employee benefits comprise salaries, directors' fees and bonuses payable within 12 months of the end of the year. Post-employment benefits comprise expenses determined in terms of IAS 19: Employee Benefits in respect of the Group's retirement and healthcare funds.

	2022 Rm	2021 Rm
GROUP CARD AND VISA CREDIT CARD ACCOUNTS		
Balance outstanding at the beginning of the year	2	2
Annual spend	5	4
Annual repayments	(5)	(4)
Balance outstanding at the end of the year	2	2

Group cards include cards on offer by Woolworths and David Jones. Country Road Group does not have store and credit cards on offer.

Purchases made by key management personnel are at standard discounts granted to all employees of the Company. Interest is charged on outstanding balances on the same terms and conditions applicable to all other cardholders.

No debts were written off nor impairments recognised in respect of these card accounts of key management personnel (2021: nil).

POST-EMPLOYMENT BENEFIT PLAN
Details of the Wooltru Group Retirement Fund, the Wooltru Healthcare Fund and funds for the benefit of David Jones Proprietary Limited and Country Road Group Proprietary Limited employees are disclosed in note 21.

7. RELATED-PARTY TRANSACTIONS (CONTINUED)

EXECUTIVE DIRECTORS' FEES AND EMOLUMENTS

Emoluments paid to Executive Directors of Woolworths Holdings Limited in connection with the affairs of the Company and its subsidiaries for the year ended 26 June 2022 and comparative information for 27 June 2021 are set out below:

		Guaranteed pay			Short-term incentives	Long-term incentives	Retention	Remuneration	Remuneration
	Notes	Base salary R'000	Benefits (1) R'000	Total guaranteed pay (2) R'000	Performance bonus (3) R'000	Fair value of shares, options, LTIP and PSP granted (4) R'000	Fair value of RSP shares (5) R'000	Total remuneration R'000	Single-figure remuneration (6) R'000
2022									
Roy Bagattini	(7)	16 494	1 664	18 158	14 332	–	29 322	61 812	36 133
Reeza Isaacs	(8)	6 450	416	6 866	5 116	6 072	4 355	22 409	18 213
Sam Ngumeni		7 740	509	8 249	4 809	7 177	11 328	31 563	22 939
Zyda Rylands	(9)	2 264	104	2 368	535	1 569	1 260	5 732	3 123
		32 948	**2 693**	**35 641**	**24 792**	**14 818**	**46 265**	**121 516**	**80 408**
2021									
Roy Bagattini		16 627	1 363	17 990	15 300	–	21 049	54 339	33 291
Reeza Isaacs		6 249	394	6 643	5 091	3 528	2 824	18 086	16 024
Sam Ngumeni		7 417	472	7 889	7 277	4 201	11 010	30 377	21 752
Zyda Rylands		9 026	456	9 482	7 257	5 026	5 700	27 465	24 619
		39 319	**2 685**	**42 004**	**34 925**	**12 755**	**40 583**	**130 267**	**95 686**

NOTES

1. Benefits include retirement, healthcare, related benefits, long-service awards and discounts received on purchases made in WHL Group stores.
2. Guaranteed pay and other benefits: actual payments made in the financial year.
3. Short-term incentives: amounts accrued in the financial year relating to the financial performance against target for the year.
4. IFRS 2 Share-based payments has been used to equate the annual expense value of shares, LTIP and PSP held at the end of the financial year. Where a prior year reversal exceeds the annual expense, the expense has been disclosed as nil.
5. IFRS 2 Share-based payments has been used to equate the annual expense value of RSP shares. Where a prior year reversal exceeds the annual expense, the expense has been disclosed as nil.
6. The intention of single-figure remuneration is to disclose the remuneration earned and/or accrued by directors based on the performance of the current year, the vesting of shares with non-financial performance conditions, and including any income attributable to unvested long-term share schemes. Single-figure remuneration has been disclosed and includes the fair value of shares being calculated, based on the value of LTIP, PSP and/or RSP vesting of performance conditions, based on individual performance measure for the period FY2019 – FY2022, valued using the 30-day VWAP share price of WHL at 26 June 2022 of R54.40 (2021: 30-day VWAP R54.28), instead of the IFRS 2 equity-settled expense.
7. Roy Bagattini's remuneration is paid in Rands and Australian dollars to reflect the time and focus spent in the different geographies.
8. Reeza Isaacs was awarded an adhoc R1.2 million bonus in recognition of his substantial contribution to the improved financial position of the Group.
9. Zyda Rylands resigned as an Executive Director, with effect from 30 September 2021. Accordingly, her remuneration is for a three-month period for FY2022 and twelve months for FY2021.

7. RELATED-PARTY TRANSACTIONS (CONTINUED)

NON-EXECUTIVE DIRECTORS' FEES AND EMOLUMENTS

Emoluments paid to Non-executive Directors of Woolworths Holdings Limited in connection with the affairs of the Company and its subsidiaries for the year ended 26 June 2022 and comparative information for 27 June 2021 are set out below:

	Notes	Directors' fees (1) R'000	Audit Committee member R'000	Nominations Committee member R'000	Remuneration Committee member R'000	Risk and Compliance Committee member R'000	Social and ethics Committee member R'000	Sustainability Committee member R'000	Treasury Committee member R'000	Benefits (2) R'000	Total Non-executive Directors' Remuneration R'000
2022											
Hubert Brody		2 298	–	191	131	131	119	119	133	29	3 151
Zarina Bassa	(3)	605	151	89	145	177	–	–	99	44	1 310
Christopher Colfer		1 494	203	119	131	131	–	–	–	–	2 078
Belinda Earl		1 582	–	–	–	131	–	203	–	–	1 916
David Kneale	(4)	430	–	119	204	172	–	–	–	27	952
Phumzile Langeni	(5)	110	52	–	–	33	–	–	–	–	195
Nombulelo Moholi		430	–	119	131	131	119	119	–	56	1 105
Thembisa Skweyiya		430	203	–	–	131	203	119	133	25	1 244
Clive Thomson		430	370	–	–	131	119	–	251	41	1 342
		7 809	**979**	**637**	**742**	**1 168**	**560**	**560**	**616**	**222**	**13 293**
2021											
Hubert Brody		2 250	–	187	129	129	117	117	130	25	3 084
Zarina Bassa		1 282	199	117	245	245	–	–	130	36	2 254
Christopher Colfer		2 533	199	117	129	129	–	–	–	144	3 251
Belinda Earl		1 599	–	–	–	129	–	166	–	–	1 894
David Kneale		421	–	117	129	129	–	–	–	32	828
Nombulelo Moholi		421	–	99	129	129	150	117	–	45	1 090
Thembisa Skweyiya		421	199	–	–	129	148	117	110	29	1 153
Clive Thomson		757	362	–	–	129	117	–	245	40	1 650
		9 684	959	637	761	1 148	532	517	615	351	15 204

NOTES

1. Directors' fees are exclusive of Vat.
2. Benefits are discounts received on purchases made in WHL Group stores.
3. Zarina Bassa retired from the Board, with effect from 31 March 2022. She relinquished her position as Chairman of the Remuneration and Talent Management Committee, with effect from 25 November 2021. Accordingly, her director's fees are pro-rated.
4. David Kneale assumed the role as Chairman of the Remuneration and Talent Management Committee, with effect from 25 November 2021 and as Chairman of the Risk and Compliance Committee, with effect from 1 April 2022.
5. Phumzile Langeni joined the Board, with effect from 1 April 2022 and was appointed as a member of the Risk and Compliance and Audit committees on that date.

7. RELATED-PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Details of directors' interests in shares of the Company are disclosed in the Directors' Report on page 16.

Shares purchased and options granted to Executive Directors in terms of the Group's share schemes, which had not been exercised at 26 June 2022, are set out below:

ROY BAGATTINI

			As at 27 June 2021		Awarded		Forfeited		Sold/transferred			As at 26 June 2022		
Scheme	Award date	Vesting date	Number	Price	Number	Price (2)	Number	Price	Number	Price	Realisation value (1) Rands	Vested	Unvested	Total
RESTRICTED SHARE PLAN (RSP) SCHEME	20 Feb 2020	20 Feb 2023	1 432 537	R37.87									1 432 537	1 432 537
	17 Sep 2020	17 Sep 2023	663 356	R35.05									663 356	663 356
	26 Aug 2021	26 Aug 2024			390 491	R61.85							390 491	390 491
Total			2 095 893		390 491								2 486 384	2 486 384
Total			**2 095 893**		**390 491**								**2 486 384**	**2 486 384**

1. Realisation value: taxable value realised by the individual on sale or transfer of awards.
2. The grant price is the volume weighted average price of a share, as quoted on the Johannesburg Stock Exchange, for the five business days immediately preceding the date of grant. The grant price for RSP is the price of a share, as quoted on the Johannesburg Stock Exchange, on the date the share is purchased.

REEZA ISAACS

			As at 27 June 2021		Awarded		Forfeited		Sold/transferred			As at 26 June 2022		
Scheme	Award date	Vesting date	Number	Price	Number	Price (2)	Number	Price	Number	Price	Realisation value (1) Rands	Vested	Unvested	Total
RESTRICTED SHARE PLAN (RSP) SCHEME	23 Aug 2018	23 Aug 2022	217 036	R54.26					54 259	R60.16	3 264 221		162 777	162 777
	6 Dec 2021	6 Dec 2024			245 151	R53.72							245 151	245 151
Total			217 036		245 151				54 259		3 264 221		407 928	407 928
PERFORMANCE SHARE PLAN (PSP) SCHEME	23 Aug 2018	23 Aug 2021	115 248	R51.09	7 904	R59.79	98 521		24 631	R61.89	1 524 413		–	–
	29 Aug 2019	29 Aug 2022	119 967	R51.78									119 967	119 967
	17 Sep 2020	17 Sep 2023	187 168	R35.18									187 168	187 168
	26 Aug 2021	26 Aug 2024			110 128	R59.79							110 128	110 128
Total			422 383		118 032		98 521		24 631		1 524 413		417 263	417 263
Total			**639 419**		**363 183**		**98 521**		**78 890**		**4 788 634**		**825 191**	**825 191**

1. Realisation value: taxable value realised by the individual on sale or transfer of awards.
2. The grant price is the volume weighted average price of a share, as quoted on the Johannesburg Stock Exchange, for the five business days immediately preceding the date of grant. The grant price for RSP is the price of a share, as quoted on the Johannesburg Stock Exchange, on the date the share is purchased.

7. RELATED-PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Details of directors' interests in shares of the Company are disclosed in the Directors' Report on page 16.

Shares purchased and options granted to Executive Directors in terms of the Group's share schemes, which had not been exercised at 26 June 2022, are set out below:

SAM NGUMENI

			As at 27 June 2021		Awarded		Forfeited		Sold/transferred			As at 26 June 2022		
Scheme	Award date	Vesting date	Number	Price	Number	Price (2)	Number	Price	Number	Price	Realisation value (1) Rands	Vested	Unvested	Total
RESTRICTED SHARE PLAN (RSP) SCHEME	23 Aug 2018	23 Aug 2022	371 971	R54.26					92 992	R60.16	5 594 399		278 979	278 979
	17 Sep 2020	17 Sep 2023	671 424	R35.05									671 424	671 424
Total			1 043 395						92 992		5 594 399		950 403	950 403
PERFORMANCE SHARE PLAN (PSP) SCHEME	23 Aug 2018	23 Aug 2021	131 680	R51.09	9 031	R59.79	112 568		28 143	R61.89	1 741 770		–	–
	29 Aug 2019	29 Aug 2022	142 918	R51.78									142 918	142 918
	17 Sep 2020	17 Sep 2023	222 976	R35.18									222 976	222 976
	26 Aug 2021	26 Aug 2024			131 197	R59.79							131 197	131 197
Total			497 574		140 228		112 568		28 143		1 741 770		497 091	497 091
Total			**1 540 969**		**140 228**		**112 568**		**121 135**		**7 336 169**		**1 447 494**	**1 447 494**

1. Realisation value: taxable value realised by the individual on sale or transfer of awards.
2. The grant price is the volume weighted average price of a share, as quoted on the Johannesburg Stock Exchange, for the five business days immediately preceding the date of grant. The grant price for RSP is the price of a share, as quoted on the Johannesburg Stock Exchange, on the date the share is purchased.

ZYDA RYLANDS

			As at 27 June 2021		Awarded		Forfeited		Sold/transferred			As at 26 June 2022		
Scheme	Award date	Vesting date	Number	Price	Number	Price (2)	Number	Price	Number	Price	Realisation value (1) Rands	Vested	Unvested	Total
RESTRICTED SHARE PLAN (RSP) SCHEME	23 Aug 2018	23 Aug 2022	445 093	R54.26					111 273	R60.16	6 694 184		333 820	333 820
Total			445 093						111 273		6 694 184		333 820	333 820
PERFORMANCE SHARE PLAN (PSP) SCHEME	23 Aug 2018	23 Aug 2021	157 566	R51.78	10 806	R59.79	134 697		33 675	R61.88	2 083 809		–	–
	29 Aug 2019	29 Aug 2022	171 012	R51.78									171 012	171 012
	17 Sep 2020	17 Sep 2023	266 808	R35.18									266 808	266 808
	26 Aug 2021	26 Aug 2024			156 988	R59.79							156 988	156 988
Total			595 386		167 794		134 697		33 675		2 083 809		594 808	594 808
Total			**1 040 479**		**167 794**		**134 697**		**144 948**		**8 777 993**		**928 628**	**928 628**

1. Realisation value: taxable value realised by the individual on sale or transfer of awards.
2. The grant price is the volume weighted average price of a share, as quoted on the Johannesburg Stock Exchange, for the five business days immediately preceding the date of grant. The grant price for RSP is the price of a share, as quoted on the Johannesburg Stock Exchange, on the date the share is purchased.

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rm	Leasehold improvements Rm	Furniture, fittings, equipment and motor vehicles Rm	Computer equipment Rm	Total Rm
2021					
Cost	8 306	2 049	14 643	2 025	27 023
Accumulated depreciation	(367)	(1 277)	(7 295)	(1 493)	(10 432)
Accumulated impairment	(37)	(121)	(1 155)	(144)	(1 457)
Net book value at June 2020	7 902	651	6 193	388	15 134
Current year movements:					
Additions	10	105	762	97	974
Net transfers*	(1)	(101)	(64)	166	–
Disposals/scrappings – cost	(4 526)	(34)	(1 621)	(362)	(6 543)
Disposals/scrappings – accumulated depreciation	230	27	1 509	341	2 107
Disposals/scrappings – accumulated impairment	37	1	8	2	48
Depreciation	(48)	(103)	(1 305)	(215)	(1 671)
Impairment	–	–	(12)	–	(12)
Foreign exchange rate differences	(319)	(56)	(328)	(19)	(722)
Balance at June 2021	3 285	490	5 142	398	9 315
Made up as follows:					
Cost	3 448	1 711	13 337	1 701	20 197
Accumulated depreciation	(163)	(1 110)	(7 130)	(1 164)	(9 567)
Accumulated impairment	–	(111)	(1 065)	(139)	(1 315)
Net book value at June 2021	3 285	490	5 142	398	9 315
2022					
Current year movements:					
Additions	1	88	962	213	1 264
Disposals/scrappings – cost	–	(72)	(2 363)	(660)	(3 095)
Disposals/scrappings – accumulated depreciation	–	33	2 156	652	2 841
Disposals/scrappings – accumulated impairment	–	36	209	3	248
Depreciation	(16)	(95)	(1 212)	(207)	(1 530)
Impairment	–	(22)	(6)	(1)	(29)
Foreign exchange rate differences	46	13	109	8	176
Balance at June 2022	3 316	471	4 997	406	9 190
Made up as follows:					
Cost	3 499	1 766	12 110	1 274	18 649
Accumulated depreciation	(183)	(1 197)	(6 268)	(734)	(8 382)
Accumulated impairment	–	(98)	(845)	(134)	(1 077)
Net book value at June 2022	3 316	471	4 997	406	9 190

* Net transfers represent reclassifications of categories within Property, plant and equipment and Intangible assets, based on a review of the respective definitions applied by the Group.

An impairment charge has been recognised for property, plant and equipment of R29 million. The impairment charge relates to assets of stores with a reduction in expected future sales and those identified for closure, relating mainly to the Woolworths Fashion, Beauty and Home and David Jones segments. Refer to note 9 for further details relating to the impairment, including key assumptions used in the recoverable value calculations.

The Group's land and buildings consist of retail stores, distribution centres and corporate owner-occupied properties.

	Carrying value 2022 Rm	2021 Rm
Retail stores	1 781	1 745
Distribution centres	1 463	1 466
Corporate owner-occupied properties	72	74

9. INTANGIBLE ASSETS

	Brands and customer databases Rm	Restated* Computer software Rm	Goodwill Rm	Reacquired rights Rm	Restated* Total Rm
2021					
Cost	7 984	4 376	13 564	490	26 414
Accumulated amortisation	(104)	(2 264)	–	(489)	(2 857)
Accumulated impairment	(6 901)	(275)	(8 152)	(1)	(15 329)
Net book value at June 2020	979	1 837	5 412	–	8 228
Current year movements:					
Additions	–	451	–	–	451
Disposals/scrappings – cost	–	(315)	–	–	(315)
Disposals/scrappings – accumulated amortisation	–	296	–	–	296
Amortisation	–	(405)	–	–	(405)
Impairment	–	–	(12)	–	(12)
Cloud computing restatement – cost	–	(722)	–	–	(722)
Cloud computing restatement – accumulated amortisation	–	293	–	–	293
Cloud computing restatement – accumulated impairment	–	18	–	–	18
Foreign exchange rate differences	(140)	(275)	(282)	–	(697)
Balance at June 2021	839	1 178	5 118	–	7 135
Made up as follows:					
Cost	7 232	3 391	12 469	490	23 582
Accumulated amortisation	(94)	(1 955)	–	(489)	(2 538)
Accumulated impairment	(6 299)	(258)	(7 351)	(1)	(13 909)
Net book value at June 2021	839	1 178	5 118	–	7 135

* Refer to note 30 for details of the restatement relating to accounting policy change for Cloud computing costs.

9. INTANGIBLE ASSETS (CONTINUED)

	Brands and customer databases Rm	Computer software Rm	Goodwill Rm	Reacquired rights Rm	Total Rm
2022					
Current year movements:					
Additions	–	551	–	–	551
Disposals/scrappings – cost	–	(579)	–	–	(579)
Disposals/scrappings – accumulated amortisation	–	550	–	–	550
Amortisation	–	(354)	–	–	(354)
Impairment	–	–	(8)	–	(8)
Foreign exchange rate differences	58	58	40	–	156
Balance at June 2022	897	1 404	5 150	–	7 451
Made up as follows:					
Cost	7 410	3 428	12 753	490	24 081
Accumulated amortisation	(97)	(1 792)	–	(489)	(2 378)
Accumulated impairment	(6 416)	(232)	(7 603)	(1)	(14 252)
Net book value at June 2022	897	1 404	5 150	–	7 451

Brands and customer databases include costs of R75 million (2021: R75 million) and accumulated amortisation of R75 million (2021: R75 million) in respect of customer databases. The acquired brands are established trademarks in the retail environment in Australia. Management considers these brands to have indefinite useful lives, as the brands are not susceptible to regular product life cycles or to technical, technological or other types of obsolescence that could limit the useful lives, and the retail environment in Australia is mature and well established.

An impairment charge of R8 million arose in the current year on goodwill in the Woolworths Fashion, Beauty and Home segment, as a result of a reduction in expected future sales in certain stores. Refer below for further details on the key assumptions used in the impairment testing.

	2022 Rm	2021 Rm
GOODWILL		
The carrying value of goodwill comprises of:		
Arising on acquisition of Virtual Market Place (RF) Proprietary Limited	13	13
Arising on acquisition of franchise operations	831	831
Arising on acquisition of Witchery Group	775	775
Arising on acquisition of David Jones	9 535	9 535
Arising on acquisition of Politix	513	513
Accumulated impairment	(6 862)	(6 854)
Foreign exchange rate differences since acquisition	345	305
Closing balance	5 150	5 118

Goodwill is tested for impairment by calculating the recoverable amount of the cash-generating unit (CGU) or units to which the goodwill is allocated.

The cash flows generated by Virtual Market Place (RF) Proprietary Limited are based on the customer loyalty created by participation in the MySchool programme and the brand awareness that the programme generates; this is treated as its own CGU.

DAVID JONES

	2022 Rm	2021 Rm
GOODWILL		
The goodwill arising on the acquisition of David Jones has been allocated to three CGUs for impairment testing as follows:		
David Jones	6 817	6 817
Accumulated impairment	(6 817)	(6 817)
	–	–
Country Road Group	1 238	1 238
Woolworths Fashion, Beauty and Home	1 480	1 480
Foreign exchange rate differences since acquisition	130	98
	2 848	2 816

IMPAIRMENT REVIEW

Key assumptions are based on historical experience and future expectations of changes in the markets and economic environments in which the Group operates, including the impact of Covid-19, that had an impact at the beginning of the current year, due to government imposed restrictions. Growth rates used are based on the most recent financial forecasts approved by senior management and the Board for the next five years, and cash flows for the periods thereafter are based on long-term growth rates, as set out in the sections below. Management has also assessed the impact of the civil unrest in South Africa that took place during July 2021, as well as Climate-related risks on future cash flows and is satisfied that these do not lead to any further impairment of the carrying value of the Groups' CGUs, including goodwill.

Goodwill allocated to the David Jones CGU is fully impaired. Refer to the Witchery Group assumptions for the Country Road Group CGU. Refer to the South African franchise operations' assumptions for the Woolworths Fashion, Beauty and Home CGU.

All impairment testing methods and assumptions are consistent with those used in the prior year.

WITCHERY GROUP AND POLITIX

The goodwill and brands arising on the acquisition of the Witchery Group and Politix has been allocated to the CGUs for impairment testing as follows:

WITCHERY GROUP

	2022 Rm	2021 Rm
GOODWILL		
Country Road	443	443
Witchery	232	232
Mimco	100	100
Foreign exchange rate differences since acquisition	209	186
	984	961

9. INTANGIBLE ASSETS (CONTINUED)

WITCHERY GROUP AND POLITIX (CONTINUED)

	2022 Rm	2021 Rm
BRANDS		
Brands with indefinite useful lives arising on the acquisition of the Witchery Group have been allocated to three CGUs for impairment testing as follows:		
Country Road	8	8
Witchery	351	351
Mimco	141	141
Foreign exchange rate differences since acquisition	143	128
	643	628
POLITIX		
GOODWILL		
Arising on acquisition	513	513
Foreign exchange rate differences since acquisition	34	21
	547	534
BRANDS		
Arising on acquisition	206	206
Foreign exchange rate differences since acquisition	14	9
	220	215

KEY ASSUMPTIONS USED IN RECOVERABLE VALUE CALCULATIONS

The Group identifies each store as a separate CGU for impairment testing of property, plant and equipment, intangible assets and right-of-use assets, except for goodwill (unless the goodwill relates to a previously acquired franchise store). Goodwill is allocated to the Group's CGUs to which the goodwill relates.

The recoverable amount of each CGU, including goodwill is the higher of its value-in-use and its fair value less costs to sell. The calculations use a discounted cash flow model. Cash flow projections are derived from financial forecasts approved by senior management and the Board, covering a five-year period. The key assumptions for the value-in-use calculation include the following:

Sales growth rates: sales growth rates are based on the approved forecast sales growth for the forecast period, taking account of expected market conditions and the impact of the strategic initiatives and investments that are expected to grow the topline sales. The compounded annual growth rate per CGU for the forecast period was between 1.5% and 33.2% (2021: between 1.0% and 26.0%).

Gross margins: gross margins are based on the approved gross margins for the forecast period, and take into consideration initiatives to enhance margins, while being cognisant of the competitive environment. Cost growth assumptions have also been reviewed and revised, through restructuring and efficiency initiatives. The annual gross margin per CGU for the forecast period was between 61.2% and 79.6% (2021: between 60.4% and 78.6%).

Discount rates: discount rates range from 10.0% to 11.0% (2021: 10.0% to 11.5%) and represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments, and is derived from its weighted average cost of capital (WACC).

Long-term growth rates: long-term growth rates are based on the longer term inflation expectations for the Australian retail industry, at 2.0% (2021: 1.5%).

Fair value less costs to sell: in determining the fair value less costs to sell, cash flow projections have been based on the same key assumptions as presented above for a value-in-use calculation using a discounted cash flow model. The recoverable amount for the Country Road Group CGU was determined based on its fair value less costs to sell.

ACQUIRED FRANCHISE OPERATIONS

Each franchise business acquired has the ability to generate cash inflows that are largely independent from the cash inflows of other assets and, consequently, each franchise business is treated as a separate CGU for impairment testing. The goodwill allocated to material CGUs by geography is as follows:

	2022 Rm	2021 Rm
GOODWILL		
South Africa	397	397
Botswana	192	192
Namibia	80	80
Rest of Africa	162	162
Accumulated impairment	(45)	(37)
Foreign exchange rate differences since acquisition	(28)	–
	758	794

KEY ASSUMPTIONS USED IN RECOVERABLE VALUE CALCULATIONS

The recoverable amounts of the CGUs are based on value-in-use calculations, using a discounted cash flow model not exceeding five years. These calculations use cash flow projections based on historical information and financial budgets approved by senior management and the Board.

Management have determined the values assigned to each of the key assumptions as follows:

Projected cash flows are discounted to their present value using country risk-adjusted rates, based on the Group's WACC. The discount rates range between 9.3% and 14.8% (2021: 9.0% and 13.7%) The Group's WACC is 12.1% (2021: 11.4%).

Sales growth rates are the average annual growth rates over the forecast period, and have been derived by considering both historical and approved forecasts for price, volume and the economic and trading conditions of each geographical area.

Gross margins have been derived by analysing historical data, approved forecasts, and considering the impact of currency fluctuations. Gross margins range between 34.7% and 49% (2021: 34.0% and 48.9%).

Cost to sell has been derived by considering historical data, economic and trading conditions, committed and uncommitted capital expenditure, and operating and developmental requirements, ranging between 17.8% and 40.6% (2021: 17.8% and 42.4%).

Working capital requirements are driven by required stock turn ratios, credit terms and capital expenditure requirements.

Long-term growth rates are based on the longer term inflation and currency expectations for the retail industry in each geographical area, and are between 5.0% and 6.9% (2021: 3.2% and 5.1%).

SENSITIVITY ANALYSIS

Management have considered and assessed reasonably possible changes for the aforementioned key assumptions by adjusting the cash flows of the group of CGUs and have not identified any instances that could cause the carrying amount of the CGUs to exceed its recoverable amount.

10. RIGHT-OF-USE ASSETS

The Group has lease contracts for various land and buildings consisting mainly from store leases used in its operations. Leases for land and buildings have, on average, lease terms between six and 21 years, while furniture, fittings, equipment, motor vehicles and computer equipment have lease terms between three and five years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings Rm	Furniture, fittings, equipment and motor vehicles Rm	Computer equipment Rm	Total Rm
2021				
Cost	23 677	146	10	23 833
Accumulated depreciation	(2 782)	(39)	(1)	(2 822)
Accumulated impairment	(492)	–	–	(492)
Net book value at June 2020	20 403	107	9	20 519
Current year movements:				
Additions	4 676	19	1	4 696
Terminations – cost	(23)	(15)	–	(38)
Terminations – accumulated depreciation	17	14	–	31
Depreciation	(2 614)	(43)	(3)	(2 660)
Impairment	(341)	–	–	(341)
Remeasurements	(1 506)	(7)	–	(1 513)
Foreign exchange rate differences	(1 578)	–	–	(1 578)
Balance at June 2021	19 034	75	7	19 116
Made up as follows:				
Cost	23 935	143	11	24 089
Accumulated depreciation	(4 017)	(68)	(4)	(4 089)
Accumulated impairment	(884)	–	–	(884)
Net book value at June 2021	19 034	75	7	19 116

10. RIGHT-OF-USE ASSETS (CONTINUED)

	Land and buildings Rm	Furniture, fittings, equipment and motor vehicles Rm	Computer equipment Rm	Total Rm
2022				
Current year movements:				
Additions	350	23	7	380
Terminations – cost	(49)	–	–	(49)
Terminations – accumulated depreciation	26	(9)	–	17
Depreciation	(2 512)	(41)	(4)	(2 557)
Impairment	(84)	–	–	(84)
Remeasurements	1 722	2	–	1 724
Foreign exchange rate differences	344	–	–	344
Balance at June 2022	18 831	50	10	18 891
Made up as follows:				
Cost	26 320	168	18	26 506
Accumulated depreciation	(6 521)	(118)	(8)	(6 647)
Accumulated impairment	(968)	–	–	(968)
Net book value at June 2022	18 831	50	10	18 891

During the year, the Group renegotiated various leases with landlords, particularly within the David Jones segment, related mainly to reduction in lease terms and store closures. As a result, right-of-use assets and lease liabilities were modified by R1.7 billion (2021: R1.5 billion) and R1.3 billion (2021: R2.3 billion), respectively, with lease exit and modifications gains of R259 million (pre-tax) (2021: R591 million) recognised in profit or loss.

An impairment charge has been recognised for right-of-use assets of R84 million. Discount rates between 10.0% and 13.03% (2021: 7.5% and 12.66%) were used when considering the right-of-use assets for impairment. The growth rates are in line with the growth rates used for goodwill and intangible assets impairment testing. The impairment arose mainly in the David Jones segment, due to a reduction in expected future sales, and stores identified for closure. Refer to note 9 for key assumptions used in recoverable value calculations.

11. OTHER LOANS

	2022 Rm	2021 Rm
Housing and other employee loans	6	12
Balance outstanding at the beginning of the year	12	8
Loans granted during the year	–	4
Loans repaid during the year	(6)	–
Enterprise development loans and other	86	88
Closing balance	96	97
Provision for impairment	(10)	(9)
	92	100

Housing loans bear interest at prime less 2.0% (2021: prime less 2.0%). Housing loans are required to be repaid on termination of employment. The carrying value of housing loans approximates their fair value.

Enterprise development loans are granted to certain South African suppliers for development as part of the Good Business Journey, and are repaid over a period of three to five years. These loans bear interest at floating rates ranging between 3.5% to 8.0% (2021: 3.5% to 7.0%).

Other loans are considered to have low credit risk. Refer to note 25.3 for details of the Group's credit risk management policies.

12. DEFERRED TAX

	2022 Rm	Restated* 2021 Rm
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	3 533	3 212
Amounts (debited)/credited to profit or loss	(152)	429
Property, plant and equipment	51	7
Prepayments	(5)	4
Working capital and provisions	(236)	258
Post-retirement medical benefit liability	–	4
Share-based payments	18	29
Assessed losses	70	(2)
Intangible assets	3	2
Right-of-use assets	511	(70)
Lease liabilities	(564)	197
Amounts (debited)/credited directly to other comprehensive income	(58)	(236)
Foreign currency translation reserve adjustment	72	(269)
Financial instrument revaluation reserve adjustment	(125)	34
Post-retirement medical benefit liability – actuarial gain	(5)	(1)
Amounts debited directly to equity	15	128
Share-based payments reserve	15	12
Cloud computing restatement	–	116
Deferred tax asset relating to foreign losses	(13)	–
Balance at the end of the year	3 325	3 533
Deferred tax asset	3 328	3 533
Deferred tax liability	(3)	–
Net deferred tax (liability)/asset	3 325	3 533
Comprising:		
Property, plant and equipment	325	257
Prepayments	(18)	(12)
Working capital and provisions	808	1 036
Post-retirement medical benefit liability	97	102
Share-based payments	137	104
Assessed losses	63	6
Intangible assets	(206)	(204)
Financial instruments	(76)	45
Right-of-use assets	(5 620)	(6 020)
Lease liabilities	7 815	8 219
	3 325	3 533

* Refer to note 30 for details of the restatement relating to accounting policy change for Cloud computing costs.

During the year the Group utilised tax losses of R5 million (2021: R453 million), which have not been previously recognised as a deferred tax asset. Due to the uncertainty caused by Covid-19, and the resulting impact this may have on reliably forecasting the timing of future taxable earnings, the Group has unrecognised deferred tax assets of R98 million (2021: R108 million) arising from remaining assessed losses related to certain Group entities.

Deferred tax has been calculated at the standard corporate and the capital gains tax rates as at the reporting date, based on management's expected manner of recovery of the carrying value of assets and settlement of the carrying value of liabilities.

Working capital and provisions relate to deferred tax on various amounts, including lease provisions, leave pay provision, employee incentives, inventory and loss allowances.

Deferred tax assets are raised after due consideration of future taxable income. The Group has recognised a deferred tax asset of R63 million (2021: R6 million) in respect of assessed losses. These relate to subsidiaries that have a history of losses and which do not expire. The Group has reviewed the forecast taxable profits for these subsidiaries to utilise the deferred tax asset in the future.

The calculation of the deferred tax balances as at 26 June 2022 takes into account the change in the tax rate, that was substantively enacted on 23 February 2022.

13. INVENTORIES

	2022 Rm	2021 Rm
Merchandise, net of provision	8 705	8 495
Consumables	4	6
	8 709	8 501
Movements in the provision for shrinkage, obsolescence and mark-down were as follows:		
Balance at the beginning of the year	(332)	(434)
Net charge for the year	(400)	(289)
Unused amounts reversed	413	371
Foreign exchange rate differences	(2)	20
Balance at the end of the year	(321)	(332)

14. TRADE AND OTHER RECEIVABLES

	2022 Rm	Restated* 2021 Rm
CURRENT		
Trade and other receivables	1 710	1 282
Provision for impairment	(7)	(5)
	1 703	1 277
Movements in the provision for impairment of trade and other receivables were as follows:		
Balance at the beginning of the year	(5)	(11)
Charge for the year	(4)	(4)
Amounts written off	–	12
Unused amounts reversed	1	1
Transfer to other loans (refer to note 11)	1	(3)
Balance at the end of the year	(7)	(5)

* Refer to note 30 for details of the restatement relating to accounting policy change for Cloud computing costs.

	June 2022			June 2021		
Ageing of trade debtors provided for:	Gross carrying amount Rm	Expected credit loss rate %	Expected credit loss Rm	Gross carrying amount Rm	Expected credit loss rate %	Expected credit loss Rm
0 – 60 days	1 124	0.2%	2	889	0.2%	2
61 – 90 days	11	–	–	1	–	–
91 – 120 days	11	0.0%	–	7	14.3%	1
121+ days	80	6.3%	5	44	4.5%	2
	1 226		7	941		5

Trade and other receivables are interest-free unless overdue, and have payment terms ranging from seven days to 60 days. The provision for impairment of trade and other receivables is recognised by the Group using the simplified model when calculating the ECL. Accordingly, the Group does not track changes to credit risk, but rather recognises loss allowances based on ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. Forward-looking assumptions include the relative uncertainty of the social and economic impacts of Covid-19, loadshedding, increase in fuel prices and cost of living and potential future civil unrests.

Impairment losses are recorded in the allowance account until the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off against the financial asset directly. Impairment losses have been included in the statement of comprehensive income.

Included in trade and other receivables is a Right of return asset of R65 million (2021: R78 million). The asset is a right of the Group to recover merchandise from the customer when merchandise is returned, and has been recognised in terms of IFRS 15. When recognising the Right of return asset, using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component, if it expects, at contract inception, that the period between the transfer of the promised goods or service to the customer and when the customer pays for that good or service will be one year or less.

The carrying value of trade and other receivables is considered to approximate their fair value.

The creation and release of provisions for impaired receivables have been included in other operating costs in the Statement of Comprehensive Income.

Refer to note 25.5 for the analysis of trade and other receivables. The Group does not hold any collateral as security.

Refer to note 25.3 for detailed information regarding the credit quality of financial assets.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
NON-CURRENT				
Forward exchange contracts held as hedging instruments	32	–	13	–
Interest rate derivatives held as hedging instruments – cash flow hedges	24	–	–	10
	56	–	13	10
CURRENT				
Forward exchange contracts held as hedging instruments	302	43	31	303
Forward exchange contracts not hedge-accounted	12	2	2	16
Interest rate derivatives held as hedging instruments – cash flow hedges	–	8	–	50
	314	53	33	369

FORWARD EXCHANGE CONTRACTS

The notional principal amount of the outstanding contracts at year-end amounts to R7 732 million (2021: R7 222 million). These contracts are to hedge the foreign currency exposure of the anticipated purchase of goods. The related cash flows are expected to occur on the maturity dates of these contracts between one and 18 months (refer to note 25.4). Gains and losses on forward exchange contracts held as hedging instruments in designated and effective hedging relationships are initially recognised in other comprehensive income and reclassified on recognition of the associated non-financial asset. Gains and losses on remaining contracts not hedge-accounted for are recognised directly in profit or loss. Forward contracts are measured at fair value, which is calculated by reference to forward exchange rates for contracts with similar maturity profiles at year-end. The contracts are settled on a gross basis.

INTEREST RATE DERIVATIVES

The notional principal amount of the interest rate derivatives at year-end amounts to R2 000 million (2021: R4 000 million). This comprises hedges on the South African debt of R5 063 million (2021: R6 500 million). These derivatives are to hedge the interest that is payable under the various debt facilities (refer to note 18). Gains and losses on interest rate derivatives held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified in the same period that the hedged cash flows affect profit or loss.

The maximum exposure to credit risk at the reporting date is the fair value of the above-mentioned derivative financial instrument assets.

16. STATED CAPITAL

	2022 Rm	2021 Rm
STATED CAPITAL		
Balance at the beginning of the year	11 465	11 413
2 106 541 (2021: 1 400 582) ordinary shares issued in terms of share incentive schemes	124	52
14 049 287 (2021: nil) ordinary shares repurchased and cancelled	(759)	–
Balance at the end of the year	10 830	11 465

	2022 Rm	2021 Rm
AUTHORISED		
2 410 600 000 (2021: 2 410 600 000) ordinary shares of no par value	–	–
	–	–
ISSUED (EXCLUDING TREASURY SHARES)		
945 727 743 (2021: 956 676 942) ordinary shares of no par value	–	–
	–	–

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE

	Number of shares 2022	Number of shares 2021
Balance at the beginning of the year	956 676 942	956 024 619
Shares purchased from the market and held as treasury shares in terms of the Restricted Share Plan	(919 267)	(2 976 552)
Shares sold in terms of the Restricted Share Plan	557 444	1 356 675
Shares allocated in terms of the Restricted Share Plan	1 355 370	871 618
Shares issued in terms of share incentive schemes	2 106 541	1 400 582
Shares repurchased and cancelled	(14 049 287)	–
Balance at the end of the year	945 727 743	956 676 942

919 267 (2021: 2 976 552) ordinary shares totalling R54 million (2021: R122 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.
557 444 (2021: 1 356 675) ordinary shares totalling R35 million (2021: R52 million) were sold to the market in terms of the Group's Restricted Share Plan. 1 355 370 (2021: 871 618) ordinary shares totalling R74 million (2021: R54 million) previously purchased were allocated to employees in terms of the Group's Restricted Share Plan.

2 106 541 (2021: 1 400 582) ordinary shares totalling R124 million (2021: R52 million) were issued and allocated to employees in terms of the Group's other share incentive schemes.

14 049 287 (2021: nil) ordinary shares totalling R759 million (2021: nil) were repurchased from the open market on the JSE and cancelled. These ordinary shares were acquired at an average price of R54.03 per share.

Closing balances are stated net of the effect of treasury shares.

Refer to note 26 for more information on the Group's capital management policy.

SHARE INCENTIVE SCHEMES

RESTRICTED SHARE PLAN (RSP)

The Group operates a Restricted Share Plan, of which ownership of these shares vests with Woolworths Proprietary Limited until service conditions are met by the employees.

Shares granted in terms of the RSP meet the definition of an equity-settled share-based payment. The full terms and conditions of the scheme are detailed in the Remuneration Committee Report that forms part of the Integrated Report. In terms of the plan, the Group purchased equity instruments totalling R54 million in the current year (2021: R122 million) for the benefit of the participants. The participants will be entitled to the dividends and voting rights on these shares from grant date.

Vesting in respect of the shares issued occurs as follows:

Period of offer	Year 0 – 2 %	Year 3 %	Year 4 %	Year 5 %
25 August 2016; 24 August 2017; 1 June 2018; 23 August 2018	–	100	–	–
19 May 2016; 17 May 2017; 22 February 2018; 16 May 2018; 23 August 2018; 1 May 2019; 20 February 2020; 1 June 2020; 17 September 2020; 4 November 2020; 25 February 2021; 1 March 2021; 17 May 2021; 1 June 2021	–	25	25	50

	Number of shares 2022	Number of shares 2021
SHARES GRANTED TO PARTICIPANTS		
Balance at the beginning of the year	9 038 823	8 290 564
Purchased	919 267	2 976 552
Vested	(1 355 370)	(871 618)
Forfeited	(557 444)	(1 356 675)
Balance at the end of the year	8 045 276	9 038 823
Market value per share at the end of the year (rands)	57.19	54.39
Percentage of shares vested at the end of the year	15.0%	10.5%
Weighted average price per share purchased (rands)	58.74	40.34
Number of participants on RSP	95	97

16. STATED CAPITAL (CONTINUED)

SHARE INCENTIVE SCHEMES (CONTINUED)

Period of offer	Number of shares 2022	2021	Fair value at grant date
25 August 2016 and 25 August 2021	–	28 506	83.31
17 May 2017 and 17 May 2022	–	28 457	66.58
1 September 2017 and 1 September 2022	23 340	46 679	59.99
22 February 2018 and 22 February 2023	19 302	28 953	64.76
1 March 2018 and 1 March 2023	11 582	23 164	64.76
16 May 2018 and 16 May 2023	57 186	89 199	56.62
23 August 2018 and 24 August 2021	–	868 464	53.35
23 August 2018 and 24 August 2023	2 367 256	3 291 257	54.26
1 May 2019 and 1 May 2024	26 167	12 968	46.80
20 February 2020 and 20 February 2025	1 524 815	1 524 815	37.87
1 June 2020 and 1 June 2025	175 172	175 172	34.25
17 September 2020 and 17 September 2025	638 391	638 391	35.05
17 September 2020 and 17 September 2023	1 334 780	1 334 780	35.05
4 November 2020 and 4 November 2025	722 181	722 181	50.58
25 February 2021 and 25 February 2026	29 659	29 659	50.58
1 March 2021 and 1 March 2026	59 317	59 317	50.58
17 May 2021 and 17 May 2026	35 661	35 661	51.88
1 June 2021 and 1 June 2026	101 200	101 200	51.88
26 August 2021 and 26 August 2026	122 843	–	61.85
26 August 2021 and 26 August 2024	390 491	–	61.85
6 December 2021 and 6 December 2024	245 151	–	53.72
2 March 2022 and 2 March 2027	66 052	–	55.80
1 April 2022 and 1 April 2025	54 237	–	59.00
1 June 2022 and 1 June 2027	40 493	–	54.33
Balance at the end of the year	8 045 276	9 038 823	

WOOLWORTHS PERFORMANCE SHARE PLAN (PSP)

The Performance Share Plan provides executives and employees with the opportunity to receive Woolworths Holdings Limited shares by way of share rights, which are subject to the fulfilment of predetermined performance conditions covering a three-year period, at a grant price of the volume weighted average price as quoted on the JSE for the five business days immediately preceding the date of grant. The performance conditions applicable to this scheme are weighted between adjusted headline earnings per share (aHEPS) growth, return on capital employed (ROCE) and cash flow conditions. The aHEPS performance condition, which has a 50.0% weighting, has a minimum threshold for 30.0% vesting and a target for 100% vesting. The ROCE performance condition, which has a 25.0% weighting, has a minimum threshold for 30.0% vesting and a target for 100.0% vesting. The cash flow performance condition, which has a 25.0% weighting, has a minimum threshold for 30.0% vesting and a target for 100% vesting. Vesting occurs on a linear scale in accordance with an agreed threshold and target.

	Number of awards 2022	2021
AWARDS GRANTED TO PARTICIPANTS		
Balance at the beginning of the year	14 867 689	10 818 556
Granted and back-dated dividends	4 884 594	8 029 040
Exercised	(2 106 541)	(1 400 582)
Forfeited	(2 902 687)	(2 579 325)
Balance at the end of the year	14 743 055	14 867 689
Weighted average market price per award exercised (rands)	58.98	37.17
Number of participants on PSP	816	779

Period of offer	Number of awards 2022	2021	Fair value at grant date
23 August 2018 and 23 August 2021[3]	–	1 578 884	51.09
23 August 2018 and 23 August 2021[1&3]	–	1 162 203	51.09
23 August 2018 and 23 August 2021[2&3]	–	732 998	51.09
21 February 2019 and 21 February 2022[1]	–	89 658	45.16
21 February 2019 and 21 February 2022[2]	–	105 854	45.16
29 August 2019 and 29 August 2022	1 481 545	1 636 288	51.78
29 August 2019 and 29 August 2022[1]	1 205 657	1 258 573	51.78
29 August 2019 and 29 August 2022[2]	841 954	928 418	51.78
20 February 2020 and 20 February 2023[1]	93 291	93 291	43.95
20 February 2020 and 20 February 2023[2]	121 756	149 078	43.95
17 September 2020 and 17 September 2023	2 870 171	3 244 387	35.18
17 September 2020 and 17 September 2023[1]	1 776 600	1 840 918	35.18
17 September 2020 and 17 September 2023[2]	1 651 062	1 827 602	35.18
25 February 2021 and 25 February 2024	51 774	51 774	45.84
25 February 2021 and 25 February 2024[1]	49 175	49 175	45.84
25 February 2021 and 25 February 2024[2]	99 073	118 588	45.84
26 August 2021 and 26 August 2024	1 964 890	–	59.79
26 August 2021 and 26 August 2024[1]	1 219 863	–	59.79
26 August 2021 and 26 August 2024[2]	1 125 893	–	59.79
2 March 2021 and 2 March 2025[1]	72 099	–	50.52
2 March 2021 and 2 March 2025[2]	118 252	–	50.52
Balance at the end of the year	14 743 055	14 867 689	

1 These awards are subject to 50.0% of the performance conditions.
2 These awards are not subject to any performance conditions.
3 These awards are subject to the new cash condition.

DIRECTORS' INTEREST IN SHARES

Details of directors' beneficial and non-beneficial interests in the shares of the Company are disclosed in the Directors' Report. Shares and share options granted to Executive Directors are set out in note 7.

17. RESERVES

	2022 Rm	Restated* 2021 Rm
NON-DISTRIBUTABLE RESERVE		
Foreign currency translation reserve	808	637
DISTRIBUTABLE RESERVES		
Share-based payment reserve		
Balance at the beginning of the year	413	336
Share-based payments arising from the Group's share incentive schemes	137	77
Share-based payments expense for the year	309	238
Tax on share-based payments recognised in equity	18	12
Settlement of share-based payments	(74)	(108)
Transfer between reserves	(116)	(65)
Balance at the end of the year	550	413
Financial instrument revaluation reserve		
Interest rate and foreign exchange derivative financial instruments	262	(175)
Retained profit/(accumulated loss)	984	(1 320)
Company	1 090	118
Arising on consolidation of subsidiaries	(106)	(1 438)
Total distributable reserves	1 796	(1 082)

* Refer to note 30 for details of the restatement relating to accounting policy change to Cloud computing costs.

NATURE AND PURPOSE OF RESERVES

FOREIGN CURRENCY TRANSLATION RESERVE

This reserve is used to record exchange differences arising from the translation of the results of foreign subsidiaries.

SHARE-BASED PAYMENTS RESERVE

This reserve records the fair value of the vested portion of shares or share rights (determined at grant date) granted in terms of the Group's share-based payment schemes. Refer to note 16 for further details of the relevant schemes.

FINANCIAL INSTRUMENT REVALUATION RESERVE

This reserve records the effective portion of the fair value movement on hedging instruments, which are part of effective cash flow hedges.

RETAINED PROFIT/(ACCUMULATED LOSS)

Retained profit/(accumulated loss) records the cumulative net profit or loss made by the Group after deducting dividends to shareholders and other utilisations of the reserve.

18. INTEREST-BEARING BORROWINGS

	2022 Rm	2021 Rm
NON-CURRENT		
Long-term loans	4 813	5 963
	4 813	5 963
CURRENT		
Current portion of long-term loans	250	537
Overdrafts	33	140
	283	677

Interest-bearing borrowings bear interest at variable, market-determined rates. These borrowings are measured at amortised cost, which approximates their fair value (refer to note 25.2).

A significant portion of the interest associated with such borrowings is subject to interest rate derivatives (refer to note 15).

Notes to the value of R2.7 billion (2021: R3.3 billion) are outstanding under the Domestic Medium Term Note (DMTN) programme, which is a further source of funding to the Group. The DMTN is guaranteed by Woolworths Proprietary Limited. It will be used to raise debt on an ongoing basis.

Debt Facilities of A\$74.0 million (2021: 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 year-end, the facilities are undrawn.

A rental bank guarantee of A\$25.5 million is in place at 26 June 2022 in David Jones. This facility is secured by Property Mortgages.

Refer to note 25.4 for the Group's liquidity risk management policies.

The maturity profile of long-term interest-bearing borrowings is as follows:

	Debt denoted in: ZAR Rm	Debt denoted in: A\$ Rm	2022 Rm	2021 Rm
Financial year 2023	250	–	250	537
Financial year 2024	713	–	713	2 150
Financial year 2025	2 600	–	2 600	1 513
Financial year 2026 and onwards	1 500	–	1 500	2 300
	5 063	–	5 063	6 500

Interest on South African-based debt is linked to JIBAR and payable quarterly in arrears.

Interest on Australian-based debt was linked to BBSY and payable quarterly in arrears.

19. LEASE LIABILITIES

	2022 Rm	2021 Rm
NON-CURRENT		
Lease liabilities	24 220	24 608
	24 220	24 608
CURRENT		
Lease liabilities	2 564	2 586
	2 564	2 586
The maturity profile of lease liabilities is as follows:		
Within one year	4 046	3 969
Within two to five years	13 372	13 750
Thereafter	19 019	19 436
	36 437	37 155

The maturity profile represents undiscounted payments on the lease liabilities.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

				Non-cash changes				
	2021 Rm	Cash flows Rm	Additions Rm	Amortised costs Rm	Foreign exchange movement Rm	Lease modifi-cations and rental relief/fair value changes Rm	Rent deferment reflected in other payables Rm	2022 Rm
Long-term loans (refer to note 18)	6 500	(1 437)	–	–	–	–	–	5 063
Lease liabilities	27 194	(2 741)	408	–	526	1 397	–	26 784
	33 694	**(4 178)**	**408**	**–**	**526**	**1 397**	**–**	**31 847**
	2020 Rm	Rm	Rm	Rm	Rm	Rm	Rm	2021 Rm
Long-term loans (refer to note 18)	17 023	(10 398)	–	69	(194)	–	–	6 500
Lease liabilities*	28 599	(3 048)	6 081	–	(2 280)	(2 504)	346	27 194
	45 622	**(13 446)**	**6 081**	**69**	**(2 474)**	**(2 504)**	**346**	**33 694**

* Finance costs in respect of lease liabilities are set out in note 3.6.

20. TRADE AND OTHER PAYABLES

	2022 Rm	2021 Rm
NON-CURRENT		
Other payables	73	–
	73	–
CURRENT		
Trade payables	5 558	4 594
Other payables	4 653	5 031
	10 211	9 625

Trade and other payables are interest-free and have payment terms of up to 45 days.

Included in trade and other payables (current) is a liability of R220 million (2021: R205 million) relating to the sale of gift cards. The liability is initially recognised as a contract liability, deferring the revenue, and subsequently recognised as sale of merchandise when the gift cards are redeemed.

The carrying value of trade and other payables approximates their fair value.

21. RETIREMENT BENEFIT INFORMATION

Woolworths permanent employees under the age of 63 (2021: 63) are contributory members of the Woolworths Group Retirement Fund. Certain employees, in addition to belonging to the Woolworths Group Retirement Fund, are contributory members of other retirement funds. All funds are defined contribution funds and are registered under the Pension Funds Act of 1956, as amended. The Woolworths Group Retirement Fund is exempt from valuation. The Woolworths Group Retirement Fund's actuary undertakes annual financial reviews, of which the latest review, as at 28 February 2021, confirmed the fund's financial soundness. The annual review, as at 28 February 2022, is in the process of being completed and will be available during September 2022.

Country Road Group Proprietary Limited provides superannuation benefits for various categories of employees in Australia. All funds are defined contribution funds, which are administered externally and provide for benefits for death, total disability, retirement and resignation. All benefits are provided on an accumulation of contributions basis and, accordingly, no actuarial assessment is required. Contributions vary from employee to employee as determined by various awards and negotiated conditions of employment. Future company contributions required to meet the superannuation guarantee charge are legally enforceable.

David Jones Proprietary Limited provides superannuation benefits for various categories of employees in Australia. The company contributes to several defined contribution superannuation plans. All superannuation contributions are made in accordance with the relevant trust deeds and the superannuation guarantee charge. Contributions are only made to defined contribution funds, and are recognised as an expense in the Statement of Comprehensive Income as they become payable.

Total Group contributions are charged to profit or loss as incurred and amounted to R893 million (2021: R877 million). Refer to note 3.5.

Woolworths subsidises a portion of the medical aid contributions of retired employees who joined the healthcare fund before 1 November 2000. The Group values its accrued and future liability in respect of post-retirement medical aid contributions annually in June. The liability was actuarially valued based on the healthcare benefits currently provided to staff using appropriate mortality and withdrawal assumptions. For the purposes of the valuation, it was assumed that investment returns would be nil (2021: nil). The discount rate used to value the liability at year-end is 11.3% (2021: 10.7%) per annum.

At year-end, the accrued liability amounted to R359 million (2021: R363 million) in respect of those current and retired members of staff who participate in the Wooltru Healthcare Fund, the Group's in-house medical aid scheme. Woolworths has not funded the liability.

The funding status of the Wooltru Healthcare Fund determined in terms of IAS 19 is as follows:

	2022 Rm	2021 Rm
Funding liability at the beginning of the year	363	354
Current service cost	3	2
Interest on obligation	38	36
Employer contributions	(25)	(24)
Actuarial gain before tax	(20)	(5)
Funding liability at the end of the year	359	363

21. RETIREMENT BENEFIT INFORMATION (CONTINUED)

	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm
Funding liability	359	363	354	369	404
Funding deficit	359	363	354	369	404
Actuarial gain before tax	(20)	(5)	(30)	(21)	(2)

The following undiscounted payments are expected contributions to be made in future years in respect of the defined contribution plan obligation:

	2022 Rm	2021 Rm
Within 12 months	29	28
Between one and five years	166	160
Between five and 10 years	222	213
Beyond 10 years	269	258
Total expected payments	686	659

A 1.0 percentage point increase or decrease in the assumed medical inflation rate of 8.7% (2021: 8.3%) would have the following effect:

2022			
Medical inflation assumption	8.7%	7.7%	9.7%
Service cost for the year ended June 2022	3	2	3
Interest cost for the year ended June 2022	38	36	43
Accrued liability at June 2022	359	328	395
2021			
Medical inflation assumption	8.3%	7.3%	9.3%
Service cost for the year ended June 2021	2	2	3
Interest cost for the year ended June 2021	36	34	42
Accrued liability at June 2021	363	331	401

A 0.5 percentage point increase or decrease in the discount rate of 11.3% (2021: 10.7%) would have the following effect:

2022			
Discount rate assumption	11.3%	10.8%	11.8%
Accrued liability at June 2022	359	376	343
2021			
Discount rate assumption	10.7%	10.2%	11.2%
Accrued liability at June 2021	363	381	347

A one-year increase or decrease in the retirement age of 63 (2021: 63) would have the following effect:

2022			
Retirement age assumption	63	62	64
Accrued liability at June 2022	359	363	355
2021			
Retirement age assumption	63	62	64
Accrued liability at June 2021	363	367	360

22. PROVISIONS

	Leave pay Rm	Employee benefits Rm	Sales returns and other Rm	Total 2022 Rm	Total 2021 Rm
NON-CURRENT					
Balance at the beginning of the year	175	110	76	361	381
Raised/transferred	217	11	(14)	214	141
Utilised	(169)	–	–	(169)	(142)
Foreign exchange rate differences	–	3	3	6	(19)
Balance at the end of the year	223	124	65	412	361
CURRENT					
Balance at the beginning of the year	533	437	338	1 308	848
Raised/transferred	490	609	258	1 357	1 080
Utilised	(603)	(434)	(257)	(1 294)	(522)
Foreign exchange rate differences	9	(126)	6	(111)	(98)
Balance at the end of the year	429	486	345	1 260	1 308

LEAVE PAY

The provision for leave pay is calculated using the estimated number of leave days due to employees at the end of the financial year. The leave pay provision will unwind as employees utilise their leave entitlement.

EMPLOYEE BENEFITS

The provision for employee benefits consists primarily of employee long-service leave entitlements. This provision is calculated based on the service period worked by each employee and probability assumptions are applied to determine the likelihood that an employee will eventually qualify for the entitlement. The provision unwinds as eligible employees redeem their entitlement or when the balance owing to an employee is paid out on termination of employment. The provision also includes a portion of Country Road Group's long-term incentives scheme.

SALES RETURNS AND OTHER

Included in sales returns and other is a provision for sales returns of R174 million (2021: R173 million) to either replace the goods, provide the customer with a full refund or credit that can be applied against money owed. A Right of return asset was recognised for the Group's right to recover merchandise returned by the customer (refer to note 14).

In addition, a provision of R144 million (2021: R161 million) for store closure costs has been recognised, comprising an additional R50 million raised and R72 million utilised in the current year, including R4 million of foreign exchange movements. The current portion is R80 million and R64 million is non-current.

23. CAPITAL COMMITMENTS

	2022 Rm	2021 Rm
Commitments in respect of capital expenditure not accrued at the reporting date:		
Contracted for*	1 364	986
Not contracted for	1 799	1 849
	3 163	2 835

* The Group has contractually committed to acquire a property in South Africa that will be used as a distribution centre, subject to fulfilment of certain conditions, at a cost of R195 million.

This capital expenditure will be financed by cash generated from the Group's activities and available cash.

24. 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, the directors do not expect them to have any material financial effect.

25. FINANCIAL RISK MANAGEMENT

Exposure to foreign currency, interest rate, refinancing, counterparty, credit and liquidity risks arises in the normal course of business. It is the Group's objective to manage its exposure to the various financial risks through its risk management policies and procedures.

The Group's overall treasury policy is reviewed and approved by the Woolworths Holdings Limited Board (Board), Audit and Treasury Committees. The policy specifies the risks, parameters and permitted instruments relating to interest rate, refinancing, liquidity, counter party and foreign exchange risks.

In addition, a Treasury Committee reports regularly to the Board on the implementation of treasury policies, focusing in particular on bank covenants, interest rates, refinancing, liquidity, counterparty and foreign exchange risk, as well as any deviations from treasury policy and performance against budgets.

Woolworths Financial Services' credit risk is managed by a Credit Risk Committee attended by two directors of the Board. Woolworths Proprietary Limited, David Jones Proprietary Limited and Country Road Group Proprietary Limited's credit risk are each managed by an Audit and Risk Committee attended by directors of the Board.

25.1 FOREIGN CURRENCY RISK MANAGEMENT

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Australian dollar. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. It is the Group's policy to fully cover all committed exposures, except net investments in foreign operations.

TRANSACTIONAL FOREIGN EXCHANGE RISK

The Group has transactional currency exposures arising from the acquisition of goods and services in currencies other than its functional currency. It is the Group's policy that business units entering into such transactions must cover all such exposures with forward exchange contracts to hedge the risk of fluctuation in the foreign currency exchange rate (refer to the accounting policy note on hedge accounting). Under the Group's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio.

Forward exchange contracts and trade payables at year-end are summarised below. These amounts represent the net rand equivalent of Group commitments to purchase and sell foreign currencies.

	Contract foreign currency amount m	Rand equivalent Rm	Average rate R	Fair value adjustment Rm
2022				
FORWARD EXCHANGE CONTRACTS				
US dollar	456	6 967	15.87	299
British pound	3	53	19.70	–
Euro	34	566	16.93	5
Chinese Yuan	57	137	2.42	(3)
Other currencies	1	9	1.00	–
		7 732		301
TRADE PAYABLES				
US dollar (closing rate)	32	508	15.20	(23)
2021				
FORWARD EXCHANGE CONTRACTS				
US dollar	455	6 739	15.18	(266)
British pound	2	45	20.83	(1)
Euro	24	414	17.67	(6)
Chinese Yuan	5	10	2.23	–
Other currencies	1	14	1.00	–
		7 222		(273)
TRADE PAYABLES				
US dollar (closing rate)	41	573	15.44	54

At year-end, the Group held 1 169 (2021: 890) forward exchange contracts in order to hedge expected future purchases from suppliers outside South Africa, to which the Group has firm commitments. Of these, 1 064 (2021: 772) are designated cash flow hedges in an effective hedging relationship.

The remaining 105 (2021: 118) forward exchange contracts are not designated as cash flow hedges. At year-end, an unrealised gain of R23 million (2021: R14 million loss) was recognised in profit or loss in respect of these forward exchange contracts. The cash flow hedges resulted in a net unrealised gain of R266 million (2021: R16 million), with a related deferred tax liability of R80 million (2021: R5 million), which was included in the financial instrument revaluation reserve in respect of these contracts.

The following exchange rates applied during the year:

	Average rate 2022	Average rate 2021	Closing rate 2022	Closing rate 2021
US dollar/rand	15.20	15.44	15.91	14.12
Australian dollar/rand	11.00	11.50	10.99	10.73

In the table below, the sensitivity of the Group's exposure to US dollar foreign currency transactional risk is estimated by assessing the impact that a reasonably possible movement over the next 12 months in foreign exchange rates would have had on profit and equity of the Group at the reporting date. The Group's exposure to other currencies is not considered to be material (refer below for translational foreign exchange risk). An increase in the movement in foreign exchange rate is indicative of the functional currency weakening against the foreign currency.

	Movement in foreign exchange rate %	Decrease/ (increase) in profit before tax Rm	Decrease/ (increase) in other comprehensive income Rm
2022			
US DOLLAR			
Foreign creditors	+5	25	–
	–5	(25)	–
Forward exchange contracts	+5	(146)	(395)
	–5	146	395
2021			
US DOLLAR			
Foreign creditors	+5	29	–
	–5	(29)	–
Forward exchange contracts	+5	(141)	(334)
	–5	141	334

TRANSLATIONAL FOREIGN EXCHANGE RISK

NET INVESTMENT IN FOREIGN SUBSIDIARIES

The Group has investments in foreign subsidiaries, whose net assets (including cash and cash equivalents) are exposed to translational foreign exchange risk.

	2022 Rm	2021 Rm
The Group has unhedged interests in foreign subsidiaries of:		
Australian dollar	9 872	9 621

This risk is not hedged. The Group's exposure to its African subsidiaries is not considered material.

A change in the Group's material translational foreign currencies, with all other variables being equal, will increase or decrease the equity of the Group.

The sensitivity of the Group to such changes is presented in the following table. Reasonably possible changes over the next 12 months in the Group's material translational foreign currencies will result in movements in other comprehensive income observed in the foreign currency translation reserve.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 FOREIGN CURRENCY RISK MANAGEMENT (CONTINUED)

	Movement in foreign exchange rate %	Decrease/ (increase) in other comprehensive income Rm
2022		
Australian dollar	+5	(494)
	–5	494
2021		
Australian dollar	+5	(481)
	–5	481

FOREIGN CASH

The Group has exposure to foreign currency translation risk through cash and cash equivalent balances included in the net assets of subsidiaries, in currencies other than the South African rand. This risk is not hedged.

	2022 Rm	2021 Rm
Foreign cash and cash equivalent balances/(overdrafts) are concentrated in the following major currencies:		
US dollar	(12)	(135)
Australian dollar	3 664	3 813
	3 652	3 678

The sensitivity of the Group's equity to changes in foreign cash and cash equivalent balances resulting from a reasonably possible change in material foreign currencies in which the Group transacts is presented below.

	Movement in foreign exchange rate %	Decrease/ (increase) in other comprehensive income Rm
2022		
Australian dollar	+5	(183)
	–5	183
2021		
Australian dollar	+5	(191)
	–5	191

25.2 INTEREST RATE RISK MANAGEMENT

The Group's interest rate risk arises from interest-bearing borrowings, derivative financial instruments, other loans and cash and cash equivalents.

In order to hedge the Group's exposure to cash flow interest rate risk, the Group uses derivative financial instruments, such as interest rate swaps.

The Group entered into long-term debt with the interest payable linked to various floating interbank rates. At year-end, the Group had swapped approximately 40% (2021: 62%) of floating rate exposure for fixed rates. Under the Group's policy, the critical terms of these instruments must align with the interest rate risk of the hedged item and is hedged on a 1:1 hedge ratio on a portfolio basis.

The Group is also exposed to cash flow interest rate risk from its floating rate cash and cash equivalents. The cash flow interest rate sensitivity of the cash and cash equivalents is based on year-end cash balances.

The sensitivity of the Group's profit before tax and other comprehensive income to its exposure to interest rate risk from borrowings is presented below. Reasonably possible changes in the country-specific lending rate will impact the Group's profit before tax and other comprehensive income.

	Movement in basis points	Decrease/ (increase) in profit before tax Rm	Decrease/ (increase) in other comprehensive income Rm
2022			
SOUTH AFRICA			
Interest-bearing borrowings	+50	25	–
	–50	(25)	–
Interest rate derivatives	+50	10	(17)
	–50	(10)	17
Cash and cash equivalents	+50	(5)	–
	–50	5	–
AUSTRALIA			
Cash and cash equivalents	+50	(4)	–
	–50	4	–
2021			
SOUTH AFRICA			
Interest-bearing borrowings	+50	32	–
	–50	(32)	–
Interest rate derivatives	+50	(20)	(8)
	–50	20	8
Cash and cash equivalents	+50	(6)	–
	–50	6	–
AUSTRALIA			
Cash and cash equivalents	+50	(4)	–
	-50	4	–

At year-end, the South African prime interest rate was 8.25% (2021: 7.00%). JIBAR was 4.975% (2021: 3.683%). The Australian prime interest rate was 0.85% (2021: 0.10%).

The variable interest rate pricing profile at year-end is summarised as follows:

	2022 Rm	2022 Effective interest rate %	2021 Rm	2021 Effective interest rate %
INTEREST-BEARING BORROWINGS				
Long-term loans	5 063	6.2	6 500	7.8
Overdrafts	33	2.9 – 7.0	140	2.4 – 4.8
% of total borrowings	100%		100%	

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 INTEREST RATE RISK MANAGEMENT (CONTINUED)

The carrying amounts of the Group's financial liabilities that are exposed to interest rate risk are as follows:

	On demand Rm	Less than 3 months Rm	3 – 12 months Rm	1 – 5 years Rm	>5 years Rm
2022					
Long-term loans	–	–	250	4 813	–
Overdrafts	–	33	–	–	–
2021					
Long-term loans	–	–	537	5 963	–
Overdrafts	–	140	–	–	–

The table below indicates the nominal amount and weighted average maturity of the Group's risk exposure that is directly affected by the interest rate benchmark reform analysed by interest rate basis.

	2022		2021	
	Nominal Amount Rm	Average Time to Maturity (Years)	Nominal Amount Rm	Average Time to Maturity (Years)
INTEREST-BEARING BORROWINGS (REFER TO NOTE 18)				
JIBAR (3 Months)	5 063	2.4	6 500	2.2

The notional principal amount of the interest rate derivatives at year-end amounts to R2 000 million (2021: R4 000 million), of which R1 000 million (2021: R1 000 million) could be affected by the interest rate reform. The balance of contracts expire within six months after year-end and would not be affected.

The South African Reserve Bank (SARB) has indicated their intention to move away from JIBAR and to create an alternative reference for South Africa. The current proposals are to designate the South African Rand Overnight Index Average (ZARONIA) as the official successor rate to the JIBAR. The Group is managing the transition process by maintaining proactive engagement with its lenders.

25.3 CREDIT RISK MANAGEMENT

Credit risk arises from cash and cash equivalents, trade and other receivables and derivative financial instruments, as well as credit exposure to other loans. The Group's maximum exposure to credit risk is equal to the carrying amount of these classes of assets. Refer to note 25.5.

The Group only deposits short-term cash surpluses and enters into derivative contracts with major banks and financial institutions of high-quality credit standing.

Trade and other receivables consist mainly of property-related and franchise debtors. Rigorous credit-granting procedures are applied to assess the credit quality of the customer, taking into account its financial position, credit rating and other factors.

Other loans include housing loans of the Group. Security for housing loans is required.

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are not credit impaired can be assessed by reference to credit ratings or to historical information about counterparty default rates as follows:

The Group's financial assets measured at amortised cost are subject to impairment under the ECL model, using the general approach. The inputs, assumptions and estimation techniques used in measuring ECL are explained below.

ECLs are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the probability of default (PD) and exposure at default (EAD).

- The PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- The EAD is based on the amounts the Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD).
- The Group calculates loss given default (LGD) as discounted EAD.

These three components are multiplied together, effectively calculating the ECL, which is then discounted to the reporting date, using the original effective interest rate, and aggregated. ECL is a probability-weighted outcome. The 12-month and lifetime EADs are determined based on the PD, which varies by type of financial asset.

	Rating	2022 Rm	Rating	2021 Rm
FINANCIAL ASSETS				
Other loans	High grade	35	High grade	38
Trade and other receivables	High grade	1 219	High grade	936
Enterprise development loans	Low grade	29	Low grade	26
Derivative financial instruments*	High grade	370	High grade	46
Cash and cash equivalents*	High grade	5 374	High grade	5 624

RATINGS

High grade – debtors are considered to have low credit risk when they have high-quality credit standing or a guarantee on the amount owing is provided.

Low grade – debtors are considered to have high credit risk when they have low-quality credit standing.
The counterparties for these instruments are considered more likely to default on capital or interest payments.

* External rating

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.4 LIQUIDITY RISK MANAGEMENT

Liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from adequate banking facilities ranging from overnight to 36-month facilities and the ability to close out market positions. Derivative financial liabilities are measured at fair value and are included in the analysis on the basis of management's expectation of settlement. The fair values indicate the net settlement amounts due.

The Group has minimised its liquidity risk as shown by its substantial undrawn banking and debt facilities.

	2022 Rm	2021 Rm
BANKING AND DEBT FACILITIES		
Total banking and debt facilities	13 013	14 382
Less: Portion utilised	(5 125)	(6 980)
Total undrawn banking and debt facilities	7 888	7 402
Made up as follows:	7 888	7 402
Committed	7 730	7 285
Uncommitted	158	117

All facilities and any security provided are required to be approved by the Board.

The Group's policy is to maintain appropriate committed and uncommitted banking and debt facilities.

The undiscounted contractual cash flows of the Group's borrowings and payables fall into the following maturity profiles:

	On demand Rm	Less than 3 months Rm	3 – 12 months Rm	1 – 5 years Rm	>5 years Rm
2022					
Interest-bearing borrowings*	–	101	623	5 467	–
Forward exchange contracts	–	31	14	–	–
Interest rate derivatives	–	–	8	–	–
Trade and other payables	314	9 024	52	184	
Overdrafts	–	33	–	–	–
2021					
Interest-bearing borrowings*	–	87	794	6 519	–
Forward exchange contracts	–	158	161	–	–
Interest rate derivatives	–	–	50	10	–
Trade and other payables	422	8 412	42	116	–
Overdrafts	–	140	–	–	–

* Includes interest payments

BORROWING CAPACITY

In terms of the Memorandum of Incorporation, the Group has unlimited borrowing powers.

25.5 FINANCIAL INSTRUMENTS BY CATEGORY

The following classifications for financial instruments have been applied to the line items below:

	Notes	Financial assets at amortised cost Rm	Financial assets at fair value through profit or loss Rm	Financial assets at fair value through other comprehensive income Rm	Non-financial assets Rm	Total Rm
2022						
ASSETS						
Other loans	11	92	–	–	–	92
Trade and other receivables	14	1 219	–	–	484	1 703
Derivative financial instruments	15	–	12	358	–	370
Cash and cash equivalents	28.4	5 374	–	–	–	5 374
		6 685	12	358	484	7 539

	Notes	Financial liabilities at amortised cost Rm	Financial liabilities at fair value through profit or loss Rm	Financial liabilities at fair value through other comprehensive income Rm	Non-financial liabilities Rm	Total Rm
2022						
LIABILITIES						
Interest-bearing borrowings	18	5 096	–	–	–	5 096
Trade and other payables	20	9 574	–	–	637	10 211
Derivative financial instruments	15	–	2	51	–	53
		14 670	2	51	637	15 360

	Notes	Financial assets at amortised cost Rm	Financial assets at fair value through profit or loss Rm	Financial assets at fair value through other comprehensive income Rm	Non-financial assets Rm	Restated* Total Rm
2021						
ASSETS						
Other loans	11	100	–	–	–	100
Trade and other receivables	14	936	–	–	341	1 277
Derivative financial instruments	15	–	2	44	–	46
Cash and cash equivalents	28.4	5 624	–	–	–	5 624
		6 660	2	44	341	7 047

* Refer to note 30 for details of the restatement relating to accounting policy change for Cloud computing costs.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.5 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Notes	Financial liabilities at amortised cost Rm	Financial liabilities at fair value through profit or loss Rm	Financial liabilities at fair value through other comprehensive income Rm	Non-financial liabilities Rm	Total Rm
2021						
LIABILITIES						
Interest-bearing borrowings	18	6 640	–	–	–	6 640
Trade and other payables	20	8 992	–	–	633	9 625
Derivative financial instruments	15	–	16	363	–	379
		15 632	16	363	633	16 644

25.6 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The table below summarises the gains/(losses) on financial instruments:

	Fair value measurement Rm	Investment income Rm	Finance costs Rm	Impairment loss Rm	Total Rm
2022					
Loans and receivables	–	67	–	–	67
Financial liabilities at amortised cost	–	–	(452)	–	(452)
Financial instruments at fair value through profit or loss	(23)	–	–	–	(23)
Financial instruments at fair value through other comprehensive income	704	–	–	–	704
	681	67	(452)	–	296
2021					
Loans and receivables	–	83	–	–	83
Financial liabilities at amortised cost	–	–	(991)	–	(991)
Financial instruments at fair value through profit or loss	14	–	–	–	14
Financial instruments at fair value through other comprehensive income	(498)	–	–	–	(498)
	(484)	83	(991)	–	(1 392)

All financial instruments at fair value through profit or loss of the Group are classified as held-for-trading.

The pre-tax gains/(losses) on the fair value adjustments of financial instruments recognised in other comprehensive income comprises:

	2022 Rm	2021 Rm
Forward exchange contracts	1 056	(713)
Interest rate derivatives	73	296
Reclassified to non-financial assets	(108)	156
Reclassified to profit or loss	(425)	(81)
	596	(342)

25.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses a three-level hierarchy to categorise the inputs used in measuring fair value. The levels within the hierarchy are described below, with Level 1 having the highest priority and Level 3 having the lowest.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A comparison by category of carrying amounts and fair values of the Group's financial instruments carried at fair value is set out below:

	Fair value measurement using	Carrying amount 2022 Rm	Carrying amount 2021 Rm	Fair value 2022 Rm	Fair value 2021 Rm
FINANCIAL ASSETS					
Derivative financial instruments					
Forward exchange contracts	Level 2	346	46	346	46
Interest rate derivatives	Level 2	24	–	24	–
FINANCIAL LIABILITIES					
Derivative financial instruments					
Forward exchange contracts	Level 2	45	319	45	319
Interest rate derivatives	Level 2	8	60	8	60

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment-grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly 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. At year-end, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

26. MANAGEMENT OF CAPITAL

The Group considers stated capital (note 16), reserves (note 17) and interest-bearing borrowings (note 18) as capital employed. Management focuses on the following:

- solvency, liquidity, interest rate and refinancing risk metrics based on internal policy requirements; and
- debt and equity covenants that are measured for both internal and external purposes.

The Group has complied with all its debt covenants during the year.

These processes aid the Group's ability to continue as a going concern and to provide appropriate returns to shareholders. Returns are measured in terms of Returns on Assets, Equity and Capital Employed.

	2022	2021
Return on equity	36.3%	44.6%

The Group ensures that it complies with the liquidity and solvency requirements for any share repurchase or dividend payment per the Companies Act of South Africa.

27. DIVIDENDS TO ORDINARY SHAREHOLDERS

	2022 Rm	2021 Rm
Dividend no. 47 of 66.0 cents per share was declared on 25 August 2021 and paid on 20 September 2021	694	–
Less: Dividend received on treasury shares	(55)	–
Dividend no. 48 of 80.5 cents per share was declared on 1 March 2022 and paid on 28 March 2022	846	–
Less: Dividend received on treasury shares	(68)	–
Total net dividends paid	1 417	–

Dividend no. 49 of 149.0 cents per share was declared on 30 August 2022.

28. CASH FLOW INFORMATION

	2022 Rm	2021 Rm
28.1 CASH INFLOW FROM TRADING		
Profit before tax	5 190	5 150
Investment income	(67)	(83)
Earnings from joint ventures	(165)	(118)
Depreciation and amortisation	4 441	4 736
Net loss/(gain) on disposal of property, plant and equipment and intangible assets	32	(478)
Net impairment of property, plant and equipment, intangible assets and right-of-use assets	121	364
Finance costs	1 953	2 502
Movement in other provisions and post-retirement medical benefit liability	255	(69)
Share-based payments	309	238
Rent relief and IFRS 16 lease exit and modification gains	(473)	(835)
Foreign exchange gain	(93)	(14)
Net inflow from trading	11 503	11 393
28.2 WORKING CAPITAL MOVEMENTS		
Increase in inventories	(359)	(929)
(Increase)/decrease in trade and other receivables	(290)	852
Increase in trade and other payables and other provisions	748	333
Net inflow	99	256
28.3 TAX PAID		
NORMAL AND FOREIGN TAX		
Amounts owing at the beginning of the year (net)	(342)	(147)
Amounts charged to profit or loss	(1 321)	(1 416)
Amounts recognised in other comprehensive income	(25)	100
Amounts recognised in share-based payments reserve	3	–
Foreign tax credit	27	–
Foreign currency translation reserve	(17)	13
Amounts receivable at the end of the year	(26)	(48)
Amounts owing at the end of the year	28	390
Amount paid	(1 673)	(1 108)
28.4 NET CASH AND CASH EQUIVALENTS		
Local – variable interest rates of 0% to 5.5% (2021: 0% to 6.4%)	1 600	1 612
Foreign – variable interest rates of 0% to 1.0% (2021: 0% to 1.2%)	3 774	4 012
Cash and cash equivalents	5 374	5 624
Foreign overdrafts – variable interest rates of 2.9% to 7.0% (2021: 2.4% to 4.8%)	(33)	(140)
Net cash and cash equivalents	5 341	5 484

The carrying value of net cash and cash equivalents is considered to approximate their fair value.

29. INVESTMENT IN JOINT VENTURES

The Group has the following interests in joint ventures:

NAME OF JOINT VENTURE	% interest held	Nature of business
Woolworths Financial Services Proprietary Limited (WFS)	50	This South African company provides financial services to Woolworths customers.
Nedglen Property Development Proprietary Limited (Nedglen)	30	This South African company is involved in property development and investment.

The reporting periods of WFS and Nedglen are 1 January to 31 December and 1 July to 30 June respectively.

The following amounts represent the assets and liabilities, income and expenses of the material joint venture, WFS:

	2022 Rm	2021 Rm
ASSETS		
Current assets, including cash and cash equivalents of R324 million (2021: R107 million)	8 602	7 318
Non-current assets	3 629	3 287
	12 231	10 605
LIABILITIES		
Current liabilities, including financial liabilities of R396 million (2021: R230 million)	(422)	(240)
Non-current liabilities, including financial liabilities of R9 887 million (2021: R8 589 million)	(9 943)	(8 602)
	(10 365)	(8 842)
EQUITY	1 866	1 763
Group carrying amount of investment in WFS	933	882
Group carrying amount of investment in Nedglen	12	11
Total investment in joint ventures	945	893
Summarised Statement of Comprehensive Income:		
Revenue (including gross investment income of R1 854 million (2021: R1 665 million))	2 267	2 044
Operating costs (including depreciation of R48 million (2021: R50 million) and impairment charge of R614 million (2021: R690 million))	1 811	1 711
Profit before tax	456	333
Tax	128	98
Total comprehensive income	328	235
Group proportionate share	164	118
Group proportionate share of Nedglen profits	1	–
Earnings from joint ventures	165	118
The following dividends were received during the year:		
Woolworths Financial Services Proprietary Limited	112	–

The Group's share of capital commitments of the joint ventures is nil. The increase in net assets is after dividends earned.

30. CHANGE IN ACCOUNTING POLICIES

Refer to note 1 for the accounting policy change, related to the IFRIC Agenda Decision on configuration or customisation costs in a cloud computing arrangement.

	Reported Audited 52 weeks to 27 June 2021	Increase/ (decrease) Rm	Restated Audited 52 weeks to 27 June 2021
GROUP STATEMENT OF FINANCIAL POSITION (EXTRACT)			
Intangible assets	7 546	(411)	7 135
Deferred tax assets	3 417	116	3 533
Trade and other receivables	1 248	29	1 277
Equity attributable to shareholders of the parent	9 571	(266)	9 305

The restatement has had no material impact on the Group Statement of comprehensive income, Group Statement of cash flows, nor on Earnings per share and Headline earnings per share for the 52 weeks to 27 June 2021 comparative period. The impact of this change in accounting policy on the financial results for the 52-week period ended 28 June 2020 is not materially different from the information presented above.

31. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end, the Group concluded the Board-approved R1.5 billion share repurchase by purchasing and cancelling 10 813 149 ordinary shares totalling R597 million. In addition, 2 550 000 ordinary shares totalling R145 million, which were repurchased before year-end, were cancelled after year-end.

On 30 August 2022, the Board declared a gross cash dividend of 149.0 cents (119.2 cents net of dividend withholding tax) (2021: 66.0 cents) for the 52 weeks ended 26 June 2022 to ordinary shareholders recorded at close of business on Friday, 16 September 2022, to be paid on Monday, 19 September 2022.

32. SEGMENTAL INFORMATION

32.1 PRIMARY SEGMENTATION BASED ON NATURE OF BUSINESS AND RETAIL CHAIN

	2022								
		Woolworths							
	Total Rm	Fashion, Beauty and Home Rm	Food Rm	Logistics Rm	Woolworths Financial Services Rm	David Jones Rm	Country Road Group Rm	Treasury Rm	Intragroup Rm
OPERATING RESULTS									
Revenue	82 255	13 614	39 422	637	–	17 004	12 016	50	(488)
Turnover and concession sales	87 019	13 550	39 896	637	–	22 776	11 983	–	(1 823)
Concession sales	(6 952)	(48)	(656)	–	–	(8 071)	–	–	1 823
Turnover	80 067	13 502	39 240	637	–	14 705	11 983	–	–
Cost of sales	50 881	7 117	29 842	637	–	8 744	4 841	–	(300)
Gross profit	29 186	6 385	9 398	–	–	5 961	7 142	–	300
Other revenue	2 121	112	182	–	–	2 293	22	–	(488)
Expenses	24 534	4 848	6 688	–	–	7 319	5 825	42	(188)
Segmental operating profit	6 773	1 649	2 892	–	–	935	1 339	(42)	–
Profit on sale of property in Australia	–	–	–	–	–	–	–	–	–
Lease exit and modification gains	259	6	1	–	–	247	5	–	–
Impairment of assets	121	5	9	–	–	107	–	–	–
Investment income	67	–	–	–	–	6	11	50	–
Finance costs	1 953	313	237	–	–	783	202	418	–
Earnings from joint ventures	165	1	–	–	164	–	–	–	–
Profit before tax	5 190	1 338	2 647	–	164	298	1 153	(410)	–
Adjustments	(118)	(41)	9	–	–	(95)	9	–	–
Adjusted profit for the year	5 072	1 297	2 656	–	164	203	1 162	(410)	–
Return on equity	36.3%								

	2021 Restated*								
		Woolworths							
	Total Rm	Fashion, Beauty and Home Rm	Food Rm	Logistics Rm	Woolworths Financial Services Rm	David Jones Rm	Country Road Group Rm	Treasury Rm	Intragroup Rm
OPERATING RESULTS									
Revenue	80 942	12 869	37 827	574	–	18 113	12 056	70	(567)
Turnover and concession sales	85 857	12 860	38 286	574	–	24 147	12 022	–	(2 032)
Concession sales	(7 094)	(5)	(543)	–	–	(8 578)	–	–	2 032
Turnover	78 763	12 855	37 743	574	–	15 569	12 022	–	–
Cost of sales	49 816	7 003	28 491	574	–	9 302	4 720	–	(274)
Gross profit	28 947	5 852	9 252	–	–	6 267	7 302	–	274
Other revenue	2 096	14	84	–	–	2 536	26	3	(567)
Expenses	24 311	4 795	6 329	–	–	7 898	5 567	15	(293)
Segmental operating profit	6 732	1 071	3 007	–	–	905	1 761	(12)	–
Profit on sale of property in Australia	492	–	–	–	–	492	–	–	–
Lease exit and modification gains	591	19	–	–	–	572		–	–
Impairment of assets	364	9	6	–	–	271	78	–	–
Investment income	83	–	–	–	–	8	8	67	–
Finance costs	2 502	368	247	–	–	861	223	803	–
Earnings from joint ventures	118	–	–	–	118	–	–	–	–
Profit before tax	5 150	713	2 754	–	118	845	1 468	(748)	–
Adjustments	(582)	2	8	–	–	(699)	83	24	–
Adjusted profit for the year	4 568	715	2 762	–	118	146	1 551	(724)	–
Return on equity	44.6%								

* Comparative information has been restated to reclassify IFRS 16 finance costs from the Treasury segment to the respective reportable business segments.

The Group's revenue from external customers for each key group of product and service is disclosed above and in note 2. The cost to provide information for each product and service of the Group is excessive and is therefore not disclosed.

Revenue arises from direct sales to a broad base of public customers. There are no customers that individually contribute 10% or more to revenue of the Group.

David Jones and Country Road Group represent the results of the Group's Australian subsidiaries.

Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

32. SEGMENTAL INFORMATION (CONTINUED)

32.1 PRIMARY SEGMENTATION BASED ON NATURE OF BUSINESS AND RETAIL CHAIN (CONTINUED)

	2022						2021					
		Woolworths						Woolworths				
	Total Rm	Woolworths Rm	Woolworths Financial Services Rm	David Jones Rm	Country Road Group Rm	Treasury Rm	Restated* Total Rm	Woolworths Rm	Woolworths Financial Services Rm	Restated David Jones Rm	Restated Country Road Group Rm	Treasury Rm
STATEMENT OF FINANCIAL POSITION												
Property, plant and equipment and intangible assets	16 641	7 091	–	4 660	4 890	–	16 450	6 871	–	4 767	4 812	–
Right-of-use assets	18 891	4 459	–	11 508	2 924	–	19 116	4 581	–	11 072	3 463	–
Inventories	8 709	4 453	–	2 966	1 290	–	8 501	4 458	–	2 737	1 306	–
Trade and other receivables, derivative financial assets and loans	2 165	1 105	–	354	478	228	1 423	947	–	235	231	10
Cash and cash equivalents	5 374	1 577	–	2 369	1 315	113	5 624	1 726	–	3 066	760	72
Segment assets	51 780	18 685	–	21 857	10 897	341	51 114	18 583	–	21 877	10 572	82
Investment in joint ventures	945	12	933	–	–	–	893	10	883	–	–	–
Tax and deferred tax assets	3 354	605	–	2 516	217	16	3 581	686	–	2 546	333	16
Total assets	56 079	19 302	933	24 373	11 114	357	55 588	19 279	883	24 423	10 905	98
Trade and other payables, provisions, derivative financial instruments and other non-current liabilities	12 368	6 869	–	3 670	1 696	133	12 036	6 558	–	3 369	1 795	314
Interest-bearing borrowings and overdrafts	5 096	33	–	–	–	5 063	6 640	140	–	–	–	6 500
Lease liabilities	26 784	5 994	–	17 130	3 660	–	27 194	6 055	–	16 854	4 285	–
Segment liabilities	44 248	12 896	–	20 800	5 356	5 196	45 870	12 753	–	20 223	6 080	6 814
Tax and deferred tax liabilities	31	18	–	–	13	–	390	(307)	–	–	303	394
Total liabilities	44 279	12 914	–	20 800	5 369	5 196	46 260	12 446	–	20 223	6 383	7 208
Debt ratio	9.1%						11.9%					
Depreciation and amortisation	4 441	1 672	–	1 528	1 241	–	4 736	1 746	–	1 589	1 401	–
Net impairment of property, plant and equipment and intangible assets	121	14	–	107	–	–	364	15	–	271	78	–
Share-based payment expense	309	236	–	38	35	–	238	188	–	29	21	–
Capital expenditure (gross)	1 815	1 180	–	368	267	–	1 425	926	–	319	180	–
Capital commitments	3 163	2 191	–	339	633	–	2 784	1 804	–	600	380	–
Shareholding		100.0%	50.0%	100.0%	100.0%	100.0%		100.0%	50.0%	100.0%	100.0%	100.0%

* Refer to note 30 for details of the restatement relating to accounting policy change for Cloud computing costs.

32. SEGMENTAL INFORMATION (CONTINUED)

32.2 SECONDARY SEGMENTATION BASED ON GEOGRAPHIC LOCATION OF CUSTOMERS AND ASSETS

2022

	Total Rm	Woolworths: Fashion, Beauty and Home Rm	Woolworths: Food Rm	Woolworths: Logistics Rm	Woolworths: Woolworths Financial Services Rm	David Jones Rm	Country Road Group Rm	Treasury Rm	Intragroup Rm
REVENUE									
South Africa	52 314	12 192	38 719	637	–	–	1 204	50	(488)
Rest of Africa	2 125	1 422	703	–	–	–	–	–	–
Australia and New Zealand	27 816	–	–	–	–	17 004	10 812	–	–
	82 255	13 614	39 422	637	–	17 004	12 016	50	(488)
TURNOVER									
South Africa	52 458	12 080	38 537	637	–	–	1 204	–	–
Rest of Africa	2 125	1 422	703	–	–	–	–	–	–
Australia and New Zealand	25 484	–	–	–	–	14 705	10 779	–	–
	80 067	13 502	39 240	637	–	14 705	11 983	–	–

2021

	Total Rm	Woolworths: Fashion, Beauty and Home Rm	Woolworths: Food Rm	Woolworths: Logistics Rm	Woolworths: Woolworths Financial Services Rm	David Jones Rm	Country Road Group Rm	Treasury Rm	Intragroup Rm
REVENUE									
South Africa	49 660	11 501	37 137	574	–	–	945	70	(567)
Rest of Africa	2 058	1 368	690	–	–	–	–	–	–
Australia and New Zealand	29 224	–	–	–	–	18 113	11 111	–	–
	80 942	12 869	37 827	574	–	18 113	12 056	70	(567)
TURNOVER									
South Africa	50 059	11 487	37 053	574	–	–	945	–	–
Rest of Africa	2 058	1 368	690	–	–	–	–	–	–
Australia and New Zealand	26 646	–	–	–	–	15 569	11 077	–	–
	78 763	12 855	37 743	574	–	15 569	12 022	–	–

2022

	Total Rm	Woolworths Rm	Woolworths Financial Services Rm	David Jones Rm	Country Road Group Rm	Treasury Rm
TOTAL ASSETS						
South Africa	20 549	18 697	933	–	578	341
Australia and New Zealand	32 176	–	–	21 857	10 319	–
	52 725	18 697	933	21 857	10 897	341
Tax and deferred tax assets	3 354					
	56 079					
CAPITAL EXPENDITURE (GROSS)						
South Africa	1 183	1 180	–	–	3	–
Australia and New Zealand	632	–	–	368	264	–
	1 815	1 180	–	368	267	–

2021

	Restated* Total Rm	Woolworths Rm	Woolworths Financial Services Rm	Restated David Jones Rm	Restated Country Road Group Rm	Treasury Rm
TOTAL ASSETS						
South Africa	20 074	18 593	883	–	516	82
Australia and New Zealand	31 933	–	–	21 877	10 056	–
	52 007	18 593	883	21 877	10 572	82
Tax and deferred tax assets	3 581					
	55 588					
CAPITAL EXPENDITURE (GROSS)						
South Africa	930	926	–	–	4	–
Australia and New Zealand	495	–	–	319	176	–
	1 425	926	–	319	180	–

• Refer to note 30 for details of the restatement relating to accounting policy change for Cloud computing costs.

COMPANY ANNUAL FINANCIAL STATEMENTS

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 26 June 2022 Rm	52 weeks to 27 June 2021 Rm
Revenue	2	2 761	275
Expenses		41	10
Other operating costs		41	10
Finance costs		207	270
Profit/(loss) before tax	3	2 513	(5)
Tax	4	1	2
Profit/(loss) for the year		2 512	(7)
Other comprehensive income:			
Amounts that may be reclassified to profit or loss			
Fair value adjustments on financial instruments	15.5	–	–
Tax on fair value adjustments on financial instruments		–	–
Other comprehensive income for the year		–	–
Total comprehensive income/(loss) for the year		2 512	(7)

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	At 26 June 2022 Rm	At 27 June 2021 Rm
ASSETS			
Non-current assets		23 939	23 891
Interest in and amounts owing by subsidiaries	7	23 934	23 875
Derivative financial instruments	19	–	10
Deferred tax	8	5	6
Current assets		1 441	1 621
Amounts owing by subsidiaries	7	1 173	1 500
Other receivables	9	147	2
Derivative financial instruments	19	8	47
Cash and cash equivalents	18.3	113	72
TOTAL ASSETS		25 380	25 512
EQUITY AND LIABILITIES			
Equity attributable to shareholders		13 588	12 942
Stated capital	10	10 830	11 465
Distributable reserves	11	2 758	1 477
TOTAL EQUITY		13 588	12 942
Non-current liabilities		2 463	2 723
Interest-bearing borrowings	12	2 463	2 713
Derivative financial instruments	19	–	10
Current liabilities		9 329	9 847
Other payables	13	88	72
Amounts owing to subsidiaries	7	8 983	9 191
Derivative financial instruments	19	8	47
Current portion of interest-bearing borrowings	12	250	537
TOTAL LIABILITIES		11 792	12 570
TOTAL EQUITY AND LIABILITIES		25 380	25 512

COMPANY STATEMENT OF CHANGES IN EQUITY

	Notes	Stated capital Rm	Distributable reserves: Share-based payments reserve Rm	Distributable reserves: Retained profit Rm	Total Rm
Shareholders' interest at 28 June 2020		11 413	1 122	125	12 660
Loss and total comprehensive loss for the year		–	–	(7)	(7)
Shares issued	10	52	–	–	52
Share-based payments	11	–	237	–	237
Shareholders' interest at 27 June 2021		11 465	1 359	118	12 942
Profit and total comprehensive income for the year		–	–	2 512	2 512
Shares issued	10	124	–	–	124
Share-based payments	11	–	309	–	309
Shares repurchased and cancelled	10	(759)	–	–	(759)
Dividends to ordinary shareholders	17	–	–	(1 540)	(1 540)
Shareholders' interest at 26 June 2022		10 830	1 668	1 090	13 588

COMPANY STATEMENT OF CASH FLOWS

	Notes	52 weeks to 26 June 2022 Rm	52 weeks to 27 June 2021 Rm
Cash flow from operating activities			
Cash outflow from trading	18.1	(41)	(7)
Working capital movements	18.2	16	1
Cash utilised by operating activities		(25)	(6)
Investment income received		210	281
Finance costs paid		(207)	(280)
Cash utilised by operations		(22)	(5)
Dividends received		2 487	–
Dividends paid to ordinary shareholders		(1 540)	–
Net cash inflow/(outflow) from operating activities from operating activities		925	(5)
Cash flow from investing activities			
Repayment of loans by subsidiaries		765	602
Net cash inflow from investing activities		765	602
Cash flow from financing activities			
Repayment of loans owing to subsidiaries	12	(208)	–
Shares repurchased		(904)	–
Borrowings repaid	12	(537)	(570)
Net cash outflow from financing activities		(1 649)	(570)
Increase in cash and cash equivalents		41	27
Net cash and cash equivalents at the beginning of the year		72	45
Net cash and cash equivalents at the end of the year	18.3	113	72

2. REVENUE

	2022 Rm	2021 Rm
Investment income	210	272
Dividends received	2 551	–
Other	–	3
	2 761	275

3. PROFIT/(LOSS) BEFORE TAX INCLUDES:

	2022 Rm	2021 Rm
Audit fee – current year	4	4

4. TAX

	2022 Rm	2021 Rm
Deferred tax relating to the origination and reversal of temporary differences (refer to note 8): South Africa		
Current year	1	2
	1	2

	2022 %	2021 %
The rate of tax on profit is reconciled as follows:		
Standard rate	28.0	28.0
Disallowable expenditure	0.5	(52.8)
Prior year	–	(0.5)
Exempt income	(28.4)	–
Effective tax rate	0.1	(25.3)

* Disallowable expenditure consists of expenses of a capital nature, which include legal fees, consulting fees, directors fees and share expenses. Exempt income consists of dividends received.

5. DIRECTORS' EMOLUMENTS

Emoluments paid to the directors of Woolworths Holdings Limited in connection with the carrying on of the affairs of the Company and its subsidiaries:

	2022 Rm	2021 Rm
Executive Directors		
Remuneration	60	77
Benefits	1	1
IFRS 2 value of share-based payments expense	61	53
	122	131
Non-executive Directors		
Fees	13	15
	13	15
Total directors' emoluments	135	146

Executive Directors' emoluments are paid by Woolworths Proprietary Limited, David Jones Proprietary Limited and Country Road Group Proprietary Limited. Details of the directors' fees and emoluments are provided in note 7 of the Group Annual Financial Statements.

6. RELATED-PARTY TRANSACTIONS

The nature of transactions between the Company and subsidiaries of the Group comprise mainly of dividends received. The following related-party transactions occurred during the year:

	2022 Rm	2021 Rm
DIVIDEND RECEIVED FROM SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	1 476	–
E-Com Investments 16 (RF) Proprietary Limited	64	–
David Jones Proprietary Limited	1 011	–
	2 551	–
INTEREST RECEIVED FROM SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	207	190
	207	190
DIVIDENDS PAID TO SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	59	–
E-Com Investments 16 (RF) Proprietary Limited	64	–
	123	–
MANAGEMENT FEE CHARGED TO SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	9	23
David Jones Proprietary Limited	5	16
Country Road Group Proprietary Limited	2	10
	16	49

SHARE-BASED PAYMENT TRANSACTIONS

The Company accounts for the Group share-based payment transactions settled in its equity instruments, as an equity-settled share-based payment arrangement, with a corresponding increase in its investment in subsidiaries (refer to note 7).

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all directors, executive and non-executive, of the Company. Key management personnel have been defined as the Board of Directors of the Company. The definition of related parties includes close family members of key management personnel.

KEY MANAGEMENT COMPENSATION

	2022 Rm	2021 Rm
Short-term employee benefits	73	92
Post-employment benefits	1	1
IFRS 2 value of share-based payments expense	61	53
	135	146

Short-term employee benefits comprise salaries, directors' fees and bonuses payable within 12 months of the end of the year. Post-employment benefits comprise expenses determined in terms of IAS 19: Employee Benefits, in respect of the Group's retirement and healthcare funds.

WOOLWORTHS CARD AND WOOLWORTHS VISA CREDIT CARD ACCOUNTS

	2022 Rm	2021 Rm
Balance outstanding at the beginning of the year	3	3
Annual spend	5	4
Annual repayments	(5)	(4)
Balance outstanding at the end of the year	3	3

Purchases made by key management personnel are at standard discounts granted to all employees of the Company. Interest is charged on outstanding balances on the same terms and conditions applicable to all other cardholders. No receivables that are considered credit impaired have been recognised in respect of the Woolworths card and Woolworths Visa credit card accounts of key management personnel (2021: nil).

POST-EMPLOYMENT BENEFIT PLAN

Details of the Wooltru Group Retirement Fund, the Wooltru Healthcare Fund and funds for the benefit of David Jones Proprietary Limited and Country Road Group Proprietary Limited employees are disclosed in note 21 of the Group Annual Financial Statements.

7. INTEREST IN AND AMOUNTS OWING BY/(TO) SUBSIDIARIES

	2022 Rm	2021 Rm
Ordinary shares	19 466	19 466
E-Com Investments 16 (RF) Proprietary Limited: Cost	230	230
Highway Holdings N.V.	11 618	11 618
Osiris Holdings Proprietary Limited:	7 618	7 618
Cost	18 977	18 977
Less accumulated impairment	(11 359)	(11 359)
Share-based payments arising from the Group's share incentive schemes	2 005	1 696
Amounts owing by subsidiaries: non-current		
Woolworths Proprietary Limited	2 463	2 713
Interest in and amounts owing by subsidiaries	23 934	23 875
Amounts owing by subsidiaries: current	1 173	1 500
Woolworths Proprietary Limited	688	978
Vela Investments Proprietary Limited	–	1
David Jones Proprietary Limited	5	16
Country Road Clothing Proprietary Limited	2	10
E-Com Investments 16 (RF) Proprietary Limited	478	495
Amounts owing to subsidiaries: current	(8 983)	(9 191)
Woolworths Proprietary Limited	(8 983)	(9 191)
Total net interest in subsidiaries	16 124	16 184

Equity investments in subsidiaries are stated at cost less provision for impairment, if any.

The loan to Woolworths Proprietary Limited arises as a result of the proceeds of the DMTN programme (refer to note 12) being on-lent to Woolworths Proprietary Limited with terms equivalent to the notes issued by Woolworths Holdings Limited (the issuer) and the Noteholders, plus a margin of five basis points. Woolworths Proprietary Limited is the guarantor of such notes.

Investments in and loans to subsidiaries are considered to be impaired when it is unlikely that the initial investment cost will be recovered or that the loan granted will be repaid.

The loans to and from the other subsidiaries are unsecured, interest-free and are repayable on demand. The carrying value of loans to and from subsidiaries approximate their fair value.

The Company's maximum exposure to the credit risk of loans to subsidiaries are their carrying value. The amount owing by subsidiaries in 2022 is considered not to be credit impaired. All subsidiaries are in a financially sound position. Refer to note 15.1 for details of the Company's credit risk management policies. Refer to Annexure 1 for details of the Company's interest in subsidiaries.

8. DEFERRED TAX

	2022 Rm	2021 Rm
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	6	8
Amounts credited to profit or loss	(1)	(2)
Assessed loss	(1)	(2)
Balance at the end of the year	5	6
Comprising:		
Assessed loss	(5)	(6)
	(5)	(6)

Deferred tax has been calculated at the standard corporate and the capital gains tax rates as at the reporting date, based on management's expected manner of recovery of the carrying value of assets and settlement of the carrying value of liabilities. The deferred tax asset has been raised after due consideration of future taxable income. The Company has recognised a deferred tax asset of R5 million (2021: R6 million) in respect of assessed losses, which do not expire. The Company has reviewed the forecast taxable profits in order to utilise the deferred tax asset in the future.

9. OTHER RECEIVABLES

	2022 Rm	2021 Rm
Prepayments	145	–
Other	2	2
	147	2

Prepayments relate to amounts paid for shares repurchased that have not yet transferred to the Company by year-end.

10. STATED CAPITAL

	2022 Rm	2021 Rm
Balance at the beginning of the year	11 465	11 413
2 106 541 (2021: 1 400 582) ordinary shares issued in terms of share incentive schemes	124	52
14 049 287 (2021: nil) ordinary shares repurchased and cancelled	(759)	–
Balance at the end of the year	10 830	11 465

	Rm	Rm
AUTHORISED		
2 410 600 000 (2021: 2 410 600 000) ordinary shares of no par value	–	–
	–	–
ISSUED		
1 038 034 484 (2021: 1 049 977 230) ordinary shares of no par value	–	–
	–	–

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE	Number of shares	
Balance at the beginning of the year	1 049 977 230	1 048 576 648
Shares issued in terms of share incentive schemes	2 106 541	1 400 582
Shares repurchased and cancelled	(14 049 287)	–
Balance at the end of the year	1 038 034 484	1 049 977 230

11. DISTRIBUTABLE RESERVES

	2022 Rm	2021 Rm
Share-based payments reserve		
Balance at the beginning of the year	1 359	1 122
Share-based payments arising from share incentive schemes	309	237
Balance at the end of the year	1 668	1 359
Retained profit	1 090	118
Total distributable reserves	2 758	1 477

NATURE AND PURPOSE OF RESERVES

SHARE-BASED PAYMENTS RESERVE

This reserve records the fair value of the vested portion of shares or share options (determined at grant date) granted in terms of the Group's share-based payment schemes. Refer to note 16 of the Group Annual Financial Statements for further details of the relevant schemes.

RETAINED PROFIT

Retained profit records the cumulative net profit or loss made by the Company after deducting dividends to shareholders and other utilisations of the reserve.

12. INTEREST-BEARING BORROWINGS

	2022 Rm	2021 Rm
NON-CURRENT		
Long-term loans	2 463	2 713
	2 463	2 713
CURRENT		
Current portion of long-term loans	250	537
	250	537

Interest-bearing borrowings bear interest at variable, market-determined rates. These borrowings are measured at amortised cost, which approximates their fair value. Notes to the value of R2.7 billion (2021: R3.3 billion) are outstanding under the Domestic Medium Term Note (DMTN) programme, which is a further source of funding for the Group. The DMTN programme is guaranteed by Woolworths Proprietary Limited. It will be used to raise debt on an ongoing basis. The above loan is shown net of transaction costs of R0.2 million (2021: R0.4 million).

The maturity profile of such drawn facilities that the Company provides sureties and guarantees for, is as follows:

	2022 Rm	2021 Rm
Financial year 2023	250	537
Financial year 2024	463	1 250
Financial year 2025	500	963
Financial year 2026 and onwards	1 500	500
	2 713	3 250

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes			
	2021 Rm	Cash flows Rm	Amortised costs Rm	Foreign exchange movement Rm	Fair value changes Rm	2022 Rm
Long-term loans	3 250	(537)	–	–	–	2 713
Amounts owing to subsidiaries	9 191	(208)	–	–	–	8 983

			Non-cash changes			
	2020 Rm	Cash flows Rm	Amortised costs Rm	Foreign exchange movement Rm	Fair value changes Rm	2021 Rm
Long-term loans	3 819	(570)	1	–	–	3 250
Amounts owing to subsidiaries	9 248	(57)	–	–	–	9 191

13. OTHER PAYABLES

	2022 Rm	2021 Rm
Other payables	88	72
	88	72

Included in other payables are interest expense accruals of R33 million and other operating cost accruals. The carrying value of other payables approximates their fair value. These balances are payable on demand.

14. SURETIES AND GUARANTEES

The Company provides sureties or guarantees for banking facilities amounting to R9 300 million (2021: R9 700 million) and lease obligations of certain subsidiaries. These can be called on immediately in the event of the subsidiaries not honouring their obligations. There are no other material contingent liabilities.

The maturity profile of such drawn facilities that the Company provides sureties or guarantees for, is as follows:

	2022 Rm	2021 Rm
Financial year 2024	250	900
Financial year 2025	2 100	550
Financial year 2026 and onwards	–	1 800
	2 350	3 250

15. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate, refinancing, foreign exchange and counter party risks arises in the normal course of business. It is the Company's objective to minimise its exposure to these various financial risks through its risk management policies and procedures.

The Company's overall treasury policy is reviewed and approved by the Woolworths Holdings Limited Board (Board), Audit and Treasury Committees. The policy specifies the risks, parameters and permitted instruments relating to interest rate, refinancing, liquidity, counter party and foreign exchange risks.

In addition, a Treasury Committee reports regularly to the Audit Committee and the Board on the implementation of treasury policies, focusing in particular on the amount of exposure to the financial risk, the extent to which these risks are covered, the implications of expected future movements in market interest rates, as well as whether there are any deviations from treasury policy and performance against budgets.

15.1 CREDIT RISK MANAGEMENT

Credit risk arises from cash and cash equivalents, amounts owing by subsidiaries and other receivables. The Company's maximum exposure to credit risk is equal to the carrying value of these classes of assets.

The Company only deposits short-term cash surpluses with major banks of high-quality credit standing. Refer to note 7 for details of amounts owing by subsidiaries.

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are either stage 1 or not credit impaired is assessed to be of high grade.

The Company's financial assets measured at amortised cost are subject to impairment under the ECL model, using the general approach. The credit risk associated with these financial assets is insignificant. There are credit risk management policies in place and there is no history of losses or impairments on these financial assets. The forward-looking information does not indicate a change to this.

	2022 Rm	2021 Rm
FINANCIAL ASSETS		
Other receivables	147	2
Cash and cash equivalents	113	72
Amounts owing by subsidiaries – current:		
Woolworths Proprietary Limited	688	978
Vela Investments Proprietary Limited	–	1
David Jones Proprietary Limited	5	16
Country Road Clothing Proprietary Limited	2	10
E-Com Investments 16 (RF) Proprietary Limited	478	495
Amounts owing by subsidiaries – non-current: Woolworths Proprietary Limited	2 463	2 713

15.2 LIQUIDITY RISK MANAGEMENT

Liquidity risk management includes maintaining sufficient cash and cash equivalents. In terms of the Company's Memorandum of Incorporation, there is no limit on the Company's authority to raise interest-bearing debt (refer to note 15.3).

The undiscounted cash flows of the Company's borrowings and payables fall into the following maturity profiles:

	On demand Rm	Less than 3 months Rm	3 – 12 months Rm	1 – 5 years Rm	>5 years Rm
2022					
Amounts owing to subsidiaries	8 983	–	–	–	–
Long-term loans	–	46	419	2 806	–
Other payables	88	–	–	–	–
2021					
Amounts owing to subsidiaries	9 191	–	–	–	–
Long-term loans	–	43	652	2 938	–
Other payables	72	–	–	–	–

15.3 INTEREST RATE RISK MANAGEMENT

The Company's interest rate risk arises from interest-bearing borrowings, derivative financial instruments, other loans and cash balances. Interest rates applicable to cash and cash equivalents are at variable interest rates.

Borrowings issued at floating rates expose the Company to cash flow interest rate risk, while fixed rate borrowings expose the Company to fair value interest rate risk. As part of the process of managing the Company's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

In order to hedge the Company's exposure to cash flow interest rate risk, the Company uses derivative financial instruments, such as interest rate swaps.

The Company entered into long-term debt with the interest payable linked to various floating interbank rates. At year-end, the Company had swapped approximately 37% (2021: 62%) of floating rate exposure for fixed rates.

The Company is also exposed to cash flow interest rate risk from its floating rate cash and cash equivalents. The cash flow interest rate sensitivity of the cash and cash equivalents is based on year-end cash balances.

The sensitivity of the Company's profits and equity to its exposure to interest rate risk from borrowings is presented below. The analysis below considers the impact of a reasonably possible change over the next 12 months in the prime rate, with all other variables held constant.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.3 INTEREST RATE RISK MANAGEMENT (CONTINUED)

	Movement in basis points	(Increase)/ decrease in profit before tax R'000	(Increase)/ decrease in equity R'000
2022			
Cash and cash equivalents	+50	(565)	(407)
	-50	565	407
Long-term loans	+50	13 565	9 767
	-50	(13 565)	(9 767)
Amounts owing by subsidiaries	+50	(18 180)	(13 090)
	-50	18 180	13 090
2021			
Cash and cash equivalents	+50	(360)	(259)
	-50	360	259
Long-term loans	+50	16 250	11 700
	-50	(16 250)	(11 700)
Amounts owing by subsidiaries	+50	(21 065)	(15 167)
	-50	21 065	15 167

At year-end, the South African prime interest rate was 8.25% (2021: 7.0%). JIBAR was 4.975% (2021: 3.683%). The Australian prime interest rate was 0.85% (2021: 0.10%).

The variable interest rate pricing profile at year-end is summarised as follows:

	2022 Rm	2022 Effective interest rate %	2021 Rm	2021 Effective interest rate %
INTEREST-BEARING BORROWINGS				
Long-term loans	2 713	6.2	3 250	5.0 – 8.0
% of total borrowings	100%		100%	

The carrying amounts of the Group's financial liabilities that are exposed to interest rate risk are as follows:

	On demand Rm	Less than 3 months Rm	3 – 12 months Rm	1 – 5 years Rm	>5 years Rm
2022					
Long-term loans	–	–	250	2 463	–
2021					
Long-term loans	–	–	537	2 713	–

The table below indicates the nominal amount and weighted average maturity of the Company's risk exposure that is directly affected by the interest rate benchmark reform analysed by interest rate basis.

	Nominal Amount	Average time to Maturity
INTEREST-BEARING BORROWINGS – REFER TO NOTE 12		
JIBAR (3 months)	2 713	2.8

The notional principal amount of the interest rate derivatives at year-end amounts to R1 000 million (2021: R2 000 million), of which none (2021: R1 000 million) could be affected by the interest rate reform. The balance of contracts expire within six months after year-end and would not be affected.

The Company is managing the transition process to an alternative benchmark rate by maintaining proactive engagement with its lenders.

15.4 FINANCIAL INSTRUMENTS BY CATEGORY

	2022 Rm	2021 Rm
FINANCIAL ASSETS		
Amortised cost		
Amounts owing by subsidiaries	3 636	4 213
Cash and cash equivalents	113	72
Other receivables	147	–
Total	3 896	4 285
FINANCIAL LIABILITIES		
Amortised cost		
Other payables	88	72
Amounts owing to subsidiaries	8 983	9 191
Long-term loans	2 713	3 250
Total	11 784	12 513

15.5 GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The table below summarises the gains and losses on financial instruments:

	Interest income Rm	Net movement in other comprehensive income Rm	Total Rm
2022			
Financial assets at amortised cost	210	–	210
2021			
Financial assets at amortised cost	272	–	272

	2022 Rm	2021 Rm
Revaluation of financial instruments*	–	–
Reclassified to profit or loss	–	–
Total	–	–

* The other comprehensive income reconciliation reflects a nil amount, as a result of a loss of R49 million (2021: R81 million) on the revaluation of the financial instrument asset, and a R49 million gain (2021: R81 million) on the revaluation of the financial instrument liability that net off.

16. MANAGEMENT OF CAPITAL

The Company considers the management of capital with reference to the Group policy. Refer to note 26 of the Group Annual Financial Statements.

17. DIVIDENDS TO ORDINARY SHAREHOLDERS

	2022 Rm	2021 Rm
Dividend no. 47 of 66.0 cents per share was declared on 25 August 2021 and paid on 20 September 2021	694	–
Dividend no. 48 of 80.5 cents per share was declared on 1 March 2022 and paid on 28 March 2022	846	–
Total dividend paid	1 540	–

Dividend no. 49 of 149.0 cents per share was declared on 30 August 2022.

18. CASH FLOW INFORMATION

	2022 Rm	2021 Rm
18.1 CASH OUTFLOW FROM TRADING		
Profit/(loss) before tax	2 513	(5)
Investment income	(210)	(272)
Finance costs paid	207	270
Dividends received	(2 551)	–
Net outflow from trading	(41)	(7)
18.2 WORKING CAPITAL MOVEMENTS		
Increase in other payables	16	1
Net inflow	16	1
18.3 CASH AND CASH EQUIVALENTS		
Local – variable interest rates of 0% to 3.75% (2021: 0% to 1.00%)	113	72
Cash and cash equivalents	113	72

The carrying value of cash and cash equivalents is considered to approximate their fair value.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
NON-CURRENT				
Interest rate derivatives held as hedging instruments	–	–	10	10
	–	–	10	10
CURRENT				
Interest rate derivatives held as hedging instruments	8	8	47	47
	8	8	47	47

INTEREST RATE DERIVATIVES

The notional principal amount of the interest rate derivatives at year-end amounts to R1 000 million (2021: R2 000 million). This comprises hedges on the South African debt of R2 713 million (2021: R3 250 million). These derivatives are to hedge the interest that is payable under the various debt facilities (refer to note 12). Gains and losses on interest rate derivatives held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified in the same period that the hedged cash flows affect profit or loss.

The maximum exposure to credit risk at the reporting date is the fair value of the above-mentioned derivative financial instrument assets.

20. GOING CONCERN

Included in the Company's current liabilities is an intercompany loan with Woolworths Proprietary Limited, a wholly owned subsidiary, in the amount of R8 983 million, which results in its current liabilities exceeding current assets by R7 888 million. Excluding this intercompany loan, the Company's current assets exceed its current liabilities. An agreement exists between the Company and Woolworths Proprietary Limited, whereby the entities will only require settlement of this intercompany loan upon mutual agreement. Should the Company require funding to settle current or future liabilities, it may obtain funding from entities in the Group through dividend declarations or return of capital. As a result of the Company's access to appropriate cash resources to settle its liabilities in the ordinary course of business, the Company does not foresee any going concern uncertainty and, accordingly, the financial statements have been prepared on a going concern basis.

21. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end, the Group concluded the Board-approved R1.5 billion share repurchase by purchasing and cancelling 10 813 149 ordinary shares totalling R597 million. In addition, 2 550 000 ordinary shares totalling R145 million, which were repurchased before year-end, were cancelled after year-end.

On 30 August 2022, the Board declared a gross cash dividend of 149.0 cents (119.2 cents net of dividend withholding tax) (2021: 66.0 cents) for the 52 weeks ended 26 June 2022 to ordinary shareholders recorded at close of business on Friday, 16 September 2022, to be paid on Monday, 19 September 2022.


Woolworths, Winter 2022

SUPPLEMENTARY

Trenery, Winter 2022

ANNEXURE 1

			2022 % holding	2021 % holding
INTEREST IN SUBSIDIARIES AND JOINT VENTURES				
Interest in subsidiaries directly held				
Woolworths Proprietary Limited	R	1	100	100
E-Com Investments 16 (RF) Proprietary Limited	H	1	100	100
Highway Holdings N.V.	H	3	100	100
Woolworths International (Australia) II Proprietary Limited	H	4	100	100
Osiris Holdings Proprietary Limited	H	4	100	100
The Woolworths Trust (Charitable Trust)[1]	H	1	–	–
The Woolworths Holdings Share Trust[1]	H	1	–	–
Interest in subsidiaries indirectly held				
Universal Product Networks (RF) Proprietary Limited	L	1	100	100
Virtual Market Place (RF) Proprietary Limited[2]	R	1	100	100
Woolworths Developments (RF) Proprietary Limited	P	1	100	100
Woolworths (Lesotho) Proprietary Limited	R	12	100	100
Woolworths (Namibia) Proprietary Limited	R	2	100	100
Woolworths (Eswatini) Proprietary Limited	R	16	100	100
Woolworths Holding (Mauritius) Limited	H	7	100	100
Woolworths (Mauritius) Limited[3]	R	7	100	100
Woolies (Zambia) Limited[3]	R	8	100	100
W-Stores Company Tanzania Limited[3]	R	9	51	51
W-Stores Company Uganda Limited[3]	R	10	95	95
Woolworths Mozambique, Limitada[3]	R	11	100	100
Woolworths (Kenya) Proprietary Limited[3]	R	13	100	100
Woolworths (Botswana) Proprietary Limited[3]	R	15	100	100
W-Stores (Ghana) Proprietary Limited[3]	D	17	100	100
Woolworths Rwanda Limited[3]	D	18	100	100
NowNow Foods Proprietary Limited	R	1	100	100
Woolworths International (Australia) Proprietary Limited	H	4	100	100
Country Road Group Proprietary Limited	H	4	100	100
Country Road Clothing Proprietary Limited	R	4	100	100
Country Road Clothing (N.Z.) Limited	R	5	100	100
Country Road Ventures Proprietary Limited	R	4	100	100
Country Road Ventures SA Proprietary Limited	R	5	100	100
Country Road International Proprietary Limited	H	4	100	100
Country Road (Hong Kong) Limited	R	6	100	100
CRG Logistics Proprietary Limited	L	4	100	100
Cicero Clothing Proprietary Limited	R	4	100	100
Politix (NZ) Limited	R	5	100	100
Witchery Australia Holdings Proprietary Limited	H	4	100	100
Witchery Holdings Proprietary Limited	H	4	100	100
Witchery Fashions Proprietary Limited	R	4	100	100
Witchery Fashions (NZ) Limited	R	5	100	100
Witchery Singapore Pte Limited	R	14	100	100
Mimco Proprietary Limited	R	4	100	100
Mimco Design Singapore Pte Limited	R	14	100	100
Mimco (NZ) Limited	R	5	100	100
Vela Investments Proprietary Limited[4]	H	4	100	100
David Jones Proprietary Limited	R	4	100	100
Aherns Holdings Proprietary Limited	H	4	100	100
Ahern's (Suburban) Proprietary Limited	D	4	100	100
Akitin Proprietary Limited	H	4	100	100
David Jones Finance Proprietary Limited	F	4	100	100
299 – 307 Bourke Street Proprietary Limited	P	4	100	100
Helland Close Proprietary Limited	R	4	100	100
David Jones Credit Proprietary Limited	H	4	100	100
John Martin Retailers Proprietary Limited	D	4	100	100
David Jones Financial Services Limited	F	4	100	100
David Jones Insurance Proprietary Limited	F	4	100	100
David Jones (NZ) Proprietary Limited	R	5	100	100
David Jones Properties (South Australia) Proprietary Limited	P	4	100	100
David Jones (Adelaide) Proprietary Limited	H	4	100	100
Buckley & Nunn Proprietary Limited	H	4	100	100
David Jones Properties (Victoria) Proprietary Limited	P	4	100	100
David Jones Properties (Queensland) Proprietary Limited	P	4	100	100
Speertill Proprietary Limited	R	4	100	100
David Jones Properties Proprietary Limited	P	4	100	100
David Jones Employee Share Plan Proprietary Limited	H	4	100	100
David Jones Share Plans Proprietary Limited	H	4	100	100
INTEREST IN JOINT VENTURES				
Woolworths Financial Services Proprietary Limited	F	1	50% – 1 share	50% – 1 share
Nedglen Property Developments Proprietary Limited	P	1	30	30

Nature of business
R: Retailing P: Property development F: Financial services I: Import/export D: Dormant L: Logistics H: Holding

Country of incorporation
1: South Africa 2: Namibia 3: Belgium 4: Australia 5: New Zealand 6: Hong Kong 7: Mauritius 8: Zambia 9: Tanzania 10: Uganda 11: Mozambique 12: Lesotho 13: Kenya 14: Singapore 15: Botswana 16: Eswatini 17: Ghana 18: Rwanda

Notes
1. The Woolworths Holdings Share Trust and The Woolworths Trust (Charitable Trust) are included as subsidiaries, based on the interpretation guidance of IFRS 10: Consolidated Financial Statements.
2. Virtual Market Place (RF) Proprietary Limited is a virtual community development company that creates partnerships between businesses and supporters for the benefit of broad-based educational institutions.
3. Woolworths (Mauritius) Limited; Woolies (Zambia) Limited; W-Stores Company Tanzania Limited; W-Stores Company Uganda Limited; Woolworths Mozambique, Limitada; Woolworths (Kenya) Proprietary Limited; Woolworths (Botswana) Proprietary Limited; W-Stores (Ghana) Proprietary Limited and Woolworths Rwanda Limited are subsidiaries of Woolworths Holding (Mauritius) Limited.
4. Vela Investments Proprietary Limited is a subsidiary of Osiris Holdings Proprietary Limited.

The aggregate profits/(losses) after tax of subsidiaries attributable to the Company are:

	2022 Rm	2021 Rm
Profits	3 804	4 246
Losses	–	(68)
	3 804	4 178

NON-IFRS MEASURES: ADJUSTED HEADLINE EARNINGS

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.

RECONCILIATION OF ADJUSTED HEADLINE EARNINGS	52 weeks to 26 Jun 2022 Rm	52 weeks to 27 Jun 2021 Rm	% change
Headline earnings	3 825	3 580	6.8
Adjustments	(173)	(265)	
Lease exit and modification gains	(259)	(591)	
SA civil unrest costs, net of insurance proceeds*	(17)	–	
Restructure and store exit costs	60	123	
Unrealised foreign exchange (gains)/losses	(23)	14	
(Tax losses utilised)/deferred tax on assessed losses not recognised	(5)	33	
Tax impact of adjustments	71	156	
Adjusted headline earnings	3 652	3 315	10.2

* Related to the unrest in KZN and parts of Gauteng in July.

KPMG Inc. have issued a reporting accountant's report on the non-IFRS measures, which is available for inspection at the Group's registered offices.

PRO FORMA FINANCIAL INFORMATION

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

- In note 1: for the 52 weeks to 26 Jun 2022, Turnover and concession sales have been reported against the prior year reported 52 weeks to 27 June 2021. These are important for understanding underlying business performance and are described as "Non-IFRS financial information".
- In note 2: for the 52 weeks to 26 Jun 2022, 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 3.1: for the 52 weeks to 26 Jun 2022, Turnover and concession sales, Pro forma segmental contribution before interest and tax, Gross profit and Expenses have been shown on a constant currency basis.
- In note 3.2: for the 52 weeks to 26 Jun 2022, certain Group statement of financial position items have been shown on a constant currency basis.
- In note 4: for the 52 weeks to 26 Jun 2022, Free cash flow per share is presented.

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 Group Annual Financial Statements for the 52 weeks to 26 June 2022 and 52 weeks to 27 June 2021.

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.

1. TURNOVER AND CONCESSION SALES

	Audited 52 weeks to 26 Jun 2022 (1) Rm	Audited 52 weeks to 27 Jun 2021 (1) Rm	% change
Turnover	80 067	78 763	1.7
Concession sales	6 953	7 094	(2.0)
Turnover and concession sales	87 020	85 857	1.4

Notes

1. The '52 weeks to 26 Jun 2022' and '52 weeks to 27 Jun 2021' turnover financial information has been extracted, without adjustment, from the Group Statement of comprehensive income for the 52 weeks to 26 Jun 2022 and 52 weeks to 27 Jun 2021, as presented in the Group Annual Financial Statements for the 52 weeks ended 26 June 2022. 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.

2. ADJUSTMENT OF OPERATING PROFIT AND PROFIT BEFORE TAX

	Audited 52 weeks to 26 Jun 2022 (1) Rm	Adjustments (2) Rm	Pro forma 52 weeks to 26 Jun 2022 (4) Rm	Audited 52 weeks to 27 Jun 2021 (1) Rm	Adjustments (3) Rm	Pro forma 52 weeks to 27 Jun 2021 (4) Rm
Segmental contribution before interest and tax	7 118	(118)	7 000	7 581	(643)	6 938
Profit before tax	5 190	(118)	5 072	5 150	(582)	4 568

Notes

1. The '52 weeks to 26 Jun 2022' and '52 weeks to 27 Jun 2021' financial information has been extracted, without adjustment, from the Group Statement of comprehensive income for the 52 weeks to 26 Jun 2022 and 52 weeks to 27 Jun 2021, as presented in the Group Annual Financial Statements for the 52 weeks ended 26 June 2022. Segmental contribution before interest and tax comprises Profit before tax, as illustrated on the Group Statement of comprehensive income for the 52 weeks to 26 Jun 2022 and 52 weeks to 27 Jun 2021, and excludes Investment income of R67 million (2021: R83 million), Finance costs of R1 953 million (2021: R2 502 million) and Group entity costs of R42 million (2021: R12 million).
2. Segmental contribution before interest and tax adjustments for the '52 weeks to 26 Jun 2022' comprise of Lease exit and modification gains of R259 million, SA civil unrest costs, net of insurance proceeds of R17 million, Restructure and store exit costs of R60 million, Unrealised foreign exchange gains of R23 million and Impairment of assets of R121 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.
3. Segmental contribution before interest and tax adjustments for the '52 weeks to 27 Jun 2021' comprise of Lease exit and modification gains of R591 million, Restructure and store exit costs of R123 million, Unrealised foreign exchange losses of R14 million, Impairment of assets of R364 million, Profit on sale of property in Australia of R492 million and exclude abnormal finance costs of R61 million, which results in an Adjusted Segmental contribution before interest and tax. Profit before tax adjustments include all of the aforementioned adjustments, as well as abnormal finance costs of R61 million, which results in an Adjusted profit before tax.
4. The 'Pro forma 52 weeks to 26 Jun 2022' and the 'Pro forma 52 weeks to 27 Jun 2021' column reflects the pro forma financial information after adjusting for the items included in column 2 (2021: column 3), which results in an Adjusted segmental contribution before interest and tax (also referred to as Adjusted EBIT) and Adjusted profit before tax.

3. CONSTANT CURRENCY INFORMATION

3.1 GROUP STATEMENT OF COMPREHENSIVE INCOME ITEMS

	Pro forma 52 weeks to 26 Jun 2022 Rm	Audited 52 weeks to 27 Jun 2021 (3) Rm	% change
Turnover and concession sales[1]	88 122	85 857	2.6
Pro forma segmental contribution before interest and tax (Adjusted EBIT)[2]	7 011	6 938	1.1

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 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 R11.06/A$ for the current year and R11.43/A$ for the prior year. The foreign currency fluctuations of the Group's rest of Africa operations are not considered material and have therefore not been applied in determining the constant currency Turnover and concession sales growth rate.
2. Pro forma segmental contribution before interest and tax (Adjusted EBIT) 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 (Adjusted EBIT) growth rate, Pro forma segmental contribution before interest and tax (Adjusted EBIT) denominated in Australian dollars for the current year has 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 R11.44/A$ for the current year and R11.42/A$ for the prior year. The foreign currency fluctuations of the Group's rest of Africa operations are not considered material and have therefore not been applied in determining the constant currency Pro forma segmental contribution before interest and tax (Adjusted EBIT) growth rate.
3. The Turnover and concession sales and Pro forma segmental contribution before interest and tax (Adjusted EBIT) has been extracted from notes 1 and 2 above, respectively.

3.2 GROUP STATEMENT OF FINANCIAL POSITION ITEMS AT 26 JUNE 2022

	Pro forma At 26 Jun 2022 (1) Rm	Audited At 27 Jun 2021 (2) Rm	% change
Assets			
Property, plant and equipment	9 064	9 315	(2.7)
Intangible assets	7 352	7 135	3.0
Right-of-use assets	18 551	19 116	(3.0)
Investment in joint ventures	945	893	5.8
Inventories	8 609	8 501	1.3
Trade and other receivables	1 782	1 377	29.4
Derivative financial instruments	363	46	>100
Deferred tax and tax assets	3 289	3 581	(8.2)
Cash and cash equivalents	5 288	5 624	(6.0)
Total assets	55 243	55 588	(0.6)
Equity and liabilities			
Shareholders' funds	11 581	9 328	24.2
Borrowings and overdrafts	5 096	6 640	(23.3)
Lease liabilities	26 294	27 194	(3.3)
Other non-current liabilities	838	724	15.7
Derivative financial instruments	53	379	(86.0)
Deferred tax and tax liabilities	31	390	(92.1)
Trade and other payables and provisions	11 350	10 933	3.8
Total equity and liabilities	55 243	55 588	(0.6)

Notes

1. The Group Statement of financial position items are at 26 June 2022 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 R10.99/A$ for the current year and R10.73/A$ for the prior year.
2. The 'At 27 Jun 2021' financial information has been extracted, without adjustment, from the reported 2021 Group Annual Financial Statements for the 52 weeks ended 27 June 2021.

4. FREE CASH FLOW PER SHARE

Free cash flow per share is defined as Free cash flow divided by the Weighted Average Number of Shares in issue (WANOS). Free cash flow is determined in the table below, with the amounts extracted, without adjustment, from the Group Statement of cash flows for the 52 weeks to 26 Jun 2022, as presented in the Group Annual Financial Statements for the 52 weeks ended 26 June 2022.

	Audited 52 weeks to 26 Jun 2022 Rm
Cash generated by operations	8 008
Dividends received from joint ventures	112
Investment in property, plant and equipment and intangible assets to maintain operations	(1 066)
Proceeds on disposal of property, plant and equipment and intangible assets	7
Other loans advanced	(2)
Net acquisition of Treasury shares	(19)
Lease liabilities repaid	(2 741)
Free cash flow	4 299
WANOS (millions)	958.9
Free cash flow per share (cents)	448.3

KPMG Inc. have issued a reporting accountant's report on the pro forma financial information, which is available for inspection at the Group's registered offices.

SHAREHOLDER CALENDAR AND ADMINISTRATION

SHAREHOLDER CALENDAR

2022	
June	Financial year-end – 26 June
July	Trading update
August	Annual results and announcement of final dividend, if declared
September	Publication of 2022 Integrated Annual Report, final dividend payment, if declared, and posting of Notice of Annual General Meeting
November	Annual General Meeting and trading update

2023	
January	Trading update
February	Interim results and announcement of interim dividend, if declared
June	Financial year-end – 25 June
July	Trading update
August	Annual results and announcement of final dividend, if declared
September	Publication of 2023 Integrated Annual Report; final dividend payment, if declared; and posting of Notice of Annual General Meeting
November	Annual General Meeting and trading update

ADMINISTRATION

WOOLWORTHS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1929/001986/06
LEI: 37890095421E07184E97
Share code: WHL
Share ISIN: ZAE000063863
Bond Company code: WHLI
Tax reference number: 9300/149/71/4

GROUP COMPANY SECRETARY
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Email: Governance@woolworths.co.za

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INVESTOR RELATIONS
Email: InvestorRelations@woolworths.co.za

WEBSITE
www.woolworthsholdings.co.za

PRINCIPAL TRANSACTIONAL BANKERS
The Standard Bank of South Africa Limited
National Australia Bank Group
Commonwealth Bank of Australia
ABSA Bank Limited

AUDITORS
KPMG Inc.

JSE SPONSOR AND DEBT SPONSOR
Rand Merchant Bank
(A division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton 2194, South Africa
PO Box 786273
Sandton 2146, South Africa

TRANSFER SECRETARIES
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15 Biermann Avenue
Rosebank 2196, South Africa
PO Box 61051
Marshalltown 2107, South Africa
Tel: +27 (11) 370 5000
Fax: +27 (11) 370 5487
Email: woolworths@computershare.co.za

Mimco, Spring 2022

GLOSSARY OF TERMS

AMORTISED COST
The amount used to measure the balance of certain financial instruments at year-end. The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

ACTUARIAL GAINS OR LOSSES
Actuarial gains or losses comprise:

1. experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
2. the effects of changes in actuarial assumptions.

ANNUAL REPORT
A document issued by an entity, usually on an annual basis, which includes its financial statements together with the auditor's report.

BLACK-SCHOLES MODEL
A valuation equation model that assumes the price of the underlying asset changes continuously through to the option's expiration date by a statistical process known as geometric Brownian motion.

BINOMIAL OPTION PRICING MODEL
A valuation equation model that assumes the price of the underlying asset changes through a series of discrete upward or downward movements.

BUSINESS SEGMENT
An operating segment of an entity that is engaged in providing an individual product or service or a group of related products or services that is subject to risks and returns that are different from those of other business segments.

CASH AND CASH EQUIVALENTS
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

CASH FLOW HEDGE
A hedge of the exposure to variability in cash flows that:

1. is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
2. could affect profit or loss.

CASH-GENERATING UNIT
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

COMPANY
Woolworths Holdings Limited – a legally incorporated business entity registered in terms of the Companies Act of South Africa.


Woolworths, Summer 2022

CONSOLIDATED FINANCIAL STATEMENTS
The financial results of the Group presented as those of a single economic entity.

CONTINGENT LIABILITY
1. A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of an entity.
2. A present obligation that arises from past events but is not recognised because:
   2.1 it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   2.2 the amount of the obligation cannot be measured with sufficient reliability.

CONTROL
Control exists when an investor can show:

1. power over the investee through having existing rights that give it the current ability to direct relevant activities;
2. exposure or rights to variable returns from its involvement with the investee; and
3. the ability to use its power over the investee to affect the amount of the investor's returns.

CREDIT RISK
The risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

CURRENCY RISK
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

DEFERRED BONUS PLAN
The deferred bonus plan allows eligible employees to acquire Woolworths Holdings Limited shares at the ruling market price out of a portion of their declared short-term performance bonus. A matching award of Woolworths' shares will be made to the participant after a period of three years, on condition that the participant remains in the employ of the employer company and retains the bonus shares over the period.

DEFINED-BENEFIT PLAN
Post-employment benefit plan other than a defined-contribution plan.

DEFINED-CONTRIBUTION PLAN
Post-employment benefit plan under which an entity pays fixed contributions into a separate fund, and in respect of which the entity will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEFERRED TAX ASSET
The amount of income tax recoverable in future periods in respect of:

1. deductible temporary differences;
2. the carry forward of unused tax losses; and
3. the carry forward of unused tax credits.

DEFERRED TAX LIABILITY
The amount of income tax payable in future periods in respect of taxable temporary differences.

DERIVATIVE
A financial instrument or other contract with all three of the following characteristics:
1. its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract (sometimes called the 'underlying');
2. it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
3. it is settled at a future date.

DILUTION
A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

DISPOSAL GROUP
A group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION
A share-based payment transaction in which the entity:
1. receives goods or services as consideration for its own equity instruments (including shares or share options); or
2. receives goods or services, but has no obligation to settle the transaction with the supplier.

FAIR VALUE
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCIAL ASSETS
Any asset that exhibits one or more of the following characteristics:
1. cash;
2. an equity instrument of another entity;
3. a contractual right:
   - 3.1 to receive cash or another financial asset from another entity; or
   - 3.2 to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity;
4. a contract that will or may be settled in the entity's own equity instruments, and is:
   - 4.1 a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
   - 4.2 a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

FINANCIAL LIABILITY
Any liability that exhibits one or more of the following characteristics:
1. a contractual obligation:
   - 1.1 to deliver cash or another financial asset to another entity; or
   - 1.2 to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity;
2. a contract that will or may be settled in the entity's own equity instruments and is:
   - 2.1 a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
   - 2.2 a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

FINANCIAL ASSET OR FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS
A financial asset or financial liability that meets either of the following conditions:
1. it is classified as held-for-trading. A financial asset or financial liability is classified as held-for-trading if it:
   - 1.1 is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
   - 1.2 forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
   - 1.3 is a financial guarantee contract or a designated and effective hedging instrument;
2. upon initial recognition it is designated by the entity as at fair value through profit or loss. An entity may use this designation only when permitted or when doing so results in more relevant information, because either:
   - 2.1 it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
   - 2.2 a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

FINANCIAL INSTRUMENT
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FIRM COMMITMENT
A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

FORECAST TRANSACTION
An uncommitted but anticipated future transaction.

FUNCTIONAL CURRENCY
The currency of the primary economic environment in which the entity operates.

GEOGRAPHICAL SEGMENT
An operating segment of an entity that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

GOOD BUSINESS JOURNEY
The Woolworths Good Business Journey (GBJ) is a comprehensive plan announced in April 2007, incorporating a series of challenging targets and commitments centred on four key priorities – accelerating transformation, driving social development, enhancing Woolworths' environmental focus and addressing climate change.

GRANT DATE
The date at which the entity and another party (including an employee) agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. At grant date, the entity confers on the counterparty the right to cash, other assets, or equity instruments of the entity, provided that specified vesting conditions, if any, are met. If that agreement is subject to an approval process, the grant date is the date when that approval is obtained.

GROUP
The Group comprises Woolworths Holdings Limited and all its subsidiaries, joint ventures and associates.

HEDGING INSTRUMENT
A designated derivative or, for a hedge of the risk of changes in foreign currency exchange rates only, a designated non-derivative financial asset or non-derivative financial liability, whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

HEDGED ITEM
An asset, liability, firm commitment or highly probable forecast transaction that exposes the entity to risk of changes in fair value or future cash flows, and is designated as being hedged.

HEDGE EFFECTIVENESS
The degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

HELD-FOR-TRADING FINANCIAL INSTRUMENT
Refer to financial asset or financial liability at fair value through profit or loss.

INTANGIBLE ASSET
An identifiable non-monetary asset without physical substance.

INTEREST RATE RISK
The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

INTRINSIC VALUE
The difference between the fair value of the shares to which the counterparty has the right (conditional or unconditional) to subscribe for, or which it has the right to receive, and the price (if any) that the counterparty is (or will be) required to pay for those shares.

JOINT ARRANGEMENT
An arrangement of which two or more parties have joint control.

JOINT CONTROL
The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

JOINT OPERATION
An arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

JOINT VENTURE
An arrangement in which the parties with joint control have rights to the net assets of the arrangement.

LIQUIDITY RISK
The risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities.

LOANS AND RECEIVABLES
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

1. those that the entity intends to sell immediately or in the near term, which shall be classified as held-for-trading, and those that the entity, upon initial recognition, designates as at fair value through profit or loss; or
2. those that the entity, upon initial recognition, designates as available-for-sale; or
3. those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, and which shall be classified as available-for-sale.

LONG-TERM INCENTIVE PLAN
The Long-Term Incentive Plan provides eligible employees with the opportunity to acquire Woolworths Holdings Limited shares by way of conditional awards of shares, subject to the fulfilment of predetermined performance conditions covering a three-year period.

MONETARY ITEMS
Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

MONTE CARLO SIMULATION METHOD
A method that is used to evaluate the probabilities of different gains or losses being realised over a future period. It is based on the generation of multiple trials to determine the expected value of a random variable.

NON-CONTROLLING INTEREST
The equity in a subsidiary not attributable, directly or indirectly, to a parent.

ONEROUS CONTRACT
A contract in which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received under it.

PRESENT VALUE
A current estimate of the present discounted value of the future net cash flows in the normal course of business.

REASONABLY POSSIBLE CHANGE IN RISK VARIABLE
Reasonably possible change in risk variable refers to the most likely change in the risk variable during the next annual period, which is judged relative to the economic environment in which the entity operates, and does not include 'worst-case' scenarios.

Woolworths, Spring 2022


Country Road, Winter 2022

RELATED PARTY

1. A person or a close member of that person's family is related to a reporting entity if that person:
   1.1 has control or joint control over the reporting entity; or
   1.2 has significant influence over the reporting entity; or
   1.3 is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
2. An entity is related to a reporting entity if any of the following conditions apply:
   2.1 the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
   2.2 one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
   2.3 both entities are joint ventures of the same third party; or
   2.4 one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
   2.5 the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; or
   2.6 the entity is controlled or jointly controlled by a person identified in 1; or
   2.7 a person identified in 1.1 has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

REPORTING DATE

The last day of the financial period.

RESTRICTED SHARE PLAN

The Restricted Share Plan gives eligible employees the rights to receive Woolworths Holdings Limited shares, subject to the satisfaction of certain service conditions within a specific time period.

SEGMENT ASSETS

Those operating assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude income tax assets, as well as investments, where the resulting income arising from the investments is excluded from segment results.

SEGMENT EXPENSE

Expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment. Segment expense does not include:

1. interest, including interest incurred on advances or loans from other segments;
2. losses on sale of investments;
3. an entity's share of losses of associates, joint ventures, or other investments accounted for under the equity method;
4. income tax expense; and
5. general administrative expenses, head office expenses and other expenses that arise at the entity level and relate to the entity as a whole.

SEGMENT RESULT

Segment revenue less segment expense before any adjustments for non-controlling interests.

SEGMENT REVENUE

Revenue reported in the entity's Statement of Comprehensive Income that is directly attributable to a segment and the relevant portion of entity revenue that can be allocated on a reasonable basis to a segment.

Segment revenue does not include:

1. interest or dividend income, unless the segment's operations are primarily of a financial nature; and
2. gains on sale of investments or gains on extinguishment of debt, unless the segment's operations are primarily of a financial nature.

SHARE APPRECIATION RIGHTS SCHEME

This scheme gives eligible employees the rights to receive Woolworths Holdings Limited shares equal to the value of the difference between the exercise price and the grant price, subject to the satisfaction of certain performance conditions within a specified period.

SHARE-BASED PAYMENT TRANSACTION

1. A transaction in which the entity:
   1.1. receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement; or
   1.2. incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods or services.
2. An agreement between the entity (or another group entity or any shareholder of any group entity) and another party (including an employee) that entitles the other party to receive:
   2.1. cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity; or
   2.2. equity instruments (including shares or share options) of the entity or another group entity, provided the specified vesting conditions, if any, are met.

SHARE OPTION

A contract that gives the holder the right, but not the obligation, to subscribe to the entity's shares at a fixed or determinable price for a specific period of time.

SUBSIDIARY

An entity that is controlled by another entity.

TREASURY SHARES

An entity's own equity instruments, held by the entity or other members of the consolidated group.

VEST

To become an entitlement. Under a share-based payment arrangement, a counterparty's right to receive cash, or other assets, or equity instruments of the entity vests upon satisfaction of any specified vesting conditions.