WOOLWORTHS HOLDINGS LIMITED

ANNUAL FINANCIAL STATEMENTS

2023

START

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REPORTS

SHAREHOLDING DISCLOSURES

STATED CAPITAL

AUTHORISED

Ordinary shares – 2 410 600 000 of no par value (2022: 2 410 600 000)

ISSUED

Ordinary shares – 988 695 949 of no par value (2022: 1 038 034 484)

During the year, the Group concluded the Board-approved R1.5 billion share repurchase that commenced in the prior year. In addition, the Board approved the implementation of two further repurchases of R1.0 billion and R1.5 billion, which were concluded in the current year. 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	39 560	81.0	5 427 246	0.5
1 001 – 10 000 shares	7 122	14.6	22 427 095	2.3
10 001 – 100 000 shares	1 532	3.1	50 693 305	5.1
100 001 – 1 000 000 shares	534	1.1	167 758 330	17.0
1 000 001 shares and above	107	0.2	742 389 973	75.1
Total	48 855	100.0	988 695 949	100.0

ANALYSIS OF SHAREHOLDERS

PUBLIC AND NON-PUBLIC SHAREHOLDERS	Number of shareholders	% of total	Number of shares	% of total
Non-public shareholders	11	–	89 765 296	9.1
Directors and their associates	8	–	5 386 955	0.6
E-Com Investments 16 (RF) Proprietary Limited	1	–	43 763 861	4.4
Woolworths Proprietary Limited	1	–	40 497 604	4.1
Woolworths Proprietary Limited on behalf of deceased and untraceable former Woolworths Employee Share Ownership Trust beneficiaries	1	–	116 876	–
Public shareholders	48 844	100.0	898 930 653	90.9
Total	48 855	100.0	988 695 949	100.0

Total number of treasury shares held at 25 June 2023 - 84 261 465 (2022: 84 261 465).

Directors of the Company hold direct and indirect beneficial interests of 5 386 955 ordinary shares (2022: 5 534 009) 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 25 June 2023:

MAJOR SHAREHOLDERS	Total shareholding Jun 2023	% of issued capital	Total shareholding Jun 2022	% of issued capital
Allan Gray Proprietary Limited*	177 864 437	18.0	200 037 078	19.1
Government Employees Pension Fund (PIC) (ZA)	172 486 230	17.5	143 996 885	13.7
Ninety One SA (Pty) Ltd*	52 932 678	5.4	4 167 601	0.4
BlackRock Inc.*	40 701 858	5.2	49 822 413	4.7

* Held on behalf of their clients

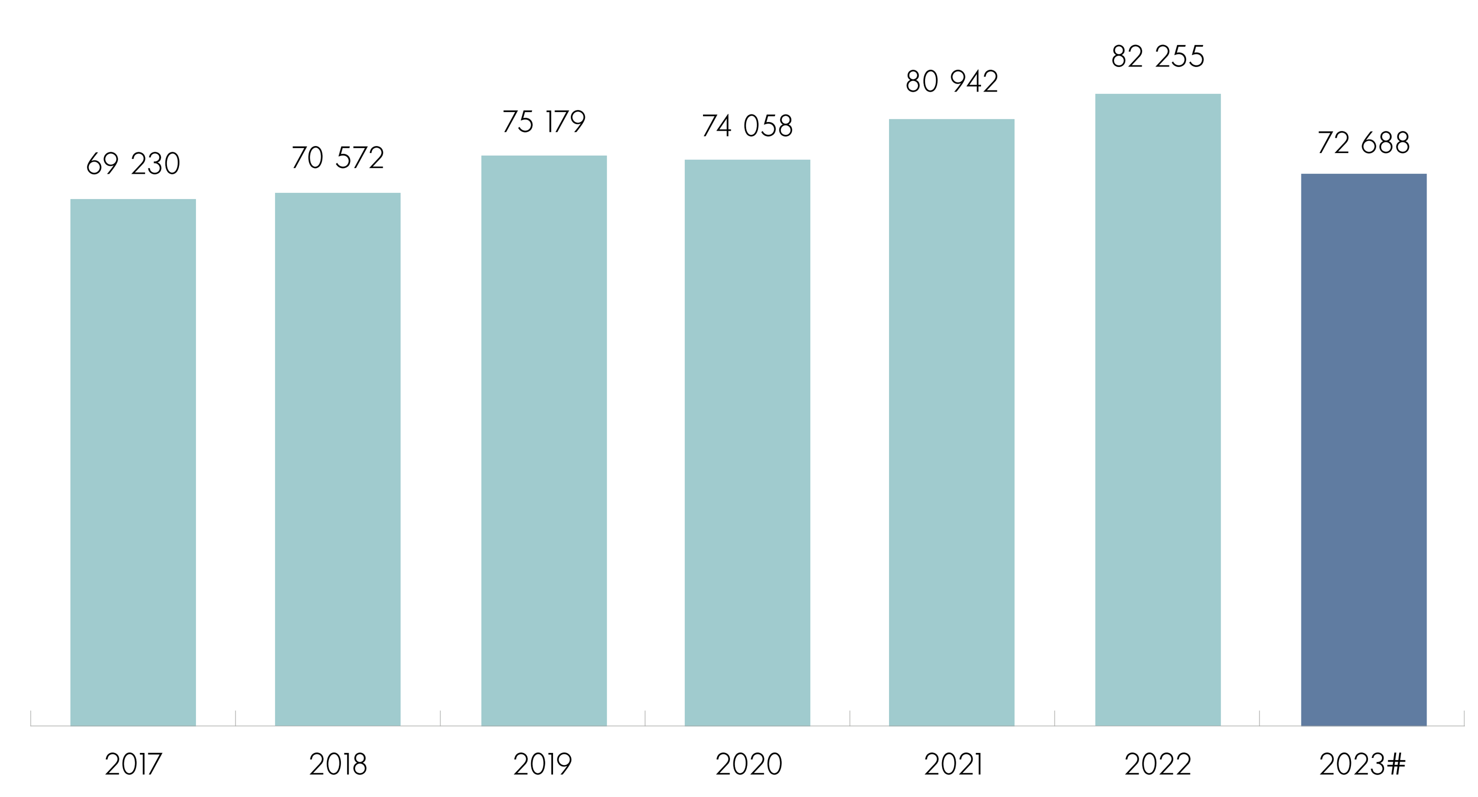
Woolworths, Spring 2023

SEVEN-YEAR REVIEW

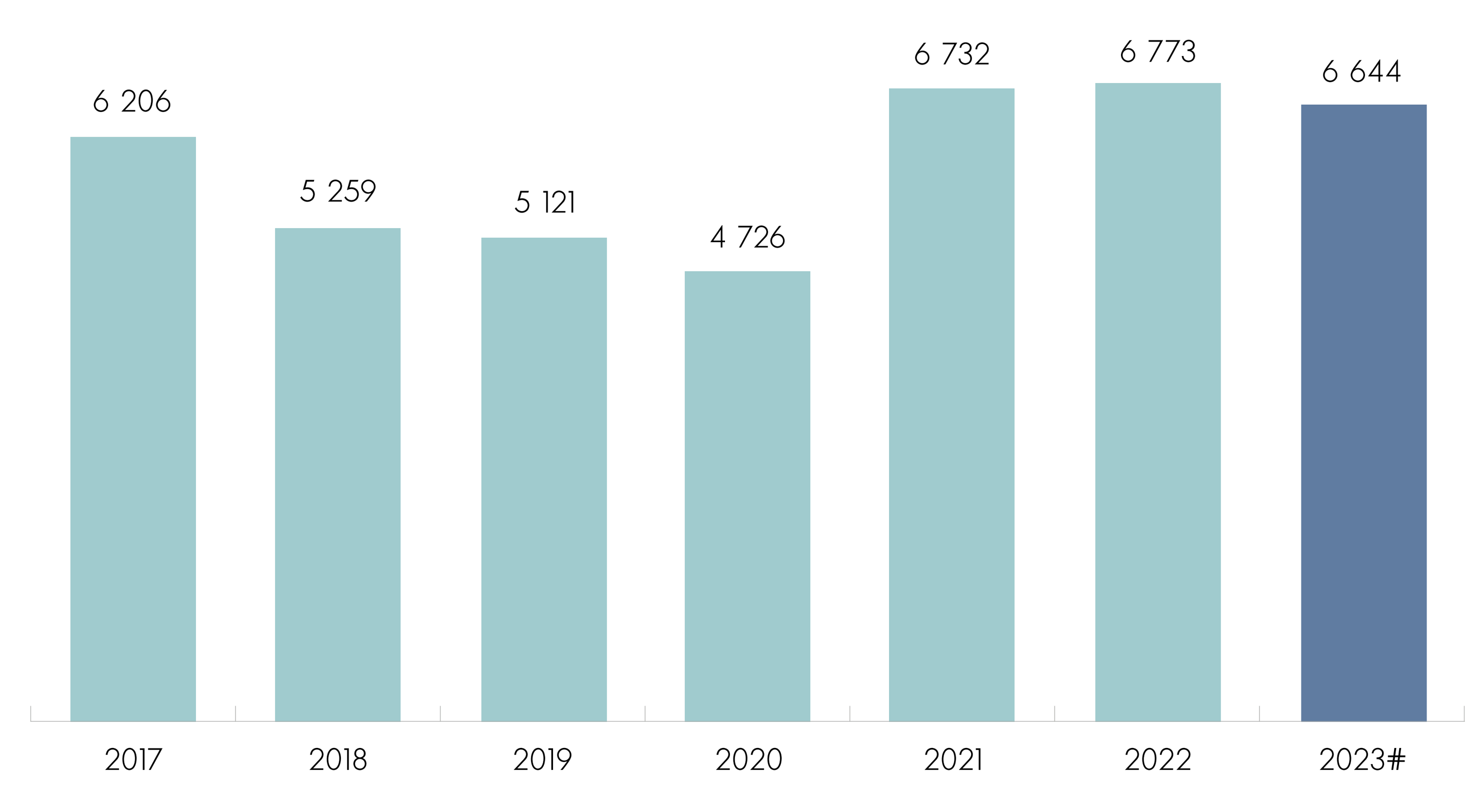
Year Number of weeks	2023* 52 Rm	2022 52 Rm	2021 52 Rm	2020 52 Rm	2019 53 Rm	2018 52 Rm	2017 52 Rm
GROUP STATEMENTS OF PROFIT OR LOSS							
Revenue	72 688	82 255	80 942	74 058	75 179	70 572	69 230
Turnover and concession sales	73 228	87 020	85 857	78 262	79 816	75 232	74 052
Concession sales	(962)	(6 953)	(7 094)	(6 054)	(6 713)	(6 640)	(6 862)
Turnover	72 266	80 067	78 763	72 208	73 103	68 592	67 190
Cost of sales	(45 440)	(50 881)	(49 816)	(46 859)	(45 139)	(41 700)	(40 518)
Gross profit	26 826	29 186	28 947	25 349	27 964	26 892	26 672
Other revenue	281	2 121	2 096	1 788	2 000	1 909	1 944
Expenses	(20 463)	(24 534)	(24 311)	(22 411)	(24 843)	(23 542)	(22 410)
Operating profit from core trading activities	6 644	6 773	6 732	4 726	5 121	5 259	6 206
Transaction and transition cots	(71)	–	–	–	–	–	–
Impairment of assets	–	(121)	(364)	(799)	(6 153)	(6 927)	–
Lease exit and modification gains	–	259	591	–	–	–	–
Profit on sale of property	–	–	492	–	–	–	1 420
Operating profit before net finance costs	6 573	6 911	7 451	3 927	(1 032)	(1 668)	7 626
Investment income	141	67	83	62	76	71	96
Finance costs	(1 444)	(1 953)	(2 502)	(2 688)	(1 139)	(1 124)	(1 256)
Earnings from joint ventures	102	165	118	101	295	287	260
Profit/(loss) before tax	5 372	5 190	5 150	1 402	(1 800)	(2 434)	6 726
Tax (expense)/credit	(1 489)	(1 473)	(987)	(843)	716	(1 115)	(1 278)
Profit from discontinued operation, net of tax	1 196	–	–	–	–	–	–
Profit/(loss) for the year	5 079	3 717	4 163	559	(1 084)	(3 549)	5 448
Profit/(loss) attributable to:							
Shareholders of the parent	5 074	3 715	4 161	557	(1 086)	(3 550)	5 446
Non-controlling interests	5	2	2	2	2	1	2

* Sale of David Jones in March 2023.
2020 onwards includes IFRS 16.

REVENUE (R million)



OPERATING PROFIT FROM CORE TRADING ACTIVITIES (R million)

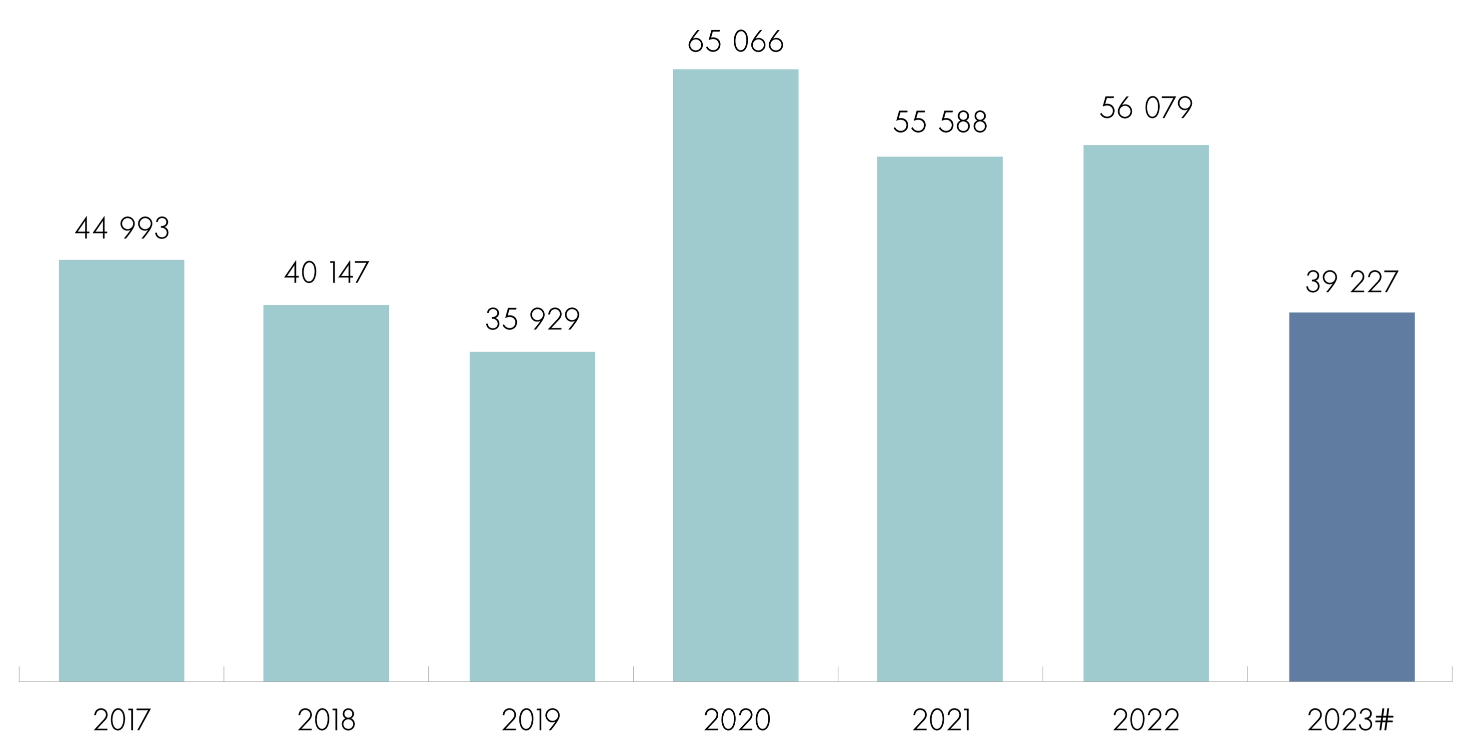


SEVEN-YEAR REVIEW (CONTINUED)

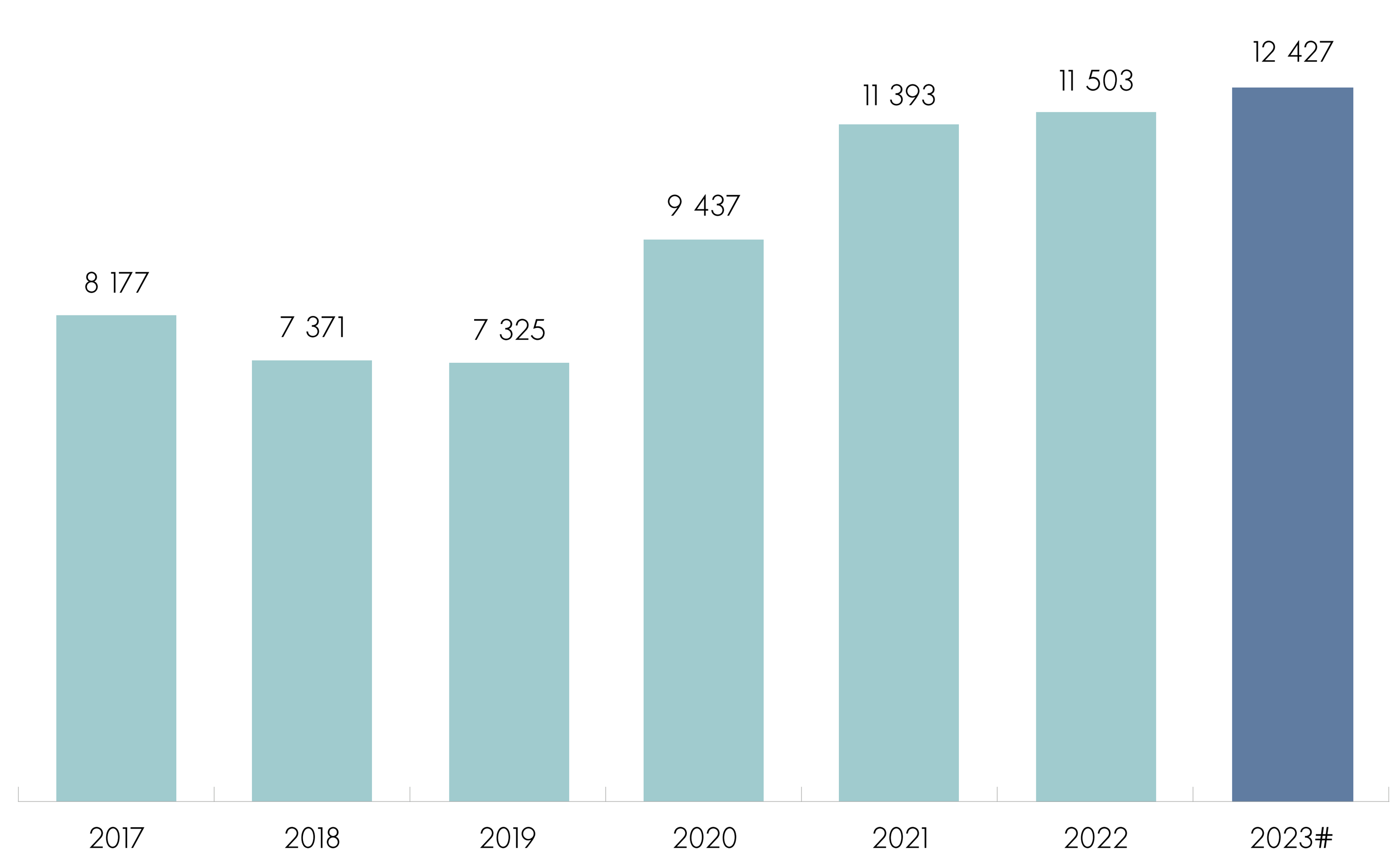
Year Number of weeks	2023* 52 Rm	2022 52 Rm	2021 52 Rm	2020 52 Rm	2019 53 Rm	2018 52 Rm	2017 52 Rm
GROUP STATEMENTS OF FINANCIAL POSITION							
Non-current assets	26 634	39 953	40 105	47 920	24 032	28 650	34 706
Current assets	12 593	16 126	15 483	17 146	11 897	11 497	10 287
Total assets	39 227	56 079	55 588	65 066	35 929	40 147	44 993
Equity attributable to shareholders of the parent	11 991	11 775	9 305	6 489	9 428	13 113	19 038
Non-controlling interests	30	25	23	21	15	13	28
Non-current liabilities	14 913	29 880	31 305	42 746	15 850	15 076	15 336
Current liabilities	12 293	14 399	14 955	15 810	10 636	11 945	10 591
Total equity and liabilities	39 227	56 079	55 588	65 066	35 929	40 147	44 993
GROUP STATEMENTS OF CASH FLOWS							
Cash inflow from trading	12 427	11 503	11 393	9 437	7 325	7 371	8 177
Working capital movements	(1 052)	99	256	1 704	(991)	(305)	(615)
Cash generated by operating activities	11 375	11 602	11 649	11 141	6 334	7 066	7 562
Net interest paid	(1 879)	(1 921)	(2 512)	(2 507)	(1 051)	(1 046)	(1 120)
Tax paid	(1 487)	(1 673)	(1 108)	(685)	(1 114)	(1 037)	(1 701)
Cash generated by operations	8 009	8 008	8 029	7 949	4 169	4 983	4 741
Dividends received from joint ventures and associate	–	112	–	170	245	325	223
Dividends paid to ordinary shareholders	(2 869)	(1 417)	–	(1 808)	(2 145)	(2 782)	(3 015)
Net cash inflow from operating activities	5 140	6 703	8 029	6 311	2 269	2 526	1 949
Net cash (outflow)/inflow from investing activities	(2 456)	(1 855)	5 910	(2 430)	(2 710)	(2 601)	422
Net cash (outflow)/inflow from financing activities	(5 156)	(5 101)	(13 516)	(1)	(393)	171	(2 007)
(Decrease)/increase in cash and cash equivalents	(2 472)	(253)	423	3 880	(834)	96	364
Net cash and cash equivalents at the beginning of the year	5 341	5 484	5 437	1 042	1 878	1 761	1 497
Effect of foreign exchange rate changes	427	110	(376)	515	(2)	21	(100)
Net cash and cash equivalents at the end of the year	3 296	5 341	5 484	5 437	1 042	1 878	1 761

* Sale of David Jones in March 2023.
2020 onwards includes IFRS 16.

TOTAL ASSETS (R million)



CASH INFLOW FROM TRADING (R million)



SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2023# 52 %	2022 52 %	2021 52 %	2020 52 %	2019 53 %	2018 52 %	2017 52 %
RETURNS							
Return on equity (RoE)	39.9	36.3	44.6	18.0	29.1	20.7	20.8
– 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)	13.9	12.1	11.1	9.4	13.6	12.6	13.2
– 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)*	23.5	16.8	14.9	9.2	18.3	15.4	15.1
– adjusted operating profit after tax as a percentage of average capital employed at the beginning and end of the year							
MARGINS							
Gross profit margin	37.1	36.5	36.8	35.1	38.3	39.2	39.7
– gross profit as a percentage of turnover							
Operating profit margin	9.2	8.5	8.5	6.5	7.0	7.7	9.2
– operating profit as a percentage of turnover							
SOLVENCY AND LIQUIDITY							
Debt ratio (times)	15.4	9.1	11.9	26.3	40.1	34.5	29.6
– interest-bearing debt as a percentage of total assets							
Current ratio (times)	1.0	1.1	1.0	1.1	1.1	1.0	1.0
– current assets divided by current liabilities							
Total liabilities to equity (times)	226.3	375.2	482.2	899.5	280.5	205.9	136.0
– non-current liabilities and current liabilities as a percentage of total equity							
Net debt to equity (times)	0.9	1.6	2.1	4.8	1.3	0.9	0.6
– net debt divided by total equity							
Net debt to Adjusted EBITDA (times)**	0.9	1.6	1.7	3.3	1.6	1.5	1.4
– net debt divided by earnings before interest, tax, depreciation and amortisation							
Interest cover (times)	6.4	6.0	4.9	3.7	7.4	7.5	7.3
– earnings before interest, tax, depreciation and amortisation divided by net interest							

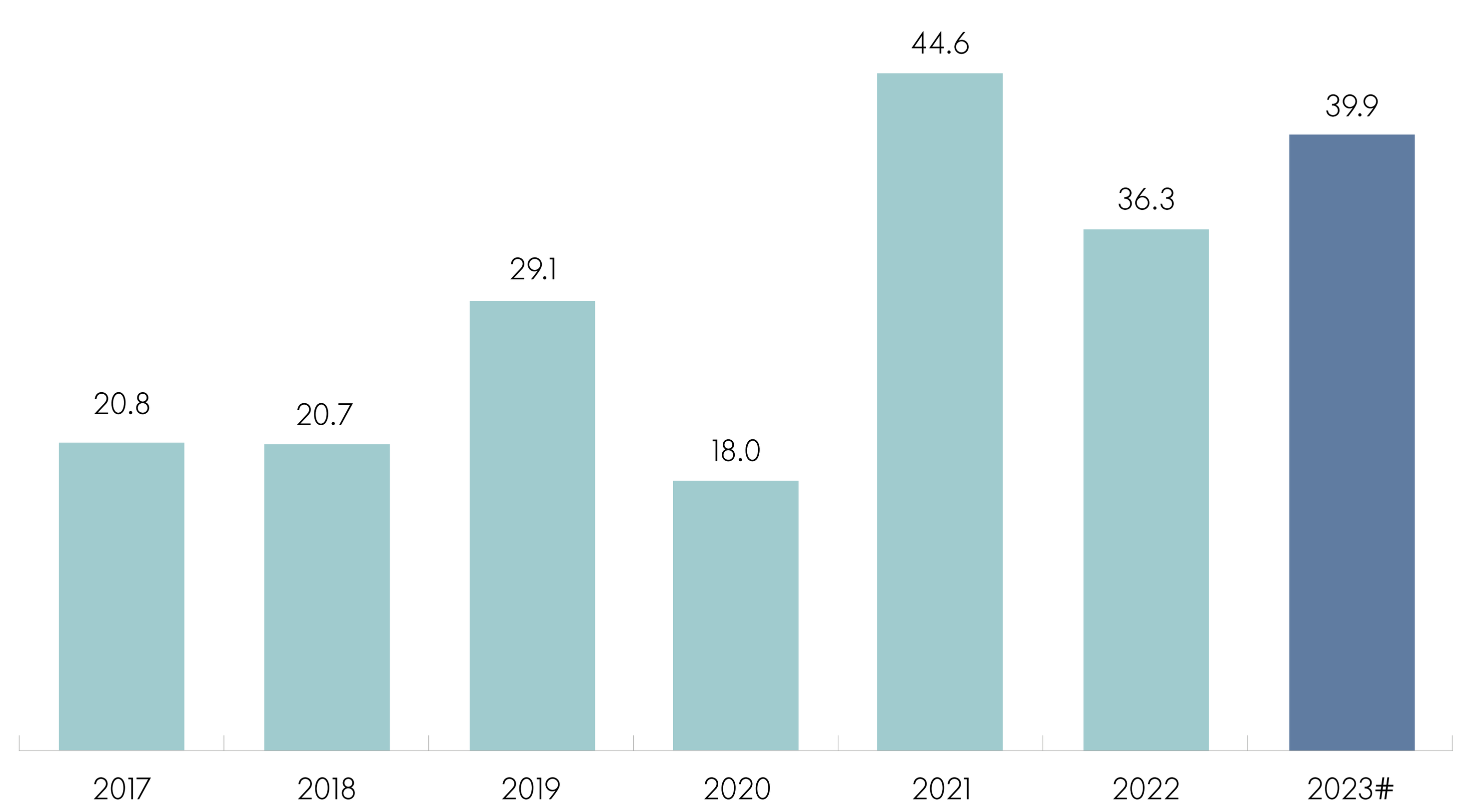
* Adjusted operating profit after tax comprises Adjusted profit before tax less Investment income and Tax, and add Finance costs. Average capital employed consists of average Net debt and Equity. 2022 includes capital employed of the discontinued operation.

** 2023 Adjusted EBITDA comprises Earnings before interest, tax, depreciation and amortisation and Dividends received from joint ventures, and excludes Transaction and transition costs, Restructure and store exit costs, Profit on disposal of David Jones, Unrealised foreign exchange gains and Impairment of assets.

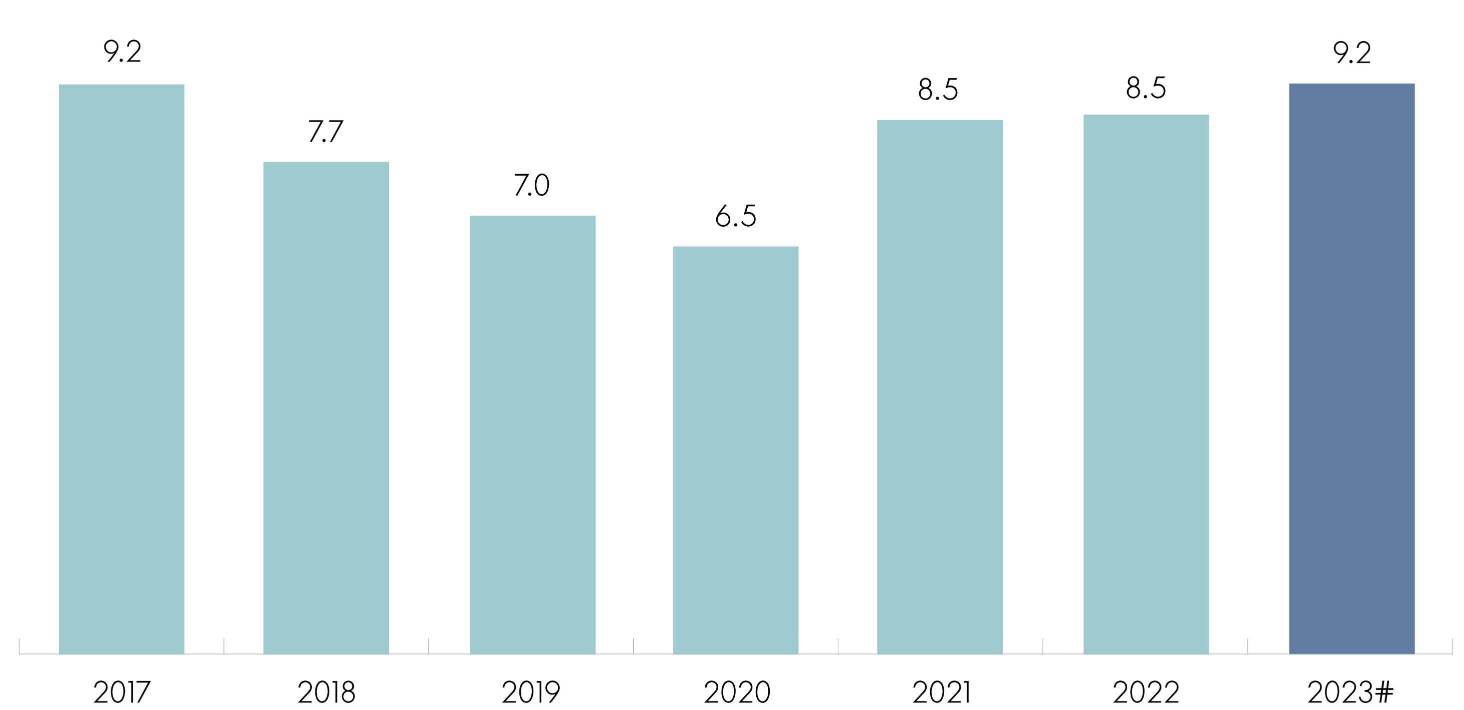
\# Sale of David Jones in March 2023.

2020 onwards includes IFRS 16.

RETURN ON EQUITY (%)



OPERATING PROFIT MARGIN (%)



SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2023# 52 Rm	2022 52 Rm	2021 52 Rm	2020 52 Rm	2019 53 Rm	2018 52 Rm	2017 52 Rm
DIVISIONAL ANALYSIS							
REVENUE							
Woolworths Fashion, Beauty and Home	14 676	13 614	12 869	12 438	14 197	13 705	13 913
Woolworths Food	42 619	39 422	37 827	35 258	32 343	29 462	27 199
Woolworths Logistics	684	637	574	517	492	429	376
Country Road Group	14 552	12 016	12 056	9 723	11 272	10 770	10 867
Treasury	157	50	70	49	51	11	69
David Jones*	15 623	17 004	18 113	16 566	17 347	16 676	17 169
Intragroup	(451)	(488)	(567)	(493)	(523)	(481)	(363)
	87 860	82 255	80 942	74 058	75 179	70 572	69 230
TURNOVER							
Woolworths Fashion, Beauty and Home	14 629	13 502	12 855	12 421	14 180	13 687	13 894
Woolworths Food	42 463	39 240	37 743	35 141	32 206	29 332	27 075
Woolworths Logistics	684	637	574	517	492	429	376
Country Road Group	14 490	11 983	12 022	9 655	11 182	10 689	10 815
David Jones*	13 399	14 705	15 569	14 474	15 043	14 455	15 030
	85 665	80 067	78 763	72 208	73 103	68 592	67 190
PROFIT/(LOSS) BEFORE TAX							
Woolworths Fashion, Beauty and Home	1 594	1 338	713	492	1 745	1 712	2 177
Woolworths Food	2 692	2 647	2 754	2 623	2 338	2 168	1 979
Woolworths Financial Services	101	164	118	101	295	286	259
Country Road Group	1 512	1 153	1 468	334	1 017	991	939
Treasury	(527)	(410)	(748)	(998)	(1 100)	(1 064)	(1 130)
David Jones*	1 350	298	845	(1 150)	(6 095)	(6 527)	2 502
	6 722	5 190	5 150	1 402	(1 800)	(2 434)	6 726
PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS							
Woolworths**	2 982	2 697	2 061	1 562	2 462	2 281	2 405
Country Road Group	850	802	1 047	246	743	709	665
David Jones*	1 242	216	1 053	(1 251)	(4 291)	(6 540)	2 376
	5 074	3 715	4 161	557	(1 086)	(3 550)	5 446

* Discontinued operation.
** Includes Woolworths Fashion, Beauty and Home, Woolworths Food, Woolworths Logistics, Woolworths Financial Services, Treasury and Earnings from property joint venture.
# Sale of David Jones in March 2023.
2020 onwards includes IFRS 16.

SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2023* 52	2022 52	2021 52	2020 52	2019 53	2018 52	2017 52
OTHER STATISTICAL DATA							
WOOLWORTHS							
Woolworths Fashion, Beauty and Home: gross profit margin (%)	48.5	47.3	45.5	44.0	47.6	46.7	47.9
Woolworths Food: gross profit margin (%)	24.4	24.0	24.5	24.9	24.8	25.0	25.1
Number of employees (average weekly full-time equivalent)	33 756	33 127	33 589	32 168	35 312	34 104	33 545
Number of stores							
– local	415	398	396	406	400	394	390
– Africa and Engen	158	150	149	147	146	142	141
Closing trading area (m^2)							
– local	653 157	647 069	661 678	693 625	682 862	676 771	657 741
– Africa and Engen	56 958	54 186	55 047	53 953	52 028	52 806	51 054
Turnover ratios							
– turnover per employee (R'000)	1 711.6	1 611.3	1 523.5	1 496.6	1 327.5	1 274.0	1 239.1
– turnover per m^2 (owned) (R'000)	88.5	82.5	77.3	69.3	68.6	64.2	63.2
Asset turn (times)	2.9	2.8	2.7	3.0	3.6	3.4	3.3
– revenue divided by average total assets less deferred tax at the beginning and end of the year							
Inventory turn (times)	8.4	8.4	8.6	8.3	8.2	8.3	8.2
– cost of sales divided by average inventory at the beginning and end of the year							
Profit before tax to turnover (%)	7.6	7.8	7.0	6.7	9.3	9.6	10.7
COUNTRY ROAD GROUP (IN A$ TERMS)							
Gross profit margin (%)	62.6	59.5	60.8	58.6	63.4	62.8	60.3
Number of employees (full-time equivalent)	3 520	2 971	2 982	3 464	3 611	3 701	3 851
Number of store locations							
– owned	307	333	348	368	365	379	389
– concession	300	289	341	346	443	420	352
Trading area (m^2)	97 934	101 920	110 875	114 699	121 058	124 693	121 625
Turnover ratios							
– turnover per employee (A$'000)	345.0	364.9	352.8	267.6	304.1	290.2	274.2
– turnover per m^2 (A$'000)	12.4	10.6	9.5	8.1	9.1	8.6	8.7
Asset turn (times)	1.0	0.9	0.8	0.9	1.4	1.4	1.8
Inventory turn (times)	3.3	3.7	3.4	3.2	3.4	3.2	3.2
Profit before tax to turnover (%)	10.4	9.4	12.3	3.8	9.1	9.2	8.8

* Sale of David Jones in March 2023.
2020 onwards includes IFRS 16.

SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2023* 52	2022 52	2021 52	2020 52	2019 53	2018 52	2017 52
OTHER STATISTICAL DATA (CONTINUED)							
DAVID JONES (IN A$ TERMS)*							
Gross profit margin (%)	35.3	35.2	35.2	33.0	35.9	37.1	37.0
Number of employees (full-time equivalent)	2 827	3 677	3 768	4 181	4 321	4 360	4 701
Number of stores	–	44	45	47	47	45	43
Trading area (m^2)	415 734	430 321	441 935	471 574	475 332	473 554	473 190
Turnover (including concession sales) ratios							
– turnover per employee (A$'000)	645.7	559.7	560.5	493.7	517.0	507.3	471.0
– turnover per m^2 (A$'000)	4.4	4.8	4.8	4.4	4.7	4.7	4.7
Asset turn (times)	1.0	1.1	1.0	1.2	1.8	1.9	1.8
Inventory turn (times)	2.3	3.0	3.4	3.4	3.1	3.3	3.9
Profit before tax to turnover (%)	4.0	1.0	3.4	(4.7)	(27.6)	(30.5)	11.0
ORDINARY SHARE PERFORMANCE							
Earnings per share (cents)	551.0	387.4	435.1	58.2	(113.4)	(369.5)	566.7
Headline earnings per share (cents)	514.7	398.9	374.4	119.8	342.9	346.3	420.9
Adjusted headline earnings per share (cents)	516.8	380.9	346.6	170.3	371.7	366.3	420.0
Dividend per share (cents)	313.0	229.5	66.0	89.0	190.5	239.0	313.0
Net asset book value per share (cents)	1 338.3	1 245.1	972.6	678.8	985.2	1 365.1	1 979.6
Share price (cents): Highest	7 954	6 379	5 681	6 027	5 775	6 754	9 410
Lowest	5 118	4 948	3 054	2 558	4 305	5 375	6 227
Average	6 445	5 547	4 177	4 503	5 018	6 109	7 379
Closing	7 037	5 719	5 439	3 276	4 888	5 415	6 289
Indexed closing share price (June 2000 = 100)	2 427	1 972	1 876	1 130	1 686	1 867	2 169
JSE indexed:							
– retail (June 2000 = 100)	677	822	811	440	780	884	790
– all share (June 2000 = 100)	965	861	858	696	755	737	668
Market capitalisation at June (R million)	69 575	59 365	57 108	34 351	51 249	56 766	65 899
Number of shares in issue (millions)*	896	946	957	956	957	961	962
Number of shares traded (millions)	1 115	1 009	1 019	1 359	955	1 253	1 299
Percentage of shares traded	124.4	106.7	106.5	142.2	99.8	130.4	135.1
Value of shares traded (R million)	71 878	55 993	42 549	61 196	47 922	76 546	95 853
Price:earnings ratio	12.8	14.8	12.5	56.3	(43.1)	(14.7)	11.1
Dividend yield (%)	4.4	4.0	1.0	2.7	3.9	4.4	5.0

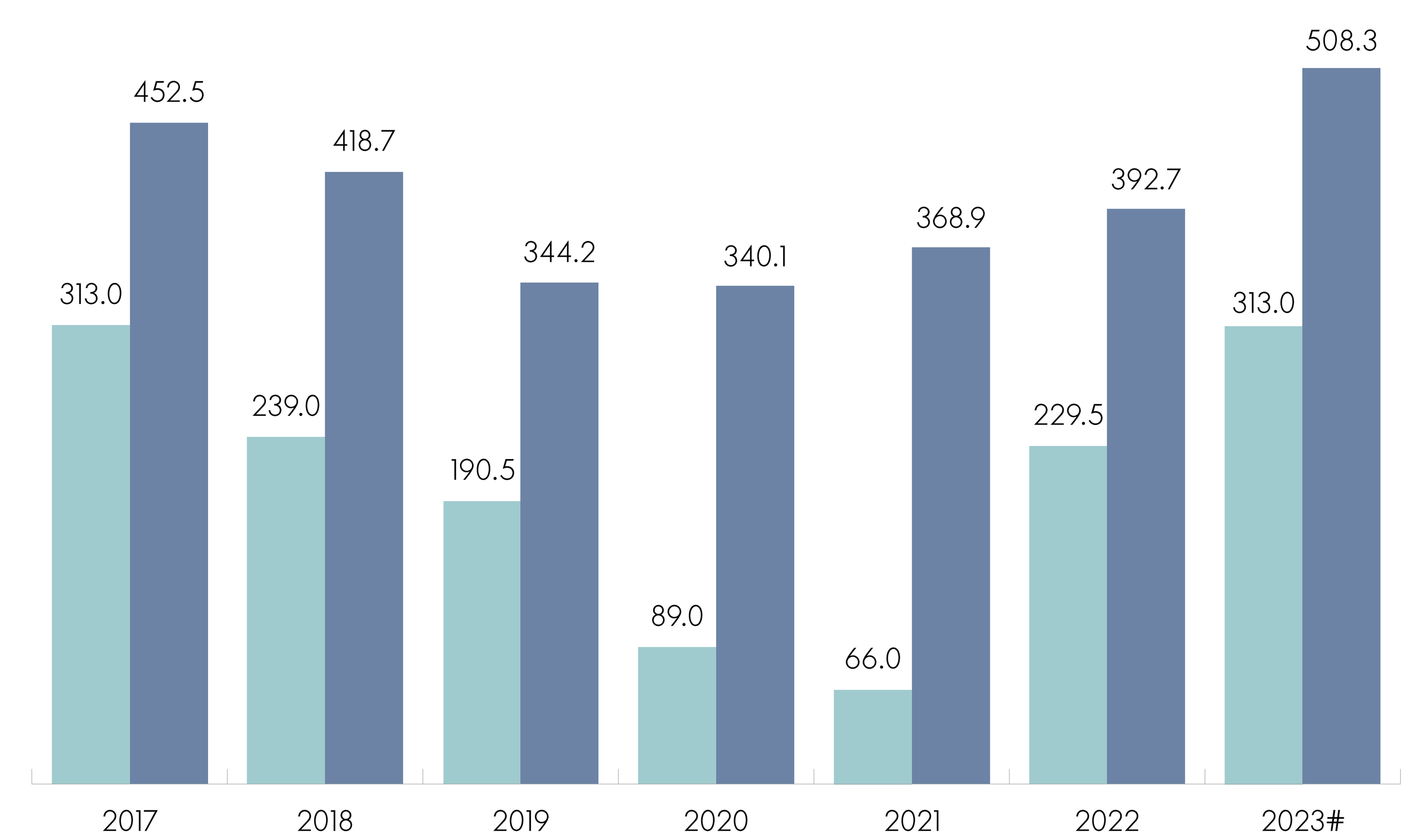
* Discontinued operation
* Sale of David Jones in March 2023.
2020 onwards includes IFRS 16.

SEVEN-YEAR REVIEW (CONTINUED)

Year Number of weeks	2023* 52	2022 52	2021 52	2020 52	2019 53	2018 52	2017 52
FOREIGN CURRENCY EXCHANGE RATES							
US$ – average	17.73	15.20	15.44	15.66	14.18	12.84	13.64
US$ – closing	18.72	15.91	14.12	17.24	14.11	13.44	12.93
A$ – average	11.93	11.00	11.50	10.48	10.14	9.95	10.28
A$ – closing	12.50	10.99	10.73	11.83	9.89	10.00	9.79
KEY INFORMATION (US$ MILLION)							
Revenue	4 100	5 412	5 242	4 729	5 302	5 496	5 076
Headline earnings per share (cents)	29.0	26.2	24.2	7.7	24.2	27.0	30.9
Profit/(loss) attributable to ordinary shareholders	286	244	270	36	(77)	(277)	319
Total assets	2 096	3 525	3 937	3 774	2 546	2 987	3 480
Market capitalisation	3 717	3 731	4 044	1 993	3 632	4 224	5 097

* Sale of David Jones in March 2023.
2020 onwards includes IFRS 16.

DILUTED HEPS AND DIVIDEND PER SHARE (CENTS)



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

Woolworths, Autumn 2023

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 25 June 2023 and that all such returns and notices are true, correct and up to date.

CA Reddiar
Group Company Secretary
29 August 2023

RESPONSIBILITY STATEMENT

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

a) The Annual Financial Statements, set out on pages 22 to 69, 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
29 August 2023

Z Manjra
Interim Chief Financial Officer

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been compiled under the supervision of Zaid Manjra CA(SA), the Interim Chief Financial Officer. The Annual Financial Statements were approved by the Board on 29 August 2023 and signed on its behalf by:

H Brody
Chairman

R Bagattini
Group Chief Executive Officer

REPORT OF THE AUDIT COMMITTEE

INTRODUCTION

The Woolworths Holdings Limited (WHL) Audit Committee (committee) is pleased to present its report for the 2023 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 Langeni, who stepped down from the Board and welcomed Mr Bam to the committee. Mr Bam has a wealth of relevant experience that the Committee will benefit from.

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 in note 7.

Three formal meetings and three ad-hoc meetings of the committee were held during the year under review. The ad-hoc meetings were convened for purposes of dedicated time in considering the Interim and Annual Financial Statements prior to publication, and other ad-hoc matters.

The committee composition and members' attendance at the meetings during the 2023 financial year are set out in the following table.

Member	Date of Appointment/ Resignation	Formal meetings	Ad-hoc meetings
Clive Thomson (Committee Chairman) BCom (Hons), MPhil, CA(SA)	2019	3/3	3/3
Lwazi Bam BCom (Hons), BCompt, CA(SA)	2023 Appointed 01 May 2023	0/1	1/1
Christopher Colfer BA	2019	3/3	3/3
Phumzile Langeni BCom (Hons), MCom (Business Management)	2022 Resigned 31 December 2022	1/1	1/1
Thembisa Skweyiya B.Proc. LLB, LLM, H. Dip (Tax)	2019	3/3	3/3

The Group Chief Executive Officer, the Interim Chief Financial Officer 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, Information and Technology Committee, which provides members with insight into the Group's enterprise risk management and information and technology governance frameworks and key risks. 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, technology and cyber security).

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

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 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, and the implementation of share repurchases undertaken during the financial year, among others;
- received quarterly reports 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;
- continued to oversee the funding arrangements including ESG linked measures and that at least 80% of the SA drawn debt remained ESG linked funding;
- continued to consider reporting in respect of the Task Force on Climate Financial Disclosures and new sustainability reporting standards;
- 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;
- considered the financial reporting procedures of the Group and concluded that those procedures are appropriate for the Group;
- 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 to the Board for approval;
- considered the appointment of the Interim Chief Financial Officer, following the resignation of the Group Financial Director;
- considered the annual attestation from the Chief Executive Officer and Chief Financial Officer on the effectiveness of the internal control environment; and
- considered the results of the committee in an independent effectiveness evaluation.

EXPERTISE OF INTERIM CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

In accordance with King IV™ recommendations, the committee considered the expertise and experience of the Interim Chief Financial Officer, Zaid Manjra (who has been with the Group for 15 years), as well as the expertise and resources within the Group finance function and concluded that the experience and expertise of the Interim Chief Financial Officer and the Group finance function is appropriate and effective for the Group.

COMMITTEE EVALUATION

A formal internal Board and committee external evaluation was conducted in the 2023 financial year. The overall consensus on the committee's performance was that the committee was effective and performed all of its requisite functions well. There were no material issues of concern raised.

EXTERNAL AUDITOR MATTERS

The committee is responsible for the appointment, remuneration and oversight of the Group's external auditors KPMG Inc., who were first approved by shareholders at the 2022 Annual General Meeting ("AGM") to act as the auditor for the Group.

KPMG Inc. is afforded unrestricted access to the Group's records and management and present any significant issues 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 2023 annual audit as well as the related scope of work, and reviewed the key audit risks identified;
- approved the audit fees for the 2023 external audit;
- had interactions with the designated audit partners: Mr Belstead; Mr Jeewa (for Woolworths SA and its subsidiaries); and the lead Australian KPMG audit partner, Mr Duvall (for the Australian-based entities);
- 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 services;
- approved the fees for non-audit services amounting to nil of the prior year audit fee (2022: 0.3%), and which are within the 15% policy limit set out in the External Auditor policy;
- 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 auditor's 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 paragraph 22.15(h) of the JSE Limited Listings Requirements from KPMG Inc. when assessing their suitability for 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, a resolution will be tabled at the AGM to be held on 22 November 2023 to re-appoint KPMG Inc. as the external auditor for the 2024 financial year.

INTERNAL AUDIT

The internal audit function, currently led by Ms Catherine 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 Nyathi 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 enterprise risk management;
- reviewed any 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 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 team 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 2023 Integrated Annual Report, and in greater detail in the King IV™ Application register, both of which will be made available on the Company's website on or about 29 September 2023.

SIGNIFICANT MATTERS

The committee has considered the Key Audit Matters reported in the external audit report 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.

Significant matters of focus, including the sale of David Jones and its reporting as a discontinued operation, the simplification of the Australian Group legal structure, new sustainability standards and the continued impact of loadshedding in South Africa 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 assessment, 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. 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 comprehensive Combined Assurance Report, which had also been reviewed by the Group's Risk, Information and Technology 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 Interim Chief Financial Officer, Zaid Manjra CA(SA). Following the review of the consolidated Annual Financial Statements of the Company for the year ended 25 June 2023, 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 has reviewed the Group and Company's Annual Financial Statements for the year ended 25 June 2023 and recommended them to the Board for approval on 29 August 2023.

The Board subsequently approved the Annual Financial Statements, which will be tabled and open for discussion at the upcoming AGM, to be held on 22 November 2023.

KEY FOCUS AREAS OF ACTIVITY FOR 2024

The committee has set the following key areas of focus for the 2024 financial year:

- continue to monitor business and financial performance in line with anticipated strategic outcomes; cost optimisation plans; and growth strategies;
- monitor the implementation of the capital allocation framework and principles to ensure that capital allocation decisions including capex investments, growth initiatives, and decisions to return capital to shareholders are based on agreed capital allocation principles;
- continue to ensure that financing decisions are aligned with maintaining a strong balance sheet, achieving targeted gearing levels per business entity and continue to incorporate ESG and sustainability principles; and
- monitor reporting against the IFRS Sustainability Disclosure Standards.

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 2023 financial year.

C Thomson
Audit Committee Chairman
29 August 2023

Woolworths, Autumn 2023

DIRECTORS' REPORT

NATURE OF BUSINESS

WHL is a southern hemisphere retail Group. Its current operations are conducted through two major operating subsidiaries, namely Woolworths Proprietary Limited and its subsidiaries (WSA or Woolworths SA) and Country Road Group Proprietary Limited (CRG). A further joint venture operation, Woolworths Financial Services Proprietary Limited (WFS), offers financial products to WSA customers. WHL disposed of David Jones and its subsidiaries on 27 March 2023. David Jones was a major subsidiary of WHL operating in Australia and New Zealand.

WHL is listed on the securities exchange of the JSE Limited (JSE), where it has maintained a listing since 1997. On 2 December 2022, the Company listed its shares for trade on a secondary exchange, A2X Markets (A2X), in South Africa.

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 660 (2022: 636) WSA store locations in South Africa (including 91 (2022: 84) stores operated on Engen forecourts) and 87 (2022: 84) store locations in the rest of Africa.

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 523 (2022: 537) retail and concession store locations in Australia and New Zealand. It is also represented in 84 (2022: 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 various 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.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The results for the year are not directly comparable to that of the 2022 financial year, given the impact of lost sales, arising from loadshedding in the current year, and the prolonged lockdowns in Australia in the prior year.

Further details on the review of the operations and financial results of the Group are contained in the 2023 Integrated Annual Report and the 2023 Annual Financial Statements.

STATED CAPITAL

AUTHORISED

Ordinary shares – 2 410 600 000 of no par value (2022: 2 410 600 000)

ISSUED

Ordinary shares – 988 695 949 of no par value (2022: 1 038 034 484)

During the year, the Group concluded the Board-approved R1.5 billion share repurchase that commenced in the prior year. In addition, the Board approved the implementation of two further share repurchases of R1.0 billion and R1.5 billion, which were concluded in the current year. 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 25 June 2023 are set out in the Shareholding disclosures.

DIVIDEND

The following dividends were declared in respect of the year ended 25 June 2023:

INTERIM

On 28 February 2023, a gross cash dividend of 158.5 cents (126.8 cents net of dividend withholding tax) (2022: 80.5 cents) was declared to shareholders recorded at close of business on Friday, 17 March 2023, and paid on Monday, 20 March 2023.

FINAL

On 29 August 2023, a gross cash dividend of 154.5 cents (123.6 cents net of dividend withholding tax) (2022: 149.0 cents) was declared to shareholders recorded at close of business on Friday, 22 September 2023, to be paid on Tuesday, 26 September 2023.

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.

DIRECTORATE AND GROUP COMPANY SECRETARY

Details of the directors who served on the Board during the year and any change at the reporting date are provided below. 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	01/07/2014	
Nombulelo Moholi	Independent Non-executive Lead Independent Non-executive	01/07/2014	Appointed as the Lead Independent Non-executive Director with effect from 7 July 2022.
Lwazi Bam	Independent Non-executive	01/05/2023	Appointed as an Independent Non-executive Director and as a member of the Audit and Risk, Information and Technology Committees, with effect from 1 May 2023.
Christopher Colfer	Independent Non-executive	01/07/2019	
Rob Collins	Independent Non-executive	01/10/2022	Appointed as an Independent Non-executive Director and as a member of the Risk, Information and Technology Committee, with effect from 1 October 2022.
Belinda Earl	Independent Non-executive	01/07/2019	
David Kneale	Independent Non-executive	11/03/2019	
Phumzile Langeni	Independent Non-executive	01/04/2022	Resigned from the Board and as a member of the Audit and Risk, Information and Technology Committees, with effect from 31 December 2022.
Thembisa Skweyiya	Independent Non-executive	11/03/2019	
Clive Thomson	Independent Non-executive	19/08/2019	
Roy Bagattini	Group Chief Executive Officer	17/02/2020	
Reeza Isaacs	Executive	26/11/2013	Resigned as the Group Finance Director, and accordingly from the Board and member of the Treasury and Risk, Information and Technology Committees with effect from 30 June 2023.
Sam Ngumeni	Executive	12/02/2014	
Chantel Reddiar	Group Company Secretary	01/09/2016	

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.

Lwazi Bam was appointed subsequent to the last AGM; Clive Thomson, Sam Ngumeni and Roy Bagattini 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. Details of the directors standing for election or re-election are available in the Notice of AGM, to be published on or about 29 September 2023.

DIRECTORS' INTERESTS IN SHARES

Over the reporting period, the directors of the Company beneficially held ordinary shares in the Company. Details of the shareholding can be found in note 7.

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 in note 7.

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.

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 2023 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 25 June 2023.

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 69 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.

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 2023 Integrated Annual Report, with a more detailed application register to be made available on the Company's website, both of which are expected to be published on or about 29 September 2023.

SUBSIDIARY COMPANIES

Full particulars of the subsidiary companies are available in Annexure 1.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 24 August 2023, the completion accounts process (refer to note 30) was concluded, resulting in the recognition of a final consideration of R219 million (A$17.5 million). The conclusion of the completion accounts process, which began during June 2023, is considered an adjusting event after the reporting period, pursuant to IAS 10 Events after the Reporting Period.

On 29 August 2023, the Board declared a final gross cash dividend of 154.5 cents (123.6 cents net of dividend withholding tax) (2022: 149.0 cents) for the 52 weeks ended 25 June 2023 to ordinary shareholders recorded at close of business on Friday, 22 September 2023, to be paid on Tuesday, 26 September 2023.

The directors are not aware of any other material events that have occurred between the reporting date and the date of approval of these financial statements.

SPECIAL RESOLUTIONS

The following special resolutions were passed by shareholders of the Company at the AGM in November 2022:

- remuneration for the non-executive directors;
- financial assistance to directors and/or prescribed officers and employee share scheme beneficiaries;
- general authority to provide financial assistance to related or interrelated companies in terms of section 45 of the Companies Act; and
- general authority to repurchase shares.

A resolution seeking general authority to repurchase shares (which is valid for one year) will be tabled again at the 2023 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 22 to 67 and page 69, which comprise the Group and Company statements of financial position at 25 June 2023, and the Group and Company statements of comprehensive income, 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 25 June 2023, 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 as issued by the International Accounting Standards Board (IFRS) 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 25 June 2023, the Group held goodwill, brands and customer databases at a carrying value of R6 840 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, gross margins, return on capital, working capital requirements, and long-term growth rate assumptions.
 	
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 analyses 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.

DISPOSAL OF DAVID JONES OPERATIONS

REFER TO NOTE 30, DISCONTINUED OPERATION, AND NOTE 31, EVENTS SUBSEQUENT TO THE REPORTING DATE, TO THE GROUP FINANCIAL STATEMENTS

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
The Group entered into an agreement to sell its entire shareholding in its Australian subsidiary, David Jones, to a third party. The effective date of the sale was 27 March 2023. The Group disposed of the David Jones operations as a going concern and has disclosed the disposal as a discontinued operation in terms of IFRS 5: Non-current assets held for sale and discontinued operations (IFRS 5). On the effective date, the value of the net assets sold were determined and a gain or loss on disposal calculated based on the terms set out in the share sale and purchase agreement (SSA). The determination of the profit on disposal is based on the total purchase consideration less the costs to sell. The proceeds received for the investment was an initial purchase consideration of A$75 million, adjusted for the outcomes of a contractual calculation contained within the SSA (completion accounts) which considers the final accounting records of the David Jones operations at the effective date. Subsequent to the year end, on 24 August 2023, the Group finalised the completion accounts and the final consideration was agreed. The total proceeds amounted to A$92.5 million. The conclusion of the completion accounts process was considered an adjusting event after the reporting period, pursuant to IAS 10: Events after reporting period (IAS 10) and the proceeds on the disposal of David Jones was adjusted to include the final consideration amount. As a result of the significant audit effort required relating to the David Jones disposal and the judgement applied in determining the proceeds from the disposal of the David Jones operations 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 read the share sale and purchase agreement to understand the contractual arrangements entered into in respect of the disposal of the David Jones operations. • We performed specific procedures on the assets and associated liabilities disposed of to ensure the net assets sold were determined in terms of the SSA. • With the assistance of our technical accounting specialists, we considered the appropriateness of the treatment adopted with regards to the recognition of the final consideration in terms of IAS 10. We involved our South African and Australian Tax specialists to assist with the assessment of the tax implications of the sale for the Company and implications of the disposal for the Group. • We assessed the appropriateness of the amounts included as costs to sell in the determination of the net proceeds by considering the nature of the costs incurred and verifying the accuracy of these costs to supporting documentation. • We assessed the appropriateness of the disclosures in the financial statements to ensure it is in line with with the requirements in IFRS 5 and IAS 10.

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 2023", 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 2023 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 as issued by the International Accounting Standards Board (IFRS) 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 and 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.

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.

Woolworths, Autumn 2023

- 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 two years.

KPMG Inc.

Per EA Belstead
Chartered Accountant (SA)
Registered Auditor
Director
29 August 2023

4 Christiaan Barnard Street
Foreshore
Cape Town
8000

Woolworths, Spring 2023

GROUP ANNUAL FINANCIAL STATEMENTS

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	52 weeks to 25 June 2023 Rm	Restated* 52 weeks to 26 June 2022 Rm
Continuing operations			
Revenue	2	72 688	65 739
Turnover	2	72 266	65 362
Cost of sales		45 440	42 137
Gross profit		26 826	23 225
Other revenue	2	281	316
Expenses		20 463	17 703
Store costs		12 987	11 861
Other operating costs		7 476	5 842
Operating profit from core trading activities	1	6 644	5 838
Transaction and transition costs		71	–
Impairment of assets	8 – 10	–	14
Lease exit and modification gains		–	12
Operating profit before net finance costs		6 573	5 836
Investment income	2	141	61
Finance costs	3.6	1 444	1 170
Profit before earnings from joint ventures		5 270	4 727
Earnings from joint ventures	29	102	165
Profit before tax	3	5 372	4 892
Tax expense	4	1 489	1 388
Profit from continuing operations		3 883	3 504
Discontinued operation			
Profit from discontinued operation, net of tax	30	1 196	213
Profit for the year		5 079	3 717
Other comprehensive income:			
Amounts that may be reclassified to profit or loss			
Fair value adjustments on financial instruments	25.6	545	704
Tax on fair value adjustments on financial instruments		15	(159)
Exchange differences on translation of foreign subsidiaries		1 184	171
Reclassification to profit or loss of other comprehensive income of discontinued operation, net of tax	30	(116)	–
Amounts that may not be reclassified to profit or loss			
Post-retirement medical benefit liability: actuarial gain	21	24	20
Deferred tax on post-retirement medical benefit liability: actuarial gain		(7)	(5)
Other comprehensive income for the year		1 645	731
Total comprehensive income for the year		6 724	4 448

	Note	52 weeks to 25 June 2023 Rm	Restated* 52 weeks to 26 June 2022 Rm
Profit attributable to:		5 079	3 717
Shareholders of the parent		5 074	3 715
Non-controlling interests		5	2
Total comprehensive income attributable to:		6 724	4 448
Shareholders of the parent		6 719	4 446
Non-controlling interests		5	2
Earnings per share (cents)	5	551.0	387.4
Diluted earnings per share (cents)	6	542.0	381.4
Headline earnings per share (cents)	5	514.7	398.9
Diluted headline earnings per share (cents)	6	506.3	392.7
Continuing operations			
Earnings per share (cents)		421.1	365.2
Diluted earnings per share (cents)		414.2	359.5
Headline earnings per share (cents)		423.4	368.7
Diluted headline earnings per share (cents)		416.5	362.9

* Comparative information has been restated due to a discontinued operation.

GROUP STATEMENT OF FINANCIAL POSITION

	Note	At 25 June 2023 Rm	At 26 June 2022 Rm
ASSETS			
Non-current assets		26 634	39 953
Property, plant and equipment	8.1	5 919	9 190
Investment property	8.2	1 750	–
Intangible assets	9	8 132	7 451
Right-of-use assets	10	8 645	18 891
Investment in joint ventures	29	1 047	945
Other loans	11	51	92
Derivative financial instruments	15	50	56
Deferred tax	12	1 040	3 328
Current assets		12 593	16 126
Inventories	13	7 072	8 709
Trade and other receivables	14	1 648	1 703
Derivative financial instruments	15	253	314
Tax	28.3	43	26
Cash and cash equivalents	28.4	3 577	5 374
TOTAL ASSETS		39 227	56 079
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent		11 991	11 775
Stated capital	16	7 749	10 830
Treasury shares		(1 706)	(1 659)
Non-distributable reserve	17	1 900	808
Distributable reserves	17	4 048	1 796
Non-controlling interests		30	25
TOTAL EQUITY		12 021	11 800
Non-current liabilities		14 913	29 880
Interest-bearing borrowings	18	5 050	4 813
Lease liabilities	19	9 267	24 220
Post-retirement medical benefit liability	21	350	359
Provisions and other payables	20 & 22	221	485
Deferred tax	12	25	3
Current liabilities		12 293	14 399
Trade and other payables	20	8 259	10 211
Provisions	22	1 149	1 260
Lease liabilities	19	1 735	2 564
Derivative financial instruments	15	30	53
Tax	28.3	126	28
Overdrafts and interest-bearing borrowings	18	994	283
TOTAL LIABILITIES		27 206	44 279
TOTAL EQUITY AND LIABILITIES		39 227	56 079


Woolworths, Autumn 2023

GROUP STATEMENT OF CHANGES IN EQUITY

		Attributable to shareholders of the parent								
				Non-distributable reserve	Distributable reserves					
	Note	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 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
Profit for the year		–	–	–	–	–	5 074	5 074	5	5 079
Other comprehensive income		–	–	1 092	–	536	17	1 645	–	1 645
Total comprehensive income for the year		–	–	1 092	–	536	5 091	6 719	5	6 724
Shares issued	16	–	–	–	–	–	–	–	–	–
Share-based payments		–	–	–	330	–	–	330	–	330
Net (acquisition)/disposal of Treasury shares		–	(47)	–	(229)	–	(30)	(306)	–	(306)
Shares repurchased and cancelled	16	(3 081)	–	–	–	–	–	(3 081)	–	(3 081)
Transfer of Financial Instrument revaluation reserve to inventories		–	–	–	–	(577)	–	(577)	–	(577)
Dividends to ordinary shareholders	27	–	–	–	–	–	(2 869)	(2 869)	–	(2 869)
Shareholders' interest at 25 June 2023		7 749	(1 706)	1 900	651	221	3 176	11 991	30	12 021

	Note	2023	2022
Dividend per ordinary share declared for the financial year (cents)	27	313.0	229.5
Interim		158.5	80.5
Final		154.5	149.0

GROUP STATEMENT OF CASH FLOWS

	Note	52 weeks to 25 June 2023 Rm	52 weeks to 26 June 2022 Rm
Cash flow from operating activities			
Cash inflow from trading	28.1	12 427	11 503
Working capital movements	28.2	(1 052)	99
Cash generated by operating activities		11 375	11 602
Investment income received		179	67
Finance costs paid		(2 058)	(1 988)
Tax paid	28.3	(1 487)	(1 673)
Cash generated by operations		8 009	8 008
Dividends received from joint ventures		–	112
Dividends to ordinary shareholders		(2 869)	(1 417)
Net cash inflow from operating activities		5 140	6 703
Cash flow from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		(1 302)	(1 066)
Investment in property, plant and equipment and intangible assets to expand operations		(1 175)	(794)
Proceeds on disposal of property, plant and equipment and intangible assets		–	7
Net cash inflow from disposal of subsidiary	30	26	–
Other loans advanced		(5)	(2)
Net cash outflow from investing activities		(2 456)	(1 855)
Cash flow from financing activities			
Net acquisition of Treasury shares		(113)	(19)
Settlement of share-based payments through share purchases		(215)	–
Shares repurchased		(2 936)	(904)
Lease liabilities repaid		(2 592)	(2 741)
Borrowings raised		3 400	–
Borrowings repaid		(2 700)	(1 437)
Net cash outflow from financing activities		(5 156)	(5 101)
Decrease in cash and cash equivalents		(2 472)	(253)
Net cash and cash equivalents at the beginning of the year		5 341	5 484
Effect of foreign exchange rate changes		427	110
Net cash and cash equivalents at the end of the year	28.4	3 296	5 341


Woolworths, Summer 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate Annual Financial Statements of Woolworths Holdings Limited (the Company) for the 52 weeks ended 25 June 2023 (2022: 52 weeks ended 26 June 2022) 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

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.

IFRS 9 FINANCIAL INSTRUMENTS – FEES IN THE '10 PER CENT' TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

PROPERTY, PLANT AND EQUIPMENT: PROCEEDS BEFORE INTENDED USE – AMENDMENTS TO IAS 16

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.

REFERENCE TO THE CONCEPTUAL FRAMEWORK – AMENDMENTS TO IFRS 3

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.

ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT AMENDMENTS TO IAS 37

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.

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 Woolworths Holdings Share Trust and the Woolworths Trust have financial years ending 28 February. 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 to align with the Group's financial year-end.

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 for 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 has 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.

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 Group's 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. The group measures its tax balances either based on the most likely amount or the expected value of the tax position, depending on which method provides a better prediction of the resolution of the uncertainty.

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. The Trustees of the Trust comprise Non-executive Directors of Woolworths Holdings Limited, who have the power to direct the relevant activities of the Trust, in terms of the Trust Deed. In management's judgement, the Group is able to exercise control over the Trust, in accordance with IFRS 10 Consolidated Financial Statements, and therefore consolidates 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 the estimated 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

* Investment property measured on the cost model comprising a flagship building has an estimated useful life of 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.

When the use of a property changes from owner-occupied to investment property, the property is reclassified at its carrying value accordingly.

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.

INVESTMENT PROPERTY

Investment property is held to earn rental income and/or for capital appreciation. Investment property is initially measured at cost, including transaction costs. Subsequently, investment property is measured on the cost model in accordance with the accounting policy for property, plant and equipment. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are expensed as incurred.

An investment property is derecognised either when it has been disposed (i.e. at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration and consideration payable to the buyer (if any).

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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 payments associated with short-term leases and leases of low-value assets (with a cost price below R150 000) 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.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operation are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operation in the statement of profit or loss.

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. The Group's derivatives that are not designated as hedging instruments are classified as FVTPL.

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 buy-backs, 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.

CELL CAPTIVE INSURANCE ARRANGEMENTS

The Group has entered into insurance cell arrangements with Mutual & Federal Insurance Company Limited and Mutual & Federal Risk Financing Limited, which are licensed insurance companies. The Group purchased shares in the insurance cell. The "cell" issues a contract that transfers significant insurance risk. The risks and rewards associated with these contracts are transferred to the Group through a cell agreement.

Insurance cell captive arrangements are classified as financial assets held at FVTPL as they do not meet the criteria for amortised cost, as the cash flows are not solely payments of principal and interest, or fair value through other comprehensive income. At the reporting date, the fair value is determined based on the net asset value of the underlying cell captive arrangements.

The net investment is disclosed as part of other receivables. A separate disclosure note has not been presented as the value is not considered material.

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).

LAY-BY SALES

Revenue from lay-by sales is recognised on the inception of the contract with the customer as this is the point in time when control of the merchandise passes to the customer. The group recognises revenue at the amount of consideration to which they expect to be entitled and for which it is not probable that a significant reversal of revenue will take place. A contract liability for the expected possible unsuccessful lay-bys is recognised as an adjustment to revenue as well as an asset (with a corresponding adjustment to cost of sales) representing its right to recover the merchandise from the customer. The group estimates unsuccessful lay-bys based on historical data and are regularly reviewed for significant changes in estimates.

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 is recognised on a straight-line basis over the lease term; and
- contingent rentals on an accrual basis are recognised in accordance with the relevant agreement.

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.

Store costs are costs directly attributable to store operations and comprise mainly of employments costs, rent, depreciation and amortisation, and other occupancy costs. Other operating costs are costs incurred for support functions within the Group other than those included in store costs.

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.

STANDARDS, IFRS AMENDMENTS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

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 waver 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.

LEASE LIABILITY IN SALE AND LEASEBACK - AMENDMENTS TO IFRS 16 (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2024)

The IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

This amendment will be applied from the effective date in the event that the Group enters into sale and leaseback transactions in the future.

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.

IFRS 17 INSURANCE CONTRACTS (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023)

IFRS 17 Insurance contracts issued by the IASB is effective for the Group for the first time on 26 June 2023, which is the commencement of the Group's 2024 financial year. This standard is applicable to the Group's joint venture investment, Woolworths Financial Services Proprietary Limited (WFS) and is expected to bring changes to the accounting for insurance contracts and financial instruments.

The Group has assessed the estimated impact that the initial application of IFRS 17 will have on the Group's equity accounted investment in WFS and on the Group consolidated financial statements. Based on these assessments, the total adjustments (after tax) to the Group's results are not considered to be material.

2. REVENUE

	2023 Rm	Restated 2022 Rm
Turnover	72 266	65 362
Fashion, Beauty and Home	29 119	25 485
Food	42 463	39 240
Logistics services and other	684	637
Other revenue	281	316
Rentals	81	9
Concession sales commission	156	96
Insurance recoveries	3	150
Royalties	41	61
Investment income	141	61
Interest earned from cash and investments	141	61
	72 688	65 739

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:

	2023 Rm	Restated 2022 Rm
3.1 OPERATING LEASE EXPENSES		
Plant and equipment	11	8
Expense relating to short-term leases*	31	29
Expense relating to low-value assets not shown above as short-term leases*	–	245
Expense relating to variable lease payments not included in lease liabilities	997	764
Covid-19 rent relief	(3)	(58)
3.2 AUDITOR´S REMUNERATION		
Audit fee – current year	26	21
Audit fee – prior year	(1)	3
Tax advisory and other services	–	1
3.3 NET FOREIGN EXCHANGE LOSS	3	8
3.4 OTHER EXPENSES		
Technical and consulting fees	186	225
Depreciation and amortisation (refer to notes 8, 9 and 10)	2 897	2 913
Net loss on disposal of property, plant and equipment and intangible assets	12	28
Net impairment of property, plant and equipment, intangible assets and right-of-use assets (refer to notes 8, 9 and 10)	16	14
Loss/(profit) on fair value movements arising from derivative instruments (refer to note 25.6)	14	(23)
3.5 EMPLOYMENT COSTS	9 586	8 108
Short-term employment benefits	8 299	7 221
Share-based payments expense	270	271
Pension costs (refer to note 21)	962	560
Post-retirement medical benefit (refer to note 21)	41	41
Termination and other benefits	14	15
3.6 FINANCE COSTS	1 444	1 170
Long-term borrowings, bank borrowings and overdrafts	623	447
Lease liabilities	821	723

* 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.

4. TAX

	2023 Rm	2022 Rm
Current year		
Normal tax		
South Africa	1 052	943
Foreign	522	356
Deferred tax		
South Africa	(102)	24
Foreign	412	101
Effect of tax rate change	–	21
	1 884	1 445
Prior year (over)/under		
Normal tax		
South Africa	14	13
Foreign	18	9
Deferred tax		
South Africa	(6)	8
Foreign	(267)	(2)
	1 643	1 473
Income tax expense is attributable to:		
Profit from continuing operations	1 489	1 388
Profit from discontinued operation	154	85
	1 643	1 473
Normal tax recognised in other comprehensive income	(6)	25
Deferred tax recognised in other comprehensive income	268	(58)
Normal tax recognised in share-based payments reserve	3	3
Deferred tax recognised in share-based payments reserve	31	15

	2023 %	2022 %
The rate of tax on profit is reconciled as follows:		
Standard rate	27.0	28.0
Disallowable expenditure	0.5	0.4
Impact of foreign tax rates	0.1	0.2
WFS equity-accounted earnings	(0.4)	(0.9)
Impairment of assets	–	0.1
Deferred tax on assessed losses not recognised/(Tax losses utilised)	1.9	(0.1)
Change in corporate tax rate	–	0.4
Disposal of subsidiary	(1.3)	–
Prior year	(3.2)	0.5
Other	(0.2)	(0.2)
Effective tax rate	24.4	28.4

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.

In February 2022, a new corporate income tax rate was substantively enacted in South Africa. Consequently, the tax rate was reduced from 28.0% to 27.0% for the 2023 financial year.

5. EARNINGS PER SHARE

BASIC AND HEADLINE EARNINGS

	Profit before tax Rm	Tax Rm	Non-controlling interests Rm	Attributable profit Rm
2023				
Basic earnings	6 762	(1 683)	(5)	5 074
Adjustments:				
Net loss on disposal of property, plant and equipment and intangible assets	29	(9)	–	20
Impairment of property, plant and equipment, intangible assets and right-of-use assets	78	(21)	–	57
Profit on disposal of discontinued operation	(371)	(40)	–	(411)
Headline earnings	6 498	(1 753)	(5)	4 740
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

WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)

	Number of shares 2023	2022
Weighted average number of shares	920 885 525	958 872 392
Number of shares in issue at the beginning of the year	945 727 743	956 676 942
Weighted average number of shares issued in terms of share schemes	–	1 561 987
Weighted average number of shares purchased in terms of the Restricted Share Plan	(1 357 147)	(603 933)
Weighted average number of shares repurchased and cancelled	(24 248 858)	(200 169)
Weighted average number of shares released in terms of the Restricted Share Plan	763 787	1 437 565

EARNINGS PER SHARE (CENTS)

	2023	2022
Basic	551.0	387.4
Headline	514.7	398.9

6. DILUTED EARNINGS PER SHARE

	2023 Rm	2022 Rm
DILUTED EARNINGS		
Diluted basic earnings	5 074	3 715
Headline earnings adjustment, after tax	(334)	110
Diluted headline earnings	4 740	3 825

	Number of shares 2023	Number of shares 2022
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES		
Weighted average number of shares	920 885 525	958 872 392
Potential dilutive effect of outstanding number of share options	15 303 014	15 201 788
Diluted weighted average number of shares	936 188 539	974 074 180

Dilution arises from the outstanding in-the-money unvested shares 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 unvested shares have been excluded from the diluted weighted average number of shares' calculation due to their effect being anti-dilutive.

	2023	2022
DILUTED EARNINGS PER SHARE (CENTS)		
Basic	542.0	381.4
% dilution	1.6%	1.5%
Headline	506.3	392.7
% dilution	1.6%	1.6%

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.

JOINT VENTURES

The following related-party transactions and balances occurred between the Group and the joint ventures:

	2023 Rm	2022 Rm
WOOLWORTHS FINANCIAL SERVICES PROPRIETARY LIMITED		
Service costs received by Woolworths Proprietary Limited	(132)	(84)
Merchant fee income paid by Woolworths Proprietary Limited	101	101
Accounts receivable by Woolworths Proprietary Limited	97	58
Accounts payable by Woolworths Proprietary Limited	(59)	(56)
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	2023 Rm	2022 Rm
Short-term employee benefits	231	163
Woolworths Holdings Limited directors	100	73
Other key management personnel	131	90
Post-employment benefits	4	4
Woolworths Holdings Limited directors	2	1
Other key management personnel	2	3
IFRS 2 value of share-based payments expense	141	113
Woolworths Holdings Limited directors	55	61
Other key management personnel	86	52
	376	280

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.

GROUP CARD AND VISA CREDIT CARD ACCOUNTS	2023 Rm	2022 Rm
Balance outstanding at the beginning of the year	2	2
Annual spend	5	5
Annual repayments	(5)	(5)
Balance outstanding at the end of the year	2	2

Group cards include cards on offer by Woolworths. 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 (2022: nil).

POST-EMPLOYMENT BENEFIT PLAN

Details of the Wooltru Group Retirement Fund, the Wooltru Healthcare Fund and funds for the benefit of 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 25 June 2023 and comparative information for 26 June 2022 are set out below:

		Guaranteed pay			Short-term incentives	Long-term incentives	Retention	Remuneration	Remuneration
	Note	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
2023									
Roy Bagattini	(7)	18 183	2 294	20 477	28 011	–	35 354	83 842	90 782
Reeza Isaacs	(8)	6 778	907	7 685	8 318	1 864	602	18 469	36 273
Sam Ngumeni		8 423	548	8 971	13 658	6 953	10 098	39 680	97 136
		33 384	3 749	37 133	49 987	8 817	46 054	141 991	224 191
2022									
Roy Bagattini	(7)	16 494	1 664	18 158	14 332	–	29 322	61 812	36 133
Reeza Isaacs		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

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 FY2020 – FY2023, valued using the 30-day VWAP share price of WHL at 25 June 2023 of R65.39 (2022: 30-day VWAP R54.40), instead of the IFRS 2 equity-settled expense. Roy's RSP shares have a five-year vesting period with the first tranche in FY2023.
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 left the Group effective 30 June 2023. His pro rata vesting of PSP and RSP shares are shown in the fair value of shares.
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.

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 25 June 2023 and comparative information for 26 June 2022 are set out below:

	Note	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
2023											
Hubert Brody		2 407	–	200	138	137	125	125	139	27	3 298
Lwazi Bam	(3)	77	36	–	–	24	–	–	–	3	140
Christopher Colfer		1 679	213	125	137	137	–	–	–	–	2 291
Rob Collins	(4)	947	–	–	–	104	–	–	–	–	1 051
Belinda Earl		1 515	–	–	–	137	–	213	–	–	1 865
David Kneale		450	–	125	303	263	–	–	–	47	1 188
Phumzile Langeni	(5)	219	104	–	–	67	–	–	–	4	394
Nombulelo Moholi	(6)	844	–	125	138	137	125	125	–	72	1 566
Thembisa Skweyiya		450	212	–	–	138	213	125	139	19	1 296
Clive Thomson		450	388	–	–	138	125	–	262	50	1 413
		9 038	953	575	716	1 282	588	588	540	222	14 502
2022											
Hubert Brody		2 298	–	191	131	131	119	119	133	29	3 151
Zarina Bassa	(7)	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		430	–	119	204	172	–	–	–	27	952
Phumzile Langeni		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

NOTES

1. Directors' fees are exclusive of VAT.
2. Benefits are discounts received on purchases made in WHL Group stores and additional services undertaken by Christopher Colfer for the sale of David Jones.
3. Lwazi Bam joined the Board effective 1 May 2023 and was appointed as a member of the Risk, Compliance and Technology Committee, and the Audit Committee.
4. Rob Collins joined the Board effective 1 October and was appointed as a member of the Risk, Compliance and Technology Committee.
5. Phumzile Langeni resigned from the Board effective 31 December 2022.
6. Nombulelo Moholi was appointed as the Lead Independent Director effective 7 July 2022.
7. Zarina Bassa resigned from the Board effective 3 March 2022.

7. RELATED-PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Details of directors' interests in shares of the Company are set out below:

	2023 BENEFICIAL		2022 BENEFICIAL	
	DIRECT	INDIRECT	DIRECT	INDIRECT
NON–EXECUTIVE DIRECTORS	161 876	9 992	153 376	9 992
Hubert Brody	115 932	–	115 932	–
Nombulelo Moholi	–	–	–	–
Lwazi Bam[1]	–	–	–	–
Christopher Colfer	25 000	–	25 000	–
Rob Collins[2]	–	–	–	–
Belinda Earl	–	–	–	–
David Kneale	15 000	–	6 500	–
Phumzile Langeni[3]	–	–	–	–
Thembisa Skweyiya	5 944	–	5 944	–
Clive Thomson	–	9 992	–	9 992
EXECUTIVE DIRECTORS	4 208 580	1 006 507	4 364 134	1 006 507
Roy Bagattini	2 532 734	–	2 486 384	–
Reeza Isaacs[4]	451 313	417 263	522 490	417 263
Sam Ngumeni	1 224 533	589 244	1 355 260	589 244
Total	4 370 456	1 016 499	4 517 510	1 016 499

1. Lwazi Bam was appointed as a WHL Non-executive Director, with effect from 1 May 2023.
2. Rob Collins was appointed as a WHL Non-executive Director, with effect from 1 October 2022.
3. Phumzile Langeni stepped down as a WHL Non-executive Director, with effect from 31 December 2022.
4. Reeza Isaacs stepped down as a WHL Executive Director, with effect from 30 June 2023.

7. RELATED-PARTY TRANSACTIONS (CONTINUED)

DIRECTORS' PARTICIPATION IN SHARE SCHEMES

Shares purchased and options granted to Executive Directors in terms of the Group's share schemes, which had not been exercised at 25 June 2023, are set out below:

ROY BAGATTINI

			As at 26 June 2022		Awarded		Forfeited		Sold/transferred			As at 25 June 2023		
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					358 134	R75.08	26 888 701		1 074 403	1 074 403
	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
	01 Sep 2022	01 Sep 2025			404 484	R63.55							404 484	404 484
Total			2 486 384		404 484				358 134		26 888 701		2 532 734	2 532 734

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 26 June 2022		Awarded		Forfeited		Sold/transferred			As at 25 June 2023		
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	162 777	R54.26					54 259	R58.19	3 157 331		108 518	108 518
	06 Dec 2021	06 Dec 2024	245 151	R53.72									245 151	245 151
Total			407 928						54 259		3 157 331		353 669	353 669
PERFORMANCE SHARE PLAN (PSP) SCHEME	29 Aug 2019	29 Aug 2022	119 967	R51.78	10 245		77 392		52 820	R58.19	3 073 596		–	–
	17 Sep 2020	17 Sep 2023	187 168	R35.18			11 314						175 854	175 854
	26 Aug 2021	26 Aug 2024	110 128	R59.79			6 658						103 470	103 470
	01 Sep 2022	01 Sep 2025			125 423	R54.73	4 402						121 021	121 021
Total			417 263		135 668		99 766		52 820		3 073 596		400 345	400 345
Total			825 191		135 668		99 766		107 079		6 230 927		754 014	754 014

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

Shares purchased and options granted to Executive Directors in terms of the Group's share schemes, which had not been exercised at 25 June 2023, are set out below:

SAM NGUMENI			As at 26 June 2022		Awarded		Forfeited		Sold/transferred			As at 25 June 2023		
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	278 979	R54.26					92 992	R58.19	5 411 204		185 987	185 987
	17 Sep 2020	17 Sep 2023	671 424	R35.05									671 424	671 424
Total			950 403						92 992		5 411 204		857 411	857 411
PERFORMANCE SHARE PLAN (PSP) SCHEME	29 Aug 2019	29 Aug 2022	142 918	R51.78	12 205		92 198		62 925	R58.19	3 661 606		–	–
	17 Sep 2020	17 Sep 2023	222 976	R35.18			13 479						209 497	209 497
	26 Aug 2021	26 Aug 2024	131 197	R59.79			7 931						123 266	123 266
	01 Sep 2022	01 Sep 2025			151 927	R54.73	5 334						146 593	146 593
Total			497 091		164 132		118 942		62 925		3 661 606		479 356	479 356
Total			1 447 494		164 132		118 942		155 917		9 072 810		1 336 767	1 336 767

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.

8.1 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rm	Leasehold improvements Rm	Furniture, fittings, equipment and motor vehicles Rm	Computer equipment Rm	Total Rm
2022					
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
Current year movements:					
Additions	1	88	962	213	1 264
Disposals – cost	–	(72)	(2 363)	(660)	(3 095)
Disposals – accumulated depreciation	–	33	2 156	652	2 841
Disposals – 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
2023					
Current year movements:					
Additions	240	68	1 392	260	1 960
Disposals: subsidiary and other - cost	(329)	(1 398)	(5 894)	(702)	(8 323)
Disposals: subsidiary and other - accumulated depreciation	150	972	2 840	581	4 543
Disposal: subsidiary and other - accumulated impairment	–	99	694	21	814
Transfer to investment property*	(1 699)	–	–	–	(1 699)
Depreciation	(14)	(61)	(874)	(181)	(1 130)
Impairment	–	–	(20)	–	(20)
Foreign exchange rate differences	213	66	289	16	584
Balance at June 2023	1 877	217	3 424	401	5 919
Made up as follows:					
Cost	1 944	637	8 575	934	12 090
Accumulated depreciation	(67)	(413)	(4 922)	(418)	(5 820)
Accumulated impairment	–	(7)	(229)	(115)	(351)
Net book value at June 2023	1 877	217	3 424	401	5 919

* Subsequent to the disposal of David Jones, a property that was previously owner-occupied was transferred to investment property at its carrying value of R1 699 million. Refer to note 8.2 for further details.

An impairment charge has been recognised for property, plant and equipment of R20 million (2022: 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 2023 Rm	2022 Rm
Retail stores	117	1 781
Distribution centres	1 687	1 463
Corporate owner-occupied properties	72	72

8.2 INVESTMENT PROPERTY

Land and buildings	2023 Rm
Current year movements:	
Transfer from owner-occupied property	1 699
Foreign exchange rate differences	51
Balance at June 2023	1 750

	2023 Rm	2022 Rm
Amounts recognised in profit or loss		
Rental income	58	–

Fair value information

Investment property comprises of one property, 310 Bourke Street Mall, Melbourne, Australia, and is held for long-term rental yields and is not occupied by the Group. The investment property is carried at cost.

Investment properties are valued by adopting the capitalisation, discounted cash flow method of valuation. This approach involves applying capitalisation yields to current and future rental streams net of rent free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers professional judgement and market observation. The fair value is considered a level 3 valuation under IFRS 13. The investment property was valued by CBRE Valuations, a registered and independent valuer.

A summary of the key unobservable inputs used in the valuation is presented below:

Capitalisation rate	5.50%
Market rate (R per m^2)	8 550
Terminal yield	5.75%
10 year IRR	7.00%
Vacancy rate	–
Valuation (R)	3 362 500 000
Valuation date	14 February 2023

9. INTANGIBLE ASSETS

	Brands and customer databases Rm	Computer software Rm	Goodwill Rm	Reacquired rights Rm	Total Rm
2022					
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
Current year movements:					
Additions	–	551	–	–	551
Disposals – cost	–	(579)	–	–	(579)
Disposals – 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
2023					
Current year movements:					
Additions	–	768	–	–	768
Disposals: subsidiary and other - cost	(7 087)	(1 352)	(7 440)	–	(15 879)
Disposals: subsidiary and other - accumulated amortisation	–	760	–	–	760
Disposals: subsidiary and other - accumulated impairment	7 087	238	7 440	–	14 765
Amortisation	–	(386)	–	–	(386)
Impairment	–	–	(5)	–	(5)
Foreign exchange rate differences	310	(140)	488	–	658
Balance at June 2023	1 207	1 292	5 633	–	8 132
Made up as follows:					
Cost	1 315	3 184	5 732	490	10 721
Accumulated amortisation	(108)	(1 881)	–	(489)	(2 478)
Accumulated impairment	–	(11)	(99)	(1)	(111)
Net book value at June 2023	1 207	1 292	5 633	–	8 132

Brands and customer databases include costs of R75 million (2022: R75 million) and accumulated amortisation of R75 million (2022: 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 R5 million (2022: 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.

	2023 Rm	2022 Rm
GOODWILL		
The carrying value of goodwill comprises of:		
Virtual Market Place (RF) Proprietary Limited	13	13
Witchery Group	775	775
Politix	513	513
Franchise operations	831	831
Woolworths Fashion, Beauty and Home*	1 480	1 480
Country Road Group*	1 238	1 238
Accumulated impairment	(50)	(45)
Foreign exchange rate differences since acquisition	833	345
Closing balance	5 633	5 150
* Goodwill allocated to Woolworths Fashion, Beauty and Home and Country Road Group arose on the acquisition of David Jones in 2014. As this goodwill was allocated to these CGUs in accordance with IFRS 3 Business combinations, it remains with the Group subsequent to the disposal of David Jones. The goodwill is tested annually for impairment. Refer to the impairment review section for further details. The goodwill comprises of:		
Woolworths Fashion, Beauty and Home	1 480	1 480
Country Road Group	1 238	1 238
Foreign exchange rate differences since acquisition	318	130
	3 036	2 848

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.

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 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 Group's CGUs, including goodwill.

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

	2023 Rm	2022 Rm
GOODWILL		
Country Road	443	443
Witchery	232	232
Mimco	100	100
Foreign exchange rate differences since acquisition	344	209
	1 119	984

9. INTANGIBLE ASSETS (CONTINUED)

WITCHERY GROUP AND POLITIX (CONTINUED)

	2023 Rm	2022 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	231	143
	731	643
POLITIX		
GOODWILL		
Arising on acquisition	513	513
Foreign exchange rate differences since acquisition	109	34
	622	547
BRANDS		
Arising on acquisition	206	206
Foreign exchange rate differences since acquisition	44	14
	250	220

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 2.0% and 24.0% (2022: between 1.5% and 33.2%).

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 60.1% and 80.1% (2022: between 61.2% and 79.6%).

Discount rates: discount rates range from 10.7% to 14.5% (2022: 10.0% to 11.0%) 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% (2022: 2.0%).

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:

	2023 Rm	2022 Rm
GOODWILL		
South Africa	397	397
Botswana	192	192
Namibia	80	80
Rest of Africa	162	162
Accumulated impairment	(50)	(45)
Foreign exchange rate differences since acquisition	62	(28)
	843	758

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:

The 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 13.7% and 15.1% (2022: 9.3% and 14.8%) The Group's WACC is 13.7% (2022: 12.1%).

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 34.9% and 50.2% (2022: 34.7% and 49.0%).

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 21.3% and 41.0% (2022: 17.8% and 40.6%).

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 4.6% and 8.3% (2022: 5.0% and 6.9%).

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 three and 15 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
2022				
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
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

10. RIGHT-OF-USE ASSETS (CONTINUED)

	Land and buildings Rm	Furniture, fittings, equipment and motor vehicles Rm	Computer equipment Rm	Total Rm
2023				
Current year movements:				
Additions	1 177	178	15	1 370
Terminations – cost	(153)	(13)	–	(166)
Terminations – accumulated depreciation	131	12	–	143
Depreciation	(2 098)	(52)	(10)	(2 160)
Impairment	(53)	–	–	(53)
Remeasurements	1 324	3	–	1 327
Disposal of subsidiary - cost	(16 683)	–	–	(16 683)
Disposal of subsidiary - accumulated depreciation	3 286	–	–	3 286
Disposal of subsidiary - accumulated impairment	1 026	–	–	1 026
Foreign exchange rate differences	1 664	–	–	1 664
Balance at June 2023	8 452	178	15	8 645
Made up as follows:				
Cost	13 649	336	33	14 018
Accumulated depreciation	(5 202)	(158)	(18)	(5 378)
Accumulated impairment	5	–	–	5
Net book value at June 2023	8 452	178	15	8 645

An impairment charge has been recognised for right-of-use assets of R53 million (2022: R84 million). Discount rates between 10.7% and 13.7% (2022: 10.0% and 13.03%) 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 (presented as a discontinued operation) 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

	2023 Rm	2022 Rm
Housing and other employee loans	11	6
Balance outstanding at the beginning of the year	6	12
Loans granted during the year	5	–
Loans repaid during the year	–	(6)
Enterprise development loans and other	40	86
Closing balance	61	96
Provision for impairment	(21)	(10)
	51	92

Housing loans bear interest at prime less 2.0% (2022: 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 8.25% to 11.75% (2022: 3.5% to 8.0%).

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

	2023 Rm	Restated 2022 Rm
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	3 325	3 533
Amounts debited to profit or loss	(37)	(152)
Property, plant and equipment	(151)	51
Prepayments	16	(5)
Working capital and provisions	206	(236)
Post-retirement medical benefit liability	4	–
Share-based payments	14	18
Assessed losses	(49)	70
Intangible assets	(8)	3
Financial instruments	1	–
Right-of-use assets	(243)	511
Lease liabilities	173	(564)
Amounts credited/(debited) directly to other comprehensive income	268	(58)
Foreign currency translation reserve adjustment	241	72
Financial instrument revaluation reserve adjustment	34	(125)
Post-retirement medical benefit liability – actuarial gain	(7)	(5)
Amounts debited directly to equity	31	15
Share-based payments reserve	31	15
Disposal of subsidiary	(2 552)	–
Deferred tax asset relating to foreign losses	(20)	(13)
Balance at the end of the year	1 015	3 325
Deferred tax asset	1 040	3 328
Deferred tax liability	(25)	(3)
Net deferred tax (liability)/asset	1 015	3 325

Due to the uncertainty of probable future taxable income in certain Group entities, the Group has unrecognised deferred tax assets of R79 million (2022: R98 million), arising from remaining assessed losses.

The Group has unrecognised deferred tax assets of R5 544 million (2022: nil) relating to assessed capital losses, which arose in Australia on the disposal of the discontinued operation. These capital losses were determined with reference to the tax base of the discontinued operation and the disposal proceeds, which may be utilised against future capital gains in Australia, with no expiry date.

	2023 Rm	Restated 2022 Rm
Comprising:		
Property, plant and equipment	(43)	325
Prepayments	(3)	(18)
Working capital and provisions	442	808
Post-retirement medical benefit liability	94	97
Share-based payments	182	137
Assessed losses	5	63
Intangible assets	(309)	(206)
Financial instruments	(35)	(76)
Right-of-use assets	(2 461)	(5 620)
Lease liabilities	3 143	7 815
	1 015	3 325

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 R5 million (2022: R63 million) in respect of assessed 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.

13. INVENTORIES

	2023 Rm	2022 Rm
Merchandise, net of provision	7 064	8 705
Consumables	8	4
	7 072	8 709
Movements in the provision for shrinkage, obsolescence and mark-down were as follows:		
Balance at the beginning of the year	(321)	(332)
Net charge for the year	(744)	(400)
Unused amounts reversed	764	413
Disposal of subsidiary	89	–
Foreign exchange rate differences	(18)	(2)
Balance at the end of the year	(230)	(321)

14. TRADE AND OTHER RECEIVABLES

	2023 Rm	2022 Rm
CURRENT		
Trade receivables and other receivables[1]	1 653	1 710
Less: Provision for expected credit losses	(5)	(7)
Total trade receivables and other receivables	1 648	1 703
Other receivables include:		
Disposal consideration receivable (refer to note 30)	219	–
Prepayments	261	393
Right of return asset	17	65
Investment in Cell Captive	30	32
	527	490
Movements in the expected credit losses of trade and other receivables were as follows:		
Balance at the beginning of the year	(7)	(5)
Charge for the year	(22)	(4)
Unused amounts reversed	3	1
Transfer to other loans (refer to note 11)	21	1
Balance at the end of the year	(5)	(7)

	June 2023			June 2022		
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	1 265	0.2%	2	1 124	0.2%	2
61 – 90 days	12	–	–	11	–	–
91 – 120 days	18	–	–	11	0.0%	–
121+ days	70	4.3%	3	80	6.3%	5
	1 365		5	1 226		7

1 Trade and other receivables comparative information has been split between Prepayments, Right of Return Asset and Investment in Cell Captive to better reflect the nature of the items.

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. 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 R17 million (2022: R65 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 credit-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

	2023 Assets Rm	2023 Liabilities Rm	2022 Assets Rm	2022 Liabilities Rm
NON-CURRENT				
Forward exchange contracts held as hedging instruments	–	–	32	–
Interest rate derivatives held as hedging instruments – cash flow hedges	50	–	24	–
	50	–	56	–
CURRENT				
Forward exchange contracts held as hedging instruments	249	21	302	43
Forward exchange contracts not hedge-accounted	4	9	12	2
Interest rate derivatives held as hedging instruments – cash flow hedges	–	–	–	8
	253	30	314	53

FORWARD EXCHANGE CONTRACTS

The notional principal amount of the outstanding contracts at year-end amounts to R7 120 million (2022: R7 732 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 (2022: R2 000 million). This comprises hedges on the South African term debt of R5 763 million (2022: R5 063 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

	2023 Rm	2022 Rm
STATED CAPITAL		
Balance at the beginning of the year	10 830	11 465
Nil (2022: 2 106 541) ordinary shares issued in terms of share incentive schemes	–	124
49 338 535 (2022: 14 049 287) ordinary shares repurchased and cancelled	(3 081)	(759)
Balance at the end of the year	7 749	10 830
AUTHORISED		
2 410 600 000 (2022: 2 410 600 000) ordinary shares of no par value	–	–
	–	–
ISSUED (EXCLUDING TREASURY SHARES)		
896 019 026 (2022: 945 727 743) ordinary shares of no par value	–	–
	–	–

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE

	Number of shares 2023	2022
Balance at the beginning of the year	945 727 743	956 676 942
Shares purchased from the market and held as treasury shares in terms of the Restricted Share Plan	(1 807 647)	(919 267)
Shares sold in terms of the Restricted Share Plan	54 231	557 444
Shares allocated in terms of the Restricted Share Plan	1 383 234	1 355 370
Shares issued in terms of share incentive schemes	–	2 106 541
Shares repurchased and cancelled	(49 338 535)	(14 049 287)
Balance at the end of the year	896 019 026	945 727 743

1 807 647 (2022: 919 267) ordinary shares totalling R117 million (2022: R54 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. 54 231 (2022: 557 444) ordinary shares totalling R4 million (2022: R35 million) were sold to the market in terms of the Group's Restricted Share Plan. The shares were sold to the market as a result of employee forfeitures, after failing to satisfy vesting conditions. 1 383 234 (2022: 1 355 370) ordinary shares totalling R68 million (2022: R74 million) previously purchased were allocated to employees in terms of the Group's Restricted Share Plan.

In the prior period, 2 106 541 ordinary shares totalling R124 million were issued and allocated to employees in terms of the Group's Performance Share Plan.

13 363 149 (2022: 14 049 287) ordinary shares totalling R741 million (2022: R759 million) were repurchased from the open market on the JSE and cancelled in July 2022, at an average price of R55.34 per share, concluding the R1.5 billion share repurchase that commenced in the prior year. In addition, 14 475 386 and 21 500 000 (2022: nil) ordinary shares totalling R953 million and R1 387 million, respectively (2022: nil) were repurchased from the open market on the JSE, at an average price of R65.62 and R64.33 per share, respectively, concluding the implementation of two further share repurchases.

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 R117 million in the current year (2022: R54 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 %
17 September 2020; 26 August 2021; 06 December 2021; 01 April 2022; 01 September 2022	–	100	–	–
23 August 2018; 20 February 2020; 17 September 2020; 04 November 2020; 01 March 2021; 17 May 2021; 01 June 2021; 26 August 2021; 02 March 2022; 01 June 2022; 01 September 2022; 01 December 2022; 01 March 2023	–	25	25	50
01 June 2020; 17 September 2020; 01 June 2023	–	50	25	25

	Number of shares 2023	2022
SHARES GRANTED TO PARTICIPANTS		
Balance at the beginning of the year	8 045 276	9 038 823
Purchased	1 807 647	919 267
Vested	(1 383 234)	(1 355 370)
Forfeited	(54 231)	(557 444)
Balance at the end of the year	8 415 458	8 045 276
Market value per share at the end of the year (rands)	70.37	57.19
Percentage of shares vested at the end of the year	17.2%	15.0%
Weighted average price per share purchased (rands)	64.45	58.74
Number of participants on RSP	111	95

16. STATED CAPITAL (CONTINUED)

SHARE INCENTIVE SCHEMES (CONTINUED)

Period of offer	Number of shares 2023	2022	Fair value at grant date
01 September 2017 and 01 September 2022	–	23 340	59.99
22 February 2018 and 22 February 2023	–	19 302	64.76
01 March 2018 and 01 March 2023	–	11 582	64.76
16 May 2018 and 16 May 2023	–	57 186	56.62
23 August 2018 and 24 August 2023	1 565 815	2 367 256	54.26
20 February 2020 and 20 February 2025	1 143 613	26 167	46.80
01 June 2020 and 01 June 2025	87 586	1 524 815	37.87
17 September 2020 and 17 September 2025	638 391	175 172	34.25
17 September 2020 and 17 September 2023	1 334 780	638 391	35.05
04 November 2020 and 04 November 2025	722 181	1 334 780	35.05
25 February 2021 and 25 February 2026	–	722 181	50.58
01 March 2021 and 01 March 2026	59 317	29 659	50.58
17 May 2021 and 17 May 2026	35 661	59 317	50.58
01 June 2021 and 01 June 2026	101 200	35 661	51.88
26 August 2021 and 26 August 2026	122 843	101 200	51.88
26 August 2021 and 26 August 2024	390 491	122 843	61.85
06 December 2021 and 06 December 2024	245 151	390 491	61.85
02 March 2022 and 02 March 2027	66 052	245 151	53.72
01 April 2022 and 01 April 2025	54 237	66 052	55.80
01 June 2022 and 01 June 2027	40 493	54 237	59.00
01 September 2022 and 01 September 2027	1 148 530	40 493	54.33
01 September 2022 and 01 September 2025	404 484	–	63.55
01 December 2022 and 01 December 2027	60 315	–	69.64
01 March 2023 and 01 March 2028	150 652	–	71.83
01 June 2023 and 01 June 2028	43 666	–	64.12
Balance at the end of the year	8 415 458	8 045 276	

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 the share schemes granted in the 2021 financial year are weighted between adjusted headline earnings per share (aHEPS) growth (25%), relative aHEPS growth (25%) return on capital employed (ROCE) (25%) and cash flow conditions (25%). The performance conditions applicable to the grants in the 2022 financial year are weighted between aHEPS growth (30%), relative aHEPS growth (30%) and ROCE (40%). The performance conditions applicable to the grants in the 2023 financial year are weighted between aHEPS growth (40%), ESG measure (20%) and ROCE (40%).

The performance conditions, with the exception of ESG, have a threshold for 30% vesting and a target for 100% vesting. ESG has a target for 100% vesting only. All other performance conditions have vesting on a linear scale in accordance with an agreed threshold and target.

In accordance with the plan rules and the JSE Limited Listing Requirements, the directors have adjusted the number of unvested awards issued in terms of the PSP, to reflect the repurchase of ordinary shares by the Company to place participants in such a position that they are entitled to the same proportion of the issued stated capital of the Company as that to which they were previously entitled to, prior to the repurchase. The scheme allocation, as well as the maximum award to any one participant specified in the trust deed, have also been adjusted accordingly. All unvested awards have been reduced by the commensurate percentages as illustrated in the table below:

	Number of awards 2023	2022
AWARDS GRANTED TO PARTICIPANTS		
Balance at the beginning of the year	14 743 055	14 867 689
Granted and back-dated dividends	6 128 305	4 884 594
Reduction as a result of share repurchase	(902 826)	–
Exercised	(3 425 474)	(2 106 541)
Forfeited	(3 302 817)	(2 902 687)
Balance at the end of the year	13 240 243	14 743 055
Weighted average market price per award exercised (rands)	57.09	58.98
Number of participants on PSP	768	816

Period of offer	Number of awards 2023	2022	Fair value at grant date
29 August 2019 and 29 August 2022	–	1 481 545	51.78
29 August 2019 and 29 August 2022[1]	–	1 205 657	51.78
29 August 2019 and 29 August 2022[2]	–	841 954	51.78
20 February 2020 and 20 February 2023[1]	–	93 291	43.95
20 February 2020 and 20 February 2023[2]	–	121 756	43.95
17 September 2020 and 17 September 2023	2 310 192	2 870 171	35.18
17 September 2020 and 17 September 2023[1]	1 556 001	1 776 600	35.18
17 September 2020 and 17 September 2023[2]	1 027 923	1 651 062	35.18
25 February 2021 and 25 February 2024	48 645	51 774	45.84
25 February 2021 and 25 February 2024[1]	46 203	49 175	45.84
25 February 2021 and 25 February 2024[2]	82 548	99 073	45.84
26 August 2021 and 26 August 2024	1 541 445	1 964 890	59.79
26 August 2021 and 26 August 2024[1]	1 080 656	1 219 863	59.79
26 August 2021 and 26 August 2024[2]	691 491	1 125 893	59.79
02 March 2022 and 02 March 2025[1]	67 744	72 099	50.52
02 March 2022 and 02 March 2025[2]	94 817	118 252	50.52
01 September 2022 and 01 September 2025	1 914 339	–	54.73
01 September 2022 and 01 September 2025[1]	1 489 976	–	54.73
01 September 2022 and 01 September 2025[2]	1 111 568	–	54.73
01 March 2023 and 01 March 2026	29 946	–	78.48
01 March 2023 and 01 March 2026[1]	26 193	–	78.48
01 March 2023 and 01 March 2026[2]	120 556	–	78.48
Balance at the end of the year	13 240 243	14 743 055	

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

DIRECTORS' INTEREST IN SHARES

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

17. RESERVES

	2023 Rm	2022 Rm
NON-DISTRIBUTABLE RESERVE		
Foreign currency translation reserve		
Balance at the beginning of the year	808	637
Exchange differences on translation of foreign subsidiaries	1 184	171
Reclassification to profit or loss on disposal of subsidiary	(92)	–
Balance at the end of the year	1 900	808
DISTRIBUTABLE RESERVES		
Share-based payment reserve		
Balance at the beginning of the year	550	413
Share-based payments arising from the Group's share incentive schemes	101	137
Share-based payments expense for the year	296	309
Tax on share-based payments recognised in equity	34	18
Settlement of share-based payments	(225)	(74)
Transfer between reserves	(4)	(116)
Balance at the end of the year	651	550
Financial instrument revaluation reserve		
Balance at the beginning of the year	262	(175)
Fair value adjustments on financial instruments	545	704
Tax on fair value adjustments on financial instruments	15	(159)
Transfer of Financial Instrument revaluation reserve to inventories	(577)	(108)
Reclassification to profit or loss on disposal of subsidiary	(31)	–
Tax effects on reclassification of financial instrument revaluation reserve	7	–
Balance at the end of the year	221	262
Retained profit/(accumulated loss)	3 176	984
Company	5 715	1 090
Arising on consolidation of subsidiaries	(2 539)	(106)
Total distributable reserves	4 048	1 796

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

	2023 Rm	2022 Rm
NON-CURRENT		
Long-term loans	5 050	4 813
	5 050	4 813
CURRENT		
Current portion of long-term loans	713	250
Overdrafts	281	33
	994	283

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 R2.5 billion (2022: R2.7 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$52 million (2022: A$74.0 million) for Country Road Group (CRG) are secured by Real Property Mortgages and a General Security Deed over the assets of CRG. At year-end, the facilities are undrawn.

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:

	2023 Rm	2022 Rm
Financial year 2024	713	250
Financial year 2025	2 600	713
Financial year 2026	1 950	2 600
Financial year 2027 and onwards	500	1 500
	5 763	5 063

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

	2023 Rm	2022 Rm
NON-CURRENT		
Lease liabilities	9 267	24 220
	9 267	24 220
CURRENT		
Lease liabilities	1 735	2 564
	1 735	2 564
The maturity profile of lease liabilities is as follows:		
Within one year	2 634	4 046
Within two to five years	8 744	13 372
Thereafter	3 072	19 019
	14 450	36 437

The maturity profile represents undiscounted payments on the lease liabilities.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Cash flows			Non-cash changes					
	2022 Rm	Raised Rm	Principal portion repaid Rm	Finance costs paid* Rm	Additions Rm	Amortised cost Rm	Lease modifi-cations and rental relief/fair value changes Rm	Foreign exchange movement Rm	Derecog-nition due to disposal of subsidiary Rm	2023 Rm
Long-term loans (refer to note 18)	5 063	3 400	(2 700)	–	–		–	–	–	5 763
Lease liabilities	26 784	–	(2 592)	(1 440)	1 508	1 440	1 180	2 365	(18 243)	11 002
	31 847	3 400	(5 292)	(1 440)	1 508	1 440	1 180	2 365	(18 243)	16 765
	2021 Rm	Rm		Rm	Rm	Rm	Rm	Rm	Rm	2022 Rm
Long-term loans (refer to note 18)	6 500	–	(1 437)	–	–		–	–	–	5 063
Lease liabilities*	27 194	–	(2 741)	(1 501)	408	1 501	1 397	526	–	26 784
	33 694	–	(4 178)	(1 501)	408	1 501	1 397	526	–	31 847

* Finance costs paid is presented as operating activities.

20. TRADE AND OTHER PAYABLES

	2023 Rm	2022 Rm
NON-CURRENT		
Other payables	–	73
	–	73
CURRENT		
Trade payables	4 463	5 558
Other payables	88	863
Contract liability*	336	220
Other accruals	2 602	2 819
Employee related accruals*	496	520
Indirect taxes payable*	274	231
	8 259	10 211

* Comparative information has been restated to disaggregate other payables into contract liability, employee related accruals and indirect taxes payable to better reflect the nature of the items.

Trade and other payables are interest-free and have payment terms of up to 45 days. The carrying value of trade and other payables approximates their fair value.

Contract liability relates to the sale of gift cards. The liability is initially recognised at the point of sale of gift cards, deferring the revenue, and subsequently recognised as sale of merchandise when the gift cards are redeemed. The movement in the liability comprises an additional R1 109 million raised for gift card sales, R951 million redeemed and R54 million breakage recognised as revenue during the year, including R13 million foreign exchange movements.

21. RETIREMENT BENEFIT INFORMATION

Woolworths permanent employees under the age of 63 (2022: 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 2022, confirmed the fund's financial soundness. The annual review, as at 28 February 2023, is in the process of being completed and will be available during September 2023.

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.

Total Group contributions are charged to profit or loss as incurred and amounted to R962 million (2022: R893 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 (2022: nil). The discount rate used to value the liability at year-end is 13.3% (2022: 11.3%) per annum.

At year-end, the accrued liability amounted to R350 million (2022: R359 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.

21. RETIREMENT BENEFIT INFORMATION (CONTINUED)

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

	2023 Rm	2022 Rm
Funding liability at the beginning of the year	359	363
Current service cost	2	3
Interest on obligation	39	38
Employer contributions	(26)	(25)
Actuarial gain before tax	(24)	(20)
Funding liability at the end of the year	350	359

	2023 Rm	2022 Rm	2021 Rm	2020 Rm	2019 Rm
Funding liability	350	359	363	354	369
Funding deficit	350	359	363	354	369
Actuarial gain before tax	(24)	(20)	(5)	(30)	(21)

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

	2023 Rm	2022 Rm
Within 12 months	31	29
Between one and five years	180	166
Between five and 10 years	254	222
Beyond 10 years	321	269
Total expected payments	786	686

A 1.0 percentage point increase or decrease in the assumed medical inflation rate of 10.0% (2022: 8.7%) would have the following effect:

2023			
Medical inflation assumption	10.0%	9.0%	11.0%
Service cost for the year ended June 2023	2	2	3
Interest cost for the year ended June 2023	39	41	49
Accrued liability at June 2023	350	321	383
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

A 0.5 percentage point increase or decrease in the discount rate of 13.3% (2022: 11.3%) would have the following effect:

2023			
Discount rate assumption	13.3%	12.8%	13.8%
Accrued liability at June 2023	350	365	336
2022			
Discount rate assumption	11.3%	10.8%	11.8%
Accrued liability at June 2022	359	376	343

A one-year increase or decrease in the retirement age of 63 (2022: 63) would have the following effect:

2023			
Retirement age assumption	63	62	64
Accrued liability at June 2023	350	361	340
2022			
Retirement age assumption	63	62	64
Accrued liability at June 2022	359	363	355

22. PROVISIONS

	Leave pay Rm	Employee benefits Rm	Sales returns and other Rm	Total 2023 Rm	Total 2022 Rm
NON-CURRENT					
Balance at the beginning of the year	223	124	65	412	361
Raised/transferred	74	3	–	77	214
Utilised	(167)	–	–	(167)	(169)
Derecognition due to disposal of subsidiary	–	(52)	(71)	(123)	–
Foreign exchange rate differences	–	16	6	22	6
Balance at the end of the year	130	91	–	221	412
CURRENT					
Balance at the beginning of the year	429	486	345	1 260	1 308
Raised/transferred	600	917	193	1 710	1 357
Utilised	(491)	(306)	(236)	(1 033)	(1 294)
Derecognition due to disposal of subsidiary	(238)	(291)	(114)	(643)	–
Foreign exchange rate differences	45	(222)	32	(145)	(111)
Balance at the end of the year	345	584	220	1 149	1 260

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 R86 million (2022: R174 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).

A provision of R38 million (2022: R144 million) for store closure costs has been recognised for stores leased by the Group. The timing and amount of the provision is uncertain due to estimation involved in the costs to cover the restorations at the end of the lease. The amount of the provision is estimated based on the expected value to restore the site.

The provision comprises an additional R24 million (2022: R50 million) raised and R37 million (2022: R72 million) utilised in the current year for store closures, including R6 million (2022: R4 million) of foreign exchange movements. The impact of discounting is considered immaterial. The current portion is R38 million (2022: R80 million) and nil (2022: R64 million) is non-current.

23. CAPITAL COMMITMENTS

	2023 Rm	2022 Rm
Commitments in respect of capital expenditure not accrued at the reporting date:		
Contracted for	1 655	1 364
Not contracted for	1 504	1 799
	3 159	3 163

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 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
2023				
FORWARD EXCHANGE CONTRACTS				
US dollar	373	6 767	18.36	228
British pound	–	5	23.50	–
Euro	7	143	20.69	(1)
Chinese Yuan	69	184	2.65	(3)
Other currencies	2	21	1.00	(1)
		7 120		223
TRADE PAYABLES				
US dollar (closing rate)	45	833	17.73	(44)
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)

At year-end, the Group held 1 266 (2022: 1 169) forward exchange contracts in order to hedge expected future purchases from suppliers outside South Africa, to which the Group has firm commitments. Of these, 1 191 (2022: 1 064) are designated cash flow hedges in an effective hedging relationship.

The remaining 75 (2022: 105) forward exchange contracts are not designated as cash flow hedges. At year-end, an unrealised loss of R14 million (2022: R23 million) was recognised in profit or loss in respect of these forward exchange contracts.

The cash flow hedges resulted in a net unrealised gain of R205 million (2022: R266 million), with a related deferred tax liability of R60 million (2022: R80 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		Closing rate	
	2023	2022	2023	2022
US dollar/rand	17.73	15.20	18.72	15.91
Australian dollar/rand	11.93	11.00	12.50	10.99

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
2023			
US DOLLAR			
Foreign creditors	+5	42	–
	–5	(42)	–
Forward exchange contracts	+5	(16)	(318)
	–5	16	318
2022			
US DOLLAR			
Foreign creditors	+5	25	–
	–5	(25)	–
Forward exchange contracts	+5	(146)	(395)
	–5	146	395

TRANSLATION RELATED 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.

	2023 Rm	2022 Rm
The Group has unhedged interests in foreign subsidiaries of:		
Australian dollar	12 410	9 872

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

A change in the Group's material translation related 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 translation related 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
2023		
Australian dollar	+5	(621)
	–5	621
2022		
Australian dollar	+5	(494)
	–5	494

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.

	2023 Rm	2022 Rm
Foreign cash and cash equivalent balances/(overdrafts) are concentrated in the following major currencies:		
US dollar	31	(12)
Australian dollar	1 523	3 664
	1 554	3 652

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
2023		
Australian dollar	+5	(76)
	–5	76
2022		
Australian dollar	+5	(183)
	–5	183

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.

The Group entered into long-term debt with the interest payable linked to various floating interbank rates. At year-end, the Group had hedged approximately 35% (2022: 40%) 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
2023			
SOUTH AFRICA			
Interest-bearing borrowings	+50	29	–
	–50	(29)	–
Interest rate derivatives	+50	–	(18)
	–50	–	18
Cash and cash equivalents	+50	(5)	–
	–50	5	–
AUSTRALIA			
Cash and cash equivalents	+10	17	–
	–10	(17)	–
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	–

At year-end, the South African prime interest rate was 11.75% (2022: 8.25%). JIBAR was 8.492% (2022: 4.975%). The Australian prime interest rate was 4.10% (2022: 0.85%).

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

	2023 Rm	2023 Effective interest rate %	2022 Rm	2022 Effective interest rate %
INTEREST-BEARING BORROWINGS				
Long-term loans	5 763	9.2	5 063	6.2
Overdrafts	281	1.0 - 8.1	33	2.9 - 7.0
% 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
2023					
Long-term loans	–	250	463	5 050	–
Overdrafts	–	281	–	–	–
2022					
Long-term loans	–	–	250	4 813	–
Overdrafts	–	33	–	–	–

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.

	2023		2022	
	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)	5 763	1.6	5 063	2.4

The notional principal amount of the interest rate derivatives at year-end amounts to R2 000 million (2022: R2 000 million), of which R2 000 million (2022: 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.

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	2023 Rm	Rating	2022 Rm
FINANCIAL ASSETS				
Other loans	High grade	30	High grade	35
Trade and other receivables	High grade	1 361	High grade	1 219
Enterprise development loans	Low grade	20	Low grade	29
Derivative financial instruments*	High grade	303	High grade	370
Cash and cash equivalents*	High grade	3 577	High grade	5 374

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.

	2023 Rm	2022 Rm
BANKING AND DEBT FACILITIES		
Total banking and debt facilities	12 501	13 013
Less: Portion utilised	(6 047)	(5 125)
Total undrawn banking and debt facilities	6 454	7 888
Made up as follows:	6 454	7 888
Committed	6 371	7 730
Uncommitted	83	158

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
2023					
Interest-bearing borrowings*	–	388	851	5 456	–
Forward exchange contracts	–	1 162	2 666	–	–
Interest rate derivatives	–	–	–	–	–
Trade and other payables	2 046	5 182	280	209	–
Overdrafts	–	281	–	–	–
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	–	–	–

* 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:

	Note	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
2023						
ASSETS						
Other loans	11	51	–	–	–	51
Trade and other receivables	14	1 331	30	–	287	1 648
Derivative financial instruments	15	–	4	299	–	303
Cash and cash equivalents	28.4	3 577	–	–	–	3 577
		4 959	34	299	287	5 579

	Note	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
2023						
LIABILITIES						
Interest-bearing borrowings	18	6 044	–	–	–	6 044
Trade and other payables	20	7 497	–	–	762	8 259
Derivative financial instruments	15	–	9	21	–	30
		13 541	9	21	762	14 333

	Note	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

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.5 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	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

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
2023					
Loans and receivables	–	141	–	–	141
Financial liabilities at amortised cost	–	–	(623)	–	(623)
Financial instruments at fair value through profit or loss	14	–	–	–	14
Financial instruments at fair value through other comprehensive income	545	–	–	–	545
	559	141	(623)	–	77
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

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:

	2023 Rm	2022 Rm
Forward exchange contracts	517	1 056
Interest rate derivatives	28	73
Reclassified to non-financial assets	(577)	(108)
Reclassified to profit or loss	(31)	(425)
	(63)	596

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 2023 Rm	Carrying amount 2022 Rm	Fair value 2023 Rm	Fair value 2022 Rm
FINANCIAL ASSETS					
Derivative financial instruments					
Forward exchange contracts	Level 2	253	346	253	346
Interest rate derivatives	Level 2	50	24	50	24
FINANCIAL LIABILITIES					
Derivative financial instruments					
Forward exchange contracts	Level 2	30	45	30	45
Interest rate derivatives	Level 2	–	8	–	8

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.

	2023	2022
Return on equity	39.9%	36.3%

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

	2023 Rm	2022 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)
Dividend no. 49 of 149.0 cents per share was declared on 30 August 2022 and paid on 19 September 2022	1 527	–
Less: Dividend received on treasury shares	(126)	–
Dividend no. 50 of 158.5 cents per share was declared on 28 February 2023 and paid on 20 March 2023	1 601	–
Less: Dividend received on treasury shares	(133)	–
Total net dividends paid	2 869	1 417

Dividend no. 51 of 154.5 cents per share was declared on 29 August 2023.

28. CASH FLOW INFORMATION

	2023 Rm	2022 Rm
28.1 CASH INFLOW FROM TRADING		
Profit before tax from:		
Continuing operations	5 372	4 892
Discontinued operation	1 350	298
Profit before tax including discontinued operation	6 722	5 190
Investment income	(182)	(67)
Earnings from joint ventures	(102)	(165)
Depreciation and amortisation	3 676	4 441
Net loss on disposal of property, plant and equipment and intangible assets	29	32
Impairment of property, plant and equipment, intangible assets and right-of-use assets	78	121
Profit on disposal of discontinued operation	(371)	–
Finance costs	2 080	1 953
Movement in other provisions and post-retirement medical benefit liability	118	255
Share-based payments	296	309
Rent relief and IFRS 16 lease exit and modification gains	24	(473)
Foreign exchange loss/(gain)	59	(93)
Net inflow from trading	12 427	11 503
28.2 WORKING CAPITAL MOVEMENTS		
Increase in inventories	(2 392)	(359)
Increase in trade and other receivables	(80)	(290)
Increase in trade and other payables and other provisions	1 420	748
Net (outflow)/inflow	(1 052)	99
28.3 TAX PAID		
NORMAL AND FOREIGN TAX		
Amounts owing at the beginning of the year (net)	(2)	(342)
Amounts charged to profit or loss	(1 606)	(1 321)
Amounts recognised in other comprehensive income	(6)	(25)
Amounts recognised in share-based payments reserve	3	3
Foreign tax credit	37	27
Foreign currency translation reserve	2	(17)
Other	2	–
Amounts receivable at the end of the year	(43)	(26)
Amounts owing at the end of the year	126	28
Amount paid	(1 487)	(1 673)

28.4 NET CASH AND CASH EQUIVALENTS

	2023 Rm	2022 Rm
Local - variable interest rates of 0% to 7.25% (2022: 0% to 5.5%)	2 069	1 600
Foreign - variable interest rates of 3.1% to 4.5% (2022: 0% to 1.0%)	1 508	3 774
Cash and cash equivalents	3 577	5 374
Overdrafts and overnight borrowings - variable interest rates of 9.35% to 9.60%	(253)	–
Foreign overdrafts - variable interest rates of 0.95% to 8.07% (2022: 2.9% to 7.0%)	(28)	(33)
Net cash and cash equivalents	3 296	5 341

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:

	2023 Rm	2022 Rm
ASSETS		
Current assets, including cash and cash equivalents of R500 million (2022: R324 million)	9 881	8 602
Non-current assets	4 044	3 629
	13 925	12 231
LIABILITIES		
Current liabilities, including financial liabilities of R329 million (2022: R396 million)	(357)	(422)
Non-current liabilities, including financial liabilities of R11 412 million (2022: R9 887 million)	(11 502)	(9 943)
	(11 859)	(10 365)
EQUITY	2 066	1 866
Group carrying amount of investment in WFS	1 033	933
Group carrying amount of investment in Nedglen	14	12
Total investment in joint ventures	1 047	945
Summarised Statement of Comprehensive Income:		
Revenue (including gross interest income of R2 561 million (2022: R1 854 million), offset by finance costs of R848 million (2022: R452 million) and non-interest revenue of R1 009 million (2022: R865 million))	2 722	2 267
Operating costs (including depreciation of R52 million (2022: R48 million) and impairment charge of R1 078 million (2022: R614 million))	2 406	1 811
Profit before tax	316	456
Tax	114	128
Total comprehensive income	202	328
Group proportionate share	101	164
Group proportionate share of Nedglen profits	1	1
Earnings from joint ventures	102	165
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. DISCONTINUED OPERATION

On 27 March 2023, the Group disposed of its entire shareholding in its Australian subsidiary, David Jones, to Anchorage Capital Partners, an Australian private equity fund. As part of the transaction, WHL has retained ownership of the flagship property asset in Bourke Street, Melbourne, which has been leased to David Jones on a long-term basis on market-related terms. A transitional services agreement will remain in place for a period of time to ensure an orderly separation of David Jones from the Group.

The legal completion of the sale was successfully concluded on 27 March 2023, with the receipt of an initial purchase consideration of R910 million (A$75 million) in cash. The final consideration amount of R219 million (A$17.5 million) was contingent on the finalisation of the completion accounts, in accordance with the Share Sale and Purchase Agreement ("SSA"), at the effective date, and which was concluded on 24 August 2023. A receivable for the final consideration has been raised and is measured at its transaction price, which best represents its fair value in accordance with IFRS 13 Fair Value Measurement. This brings the total proceeds on disposal to R1 129 million (A$92.5 million). The determination of the profit on disposal of David Jones has been based on the total purchase consideration, less costs to sell, being costs directly attributable to the disposal of the investment, in accordance with IFRS 5 Non-current Assets Held for Sale.

RESULTS OF THE DISCONTINUED OPERATION

The comparative Group Statement of Comprehensive Income has been restated to disclose the discontinued operation separately from continuing operations.

The Group has disclosed a single amount of post-tax profit or loss from the discontinued operation in the Group Statement of Comprehensive Income, together with the profit on disposal, and has analysed the single amount below.

	39 weeks to 27 Mar 2023 Rm	52 weeks to 26 Jun 2022 Rm
Turnover	13 399	14 705
Cost of sales	7 811	8 744
Gross profit	5 588	5 961
Other revenue	1 732	1 805
Expenses	5 747	6 691
Net finance costs	594	777
Profit before tax	979	298
Tax expense	194	85
Profit after tax	785	213
Profit on disposal of discontinued operation, net of tax	411	–
Profit from discontinued operation, net of tax	1 196	213
Earnings per share (cents)	129.9	22.2
Diluted earnings per share (cents)	127.8	21.9

The profit on disposal of the discontinued operation, net of tax is attributable to the shareholders of the parent only and is calculated as follows:

	39 weeks to 27 Mar 2023 Rm
Proceeds on disposal of subsidiary	1 129
Costs to sell	(176)
Proceeds on disposal of subsidiary, net of costs to sell	953
Carrying amount of net assets sold	(698)
Profit on disposal before income tax on gain and reclassification of other comprehensive income gains/losses, net of tax	255
Income tax deduction on costs to sell	40
Reclassification to profit or loss of other comprehensive income of discontinued operation, net of tax	116
Reclassification of foreign currency translation reserve	92
Reclassification of financial instrument revaluation reserve	31
Tax effects on reclassification of financial instrument revaluation reserve	(7)
Profit on disposal of discontinued operation, net of tax	411

CASH FLOWS OF DISCONTINUED OPERATION

The Group has elected to present a Group Statement of Cash Flows that includes an analysis of all cash flows in total, i.e. including both continuing operations and the discontinued operation. Amounts relating to operating, investing and financing activities of the discontinued operation are presented below.

	39 weeks to 27 Mar 2023 Rm	52 weeks to 26 Jun 2022 Rm
Net cash inflow from operating activities	1 372	641
Net cash outflow from investing activities	(92)	(374)
Net cash outflow from financing activities	(1 431)	(1 038)
Decrease in cash and cash equivalents	(151)	(771)

SUMMARY OF ASSETS AND ASSOCIATED LIABILITIES DISPOSED

	At 27 Mar 2023 Rm
Property, plant and equipment and intangibles assets	3 157
Right-of-use assets	12 371
Inventories	3 738
Receivables, derivatives and loans	240
Tax and deferred tax assets	2 552
Cash and cash equivalents	884
Total assets disposed	22 942
Lease liabilities	18 243
Payables, derivatives and provisions	4 001
Total liabilities associated with assets disposed	22 244
Disposal consideration received in cash	910
Cash and cash equivalents disposed of	(884)
Net cash inflow from disposal of subsidiary	26

31. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 24 August 2023, the completion accounts process (refer to note 30) was concluded, resulting in the recognition of a final consideration of R219 million (A$17.5 million). The conclusion of the completion accounts process, which began during June 2023, is considered an adjusting event after the reporting period, pursuant to IAS 10 Events after the Reporting Period.

On 29 August 2023, the Board declared a final gross cash dividend of 154.5 cents (123.6 cents net of dividend withholding tax) (2022: 149.0 cents) for the 52 weeks ended 25 June 2023 to ordinary shareholders recorded at close of business on Friday, 22 September 2023, to be paid on Tuesday, 26 September 2023.

32. SEGMENTAL INFORMATION

32.1 PRIMARY SEGMENTATION BASED ON NATURE OF BUSINESS AND RETAIL CHAIN

2023

	Total Rm	Woolworths Fashion, Beauty and Home Rm	Woolworths Food Rm	Woolworths Logistics Rm	Woolworths Financial Services Rm	David Jones* Rm	Country Road Group Rm	Treasury Rm	Intragroup Rm
OPERATING RESULTS									
Revenue	87 860	14 676	42 619	684	–	15 623	14 552	157	(451)
Turnover and concession sales	93 049	14 762	43 292	684	–	21 462	14 490	–	(1 641)
Concession sales	(7 384)	(133)	(829)	–	–	(8 063)	–	–	1 641
Turnover	85 665	14 629	42 463	684	–	13 399	14 490	–	–
Cost of sales	53 251	7 528	32 123	684	–	7 811	5 417	–	(312)
Gross profit	32 414	7 101	10 340	–	–	5 588	9 073	–	312
Other revenue	2 013	47	156	–	–	2 183	20	58	(451)
Expenses	26 103	5 209	7 521	–	–	6 091	7 342	79	(139)
Segmental operating profit	8 324	1 939	2 975	–	–	1 680	1 751	(21)	–
Transaction and transition costs	115	–	8	–	–	44	53	10	–
Impairment of assets	63	–	–	–	–	63	–	–	–
Lease exit and modification gains	–	–	–	–	–	–	–	–	–
Profit on disposal of discontinued operation	371	–	–	–	–	371	–	–	–
Investment income	182	–	–	–	–	41	42	99	–
Finance costs	2 079	346	275	–	–	635	228	595	–
Earnings from joint ventures	102	1	–	–	101	–	–	–	–
Profit before tax[1]	6 722	1 594	2 692	–	101	1 350	1 512	(527)	–
Adjustments	(148)	13	9	–	–	(288)	104	14	–
Adjusted profit for the year	6 574	1 607	2 701	–	101	1 062	1 616	(513)	–
Return on equity	39.9%								

2022

	Total Rm	Woolworths Fashion, Beauty and Home Rm	Woolworths Food Rm	Woolworths 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)	–
Transaction and transition costs	–	–	–	–	–	–	–	–	–
Impairment of assets	121	5	9	–	–	107	–	–	–
Lease exit and modification gains	259	6	1	–	–	247	5	–	–
Profit on disposal of discontinued operation									
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[1]	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%								

* Discontinued operation

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.

Country Road Group represents the results of the Group's Australian subsidiary. David Jones was disposed in the current year.

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

[1] Profit before tax of the discontinued operation of R1 350 million comprises the profit before tax of R979 million and the profit on disposal of R371 million (refer note 30).

32. SEGMENTAL INFORMATION (CONTINUED)

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

	2023						2022					
		Woolworths						Woolworths				
	Total Rm	Woolworths Rm	Woolworths Financial Services Rm	David Jones* Rm	Country Road Group Rm	Treasury Rm	Total Rm	Woolworths Rm	Woolworths Financial Services Rm	David Jones* Rm	Country Road Group Rm	Treasury Rm
STATEMENT OF FINANCIAL POSITION												
Property, plant and equipment, investment property and intangible assets	15 801	8 120	–	–	5 931	1 750	16 641	7 091	–	4 660	4 890	–
Right-of-use assets	8 645	4 829	–	–	3 816	–	18 891	4 459	–	11 508	2 924	–
Inventories	7 072	5 103	–	–	1 969	–	8 709	4 453	–	2 966	1 290	–
Trade and other receivables, derivative financial assets and loans	2 002	1 132	–	–	559	311	2 165	1 105	–	354	478	228
Cash and cash equivalents	3 577	1 494	–	–	1 205	878	5 374	1 577	–	2 369	1 315	113
Segment assets	37 097	20 678	–	–	13 480	2 939	51 780	18 685	–	21 857	10 897	341
Investment in joint ventures	1 047	14	1 033	–	–	–	945	12	933	–	–	–
Tax and deferred tax assets	1 083	724	–	–	343	16	3 354	605	–	2 516	217	16
Total assets	39 227	21 416	1 033	–	13 823	2 955	56 079	19 302	933	24 373	11 114	357
Trade and other payables, provisions, derivative financial instruments and other non-current liabilities	10 009	7 499	–	–	2 409	101	12 368	6 869	–	3 670	1 696	133
Interest-bearing borrowings and overdrafts	6 044	28	–	–	–	6 016	5 096	33	–	–	–	5 063
Lease liabilities	11 002	6 491	–	–	4 511	–	26 784	5 994	–	17 130	3 660	–
Segment liabilities	27 055	14 018	–	–	6 920	6 117	44 248	12 896	–	20 800	5 356	5 196
Tax and deferred tax liabilities	151	134	–	–	–	17	31	18	–	–	13	–
Total liabilities	27 206	14 152	–	–	6 920	6 134	44 279	12 914	–	20 800	5 369	5 196
Debt ratio	15.4%						9.1%					
Depreciation and amortisation	3 676	1 564	–	779	1 333	–	4 441	1 672	–	1 528	1 241	–
Net impairment of property, plant and equipment and intangible assets	78	14	–	63	1	–	121	14	–	107	–	–
Share-based payment expense	296	223	–	26	47	–	309	236	–	38	35	–
Capital expenditure (gross)	2 728	1 814	–	161	753	–	1 815	1 180	–	368	267	–
Capital commitments	3 159	2 500	–	–	659	–	3 163	2 191	–	339	633	–
Shareholding		100.0%	50.0%	0.0%	100.0%	100.0%		100.0%	50.0%	100.0%	100.0%	100.0%

* Discontinued operation

32. SEGMENTAL INFORMATION (CONTINUED)

32.2 SECONDARY SEGMENTATION BASED ON GEOGRAPHIC LOCATION OF CUSTOMERS AND ASSETS

2023

		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
REVENUE									
South Africa	56 626	12 935	41 832	684	–	–	1 469	157	(451)
Rest of Africa	2 528	1 741	787	–	–	–	–	–	–
Australia and New Zealand	28 706	–	–	–	–	15 623	13 083	–	–
	87 860	14 676	42 619	684	–	15 623	14 552	157	(451)
TURNOVER									
South Africa	56 717	12 888	41 676	684	–	–	1 469	–	–
Rest of Africa	2 528	1 741	787	–	–	–	–	–	–
Australia and New Zealand	26 420	–	–	–	–	13 399	13 021	–	–
	85 665	14 629	42 463	684	–	13 399	14 490	–	–

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
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	–	–

	2023 Total Rm	2023 Woolworths Rm	2023 Woolworths Financial Services Rm	2023 David Jones* Rm	2023 Country Road Group Rm	2023 Treasury Rm	2022 Total Rm	2022 Woolworths Rm	2022 Woolworths Financial Services Rm	2022 David Jones * Rm	2022 Country Road Group Rm	2022 Treasury Rm
TOTAL ASSETS												
South Africa	22 796	20 692	1 033	–	833	238	20 549	18 697	933	–	578	341
Australia and New Zealand	15 348	–	–	–	12 647	2 701	32 176	–	–	21 857	10 319	–
	38 144	20 692	1 033	–	13 480	2 939	52 725	18 697	933	21 857	10 897	341
Tax and deferred tax assets	1 083						3 354					
	39 227						56 079					
CAPITAL EXPENDITURE (GROSS)												
South Africa	1 817	1 814	–	–	3	–	1 183	1 180	–	–	3	–
Australia and New Zealand	911	–	–	161	750	–	632	–	–	368	264	–
	2 728	1 814	–	161	753	–	1 815	1 180	–	368	267	–

* Discontinued operation

COMPANY ANNUAL FINANCIAL STATEMENTS

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	52 weeks to 25 Jun 2023 Rm	52 weeks to 26 Jun 2022 Rm
Revenue	2	9 395	2 761
Expenses		1 189	41
Other operating costs		1 189	41
Finance costs		231	207
Profit before tax	3	7 975	2 513
Tax	4	3	1
Profit for the year		7 972	2 512
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 for the year		7 972	2 512

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	At 25 Jun 2023 Rm	At 26 Jun 2022 Rm
ASSETS			
Non-current assets		26 443	23 939
Interest in subsidiaries	7.1	24 425	21 471
Amounts owing by subsidiaries	7.2	2 000	2 463
Derivative financial instruments	19	15	–
Deferred tax	8	3	5
Current assets		1 054	1 441
Amounts owing by subsidiaries	7.3	830	1 173
Other receivables	9	8	147
Derivative financial instruments	19	–	8
Cash and cash equivalents	18.3	216	113
TOTAL ASSETS		27 497	25 380
EQUITY AND LIABILITIES			
Equity attributable to shareholders		15 646	13 588
Stated capital	10	7 749	10 830
Distributable reserves	11	7 897	2 758
TOTAL EQUITY		15 646	13 588
Non-current liabilities		2 015	2 463
Interest-bearing borrowings	12	2 000	2 463
Derivative financial instruments	19	15	–
Current liabilities		9 836	9 329
Other payables	13	73	88
Amounts owing to subsidiaries	7.4	9 300	8 983
Derivative financial instruments	19	–	8
Current portion of interest-bearing borrowings	12	463	250
TOTAL LIABILITIES		11 851	11 792
TOTAL EQUITY AND LIABILITIES		27 497	25 380

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Stated capital Rm	Distributable reserves: Share-based payments reserve Rm	Distributable reserves: Retained profit Rm	Total Rm
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
Shares repurchased and cancelled	10	(759)	–	–	(759)
Share-based payments	11	–	309	–	309
Dividends to ordinary shareholders	17	–	–	(1 540)	(1 540)
Shareholders' interest at 26 June 2022		10 830	1 668	1 090	13 588
Profit and total comprehensive income for the year		–	–	7 972	7 972
Shares issued	10	–	–	–	–
Shares repurchased and cancelled	10	(3 081)	–	–	(3 081)
Share-based payments	11	–	295	–	295
Dividends to ordinary shareholders	17	–	–	(3 128)	(3 128)
Shareholders' interest at 25 June 2023		7 749	1 963	5 934	15 646

COMPANY STATEMENT OF CASH FLOWS

	Note	52 weeks to 25 Jun 2023 Rm	52 weeks to 26 Jun 2022 Rm
Cash flow from operating activities			
Cash outflow from trading	18.1	(63)	(41)
Working capital movements	18.2	(21)	16
Cash utilised by operating activities		(84)	(25)
Investment income received		211	210
Finance costs paid		(204)	(207)
Cash utilised by operations		(77)	(22)
Dividends received		3 066	2 487
Dividends paid to ordinary shareholders		(3 128)	(1 540)
Net cash (outflow)/inflow from operating activities		(139)	925
Cash flow from investing activities			
Repayment of loans by subsidiaries		815	765
Return of capital on investment in subsidiary		2 303	–
Net cash inflow from investing activities		3 118	765
Cash flow from financing activities			
Loans owing to subsidiaries repaid	12	(2 364)	(208)
Loans owing to subsidiaries raised	12	2 674	–
Shares repurchased		(2 936)	(904)
Borrowings repaid	12	(250)	(537)
Net cash outflow from financing activities		(2 876)	(1 649)
Increase in cash and cash equivalents		103	41
Net cash and cash equivalents at the beginning of the year		113	72
Net cash and cash equivalents at the end of the year	18.3	216	113

	2023 Rm	2022 Rm
2. REVENUE		
Investment income	241	210
Dividends received	9 154	2 551
	9 395	2 761

Dividends received 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.

	2023 Rm	2022 Rm
3. PROFIT BEFORE TAX INCLUDES:		
Audit fee – current year	5	4
Impairment of investment in Osiris Holdings Proprietary Limited*	1 126	–

* The Company holds the investment in Osiris Holdings Proprietary Limited (Osiris) at cost less return of capital and accumulated impairment. As a result of the disposal of David Jones in the current period, the Company's investment in Osiris was further impaired by R1 126 million. Refer to note 7 for further details.

	2023 Rm	2022 Rm
4. TAX		
Deferred tax relating to the origination and reversal of temporary differences (refer to note 8):		
South Africa	2	1
Normal tax	1	–
	3	1

	2023 %	2022 %
The rate of tax on profit is reconciled as follows:		
Standard rate	27.0	28.0
Disallowable expenditure*	4.9	0.5
Exempt income	(31.9)	(28.4)
Effective tax rate	–	0.1

* Disallowable expenditure consists of expenses of a capital nature, which include legal fees, impairment, consulting fees, directors fees and share expenses. Exempt income consists of dividends received. Included in disallowable expenditure are costs of R44 million, which are directly attributable to the disposal of David Jones.

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:

	2023 Rm	2022 Rm
Executive Directors		
Short-term employee benefits	85	60
Post-employment benefits	2	1
IFRS 2 value of share-based payments expense	55	61
	142	122
Non-executive Directors		
Fees	15	13
	15	13
Total directors' emoluments	157	135

Executive Directors' emoluments are paid by Woolworths 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:

	2023 Rm	2022 Rm
DIVIDEND RECEIVED FROM SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	2 137	1 476
E-Com Investments 16 (RF) Proprietary Limited	135	64
Country Road Group Holdings Proprietary Limited	681	–
Highway Holdings N.V.	6 088	–
Osiris Holdings Proprietary Limited	113	1 011
	9 154	2 551
INTEREST RECEIVED FROM SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	229	207
	229	207
DIVIDENDS PAID TO SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	125	59
E-Com Investments 16 (RF) Proprietary Limited	135	64
	260	123
MANAGEMENT FEE CHARGED TO SUBSIDIARY COMPANIES		
Woolworths Proprietary Limited	12	9
David Jones Proprietary Limited	7	5
Country Road Group Proprietary Limited	3	2
	22	16

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.

	2023 Rm	2022 Rm
KEY MANAGEMENT COMPENSATION		
Short-term employee benefits	100	73
Post-employment benefits	2	1
IFRS 2 value of share-based payments expense	55	61
	157	135

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.

	2023 Rm	2022 Rm
WOOLWORTHS CARD AND WOOLWORTHS VISA CREDIT CARD ACCOUNTS		
Balance outstanding at the beginning of the year	3	3
Annual spend	5	5
Annual repayments	(5)	(5)
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 (2022: 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

	2023 Rm	2022 Rm
7.1 INTEREST IN SUBSIDIARIES		
Ordinary shares	22 125	19 466
E-Com Investments 16 (RF) Proprietary Limited: Cost	230	230
Country Road Group Holdings Proprietary Limited: Cost	17 706	–
Highway Holdings N.V.	–	11 618
Osiris Holdings Proprietary Limited:	4 189	7 618
Cost	18 977	18 977
Less return of capital	(2 303)	–
Less accumulated impairment	(12 485)	(11 359)
Share-based payments arising from the Group's share incentive schemes	2 300	2 005
Interest in subsidiaries	24 425	21 471

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

During the year, the Company simplified the holding structure of its Australian subsidiaries. As a result, Highway Holdings N.V., a Belgian entity, was liquidated, resulting in a R6.1 billion liquidation dividend to the Company. Country Road Group Holdings Proprietary Limited, a wholly owned subsidiary of the Company, was incorporated as the intermediary parent of the Country Road Group.

Impairment review
The Company considers its investment in subsidiaries for impairment at each reporting date. Each of the Company's investments are seen as a separate cash generating unit (CGU).

Post the disposal of David Jones, the Company further impaired its investment in Osiris Holdings Proprietary Limited (Osiris) by R1 126 million (refer to note 3) to its recoverable amount of R4 189 million. The recoverable amount of the investment in Osiris is based on the fair value less costs to sell and is considered a level 3 valuation under IFRS 13. Key assumptions used in determining the recoverable amount include the fair value of its investment property, less estimated costs to sell and other financial assets including cash.

	2023 Rm	2022 Rm
7.2 AMOUNTS OWING BY SUBSIDIARIES: NON-CURRENT		
Woolworths Proprietary Limited	2 000	2 463
7.3 AMOUNTS OWING BY SUBSIDIARIES: CURRENT		
Woolworths Proprietary Limited	282	688
David Jones Proprietary Limited	–	5
Country Road Clothing Proprietary Limited	5	2
E-Com Investments 16 (RF) Proprietary Limited	543	478
Total amounts owing by subsidiary: Current	830	1 173
7.4 AMOUNTS OWING TO SUBSIDIARIES: CURRENT		
Woolworths Proprietary Limited	9 300	8 983

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.

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 2023 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

	2023 Rm	2022 Rm
The movement in the deferred tax account is as follows:		
Balance at the beginning of the year	5	6
Amounts credited to profit or loss	(2)	(1)
Assessed loss	(2)	(1)
Balance at the end of the year	3	5
Comprising:		
Assessed loss	(3)	(5)
	(3)	(5)

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 R3 million (2022: R5 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

	2023 Rm	2022 Rm
Prepayments	–	145
Other	8	2
	8	147

Prepayments in the prior year relate to amounts paid for shares repurchased that have not yet transferred to the Company and cancelled in the current year.

10. STATED CAPITAL

	2023 Rm	2022 Rm
Balance at the beginning of the year	10 830	11 465
Nil (2022: 2 106 541) ordinary shares issued in terms of share incentive schemes	–	124
49 338 535 (2022: 14 049 287) ordinary shares repurchased and cancelled	(3 081)	(759)
Balance at the end of the year	7 749	10 830

	Rm	Rm
AUTHORISED		
2 410 600 000 (2022: 2 410 600 000) ordinary shares of no par value	–	–
	–	–
ISSUED		
988 695 949 (2022: 1 038 034 484) ordinary shares of no par value	–	–
	–	–

RECONCILIATION OF NUMBER OF ORDINARY SHARES IN ISSUE	Number of shares	
Balance at the beginning of the year	1 038 034 484	1 049 977 230
Shares issued in terms of share incentive schemes	–	2 106 541
Shares repurchased and cancelled	(49 338 535)	(14 049 287)
Balance at the end of the year	988 695 949	1 038 034 484

11. DISTRIBUTABLE RESERVES

	2023 Rm	2022 Rm
Share-based payments reserve		
Balance at the beginning of the year	1 668	1 359
Share-based payments arising from share incentive schemes	295	309
Balance at the end of the year	1 963	1 668
Retained profit	5 934	1 090
Total distributable reserves	7 897	2 758

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

	2023 Rm	2022 Rm
NON-CURRENT		
Long-term loans	2 000	2 463
	2 000	2 463
CURRENT		
Current portion of long-term loans	463	250
	463	250

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 R2.5 billion (2022: R2.7 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 R0.03 million (2022: R0.2 million).

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

	2023 Rm	2022 Rm
Financial year 2024	463	250
Financial year 2025	500	463
Financial year 2026	1 000	500
Financial year 2027 and onwards	500	1 500
	2 463	2 713

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Cash flows		Non-cash changes	
	2022 Rm	Raised Rm	Repaid Rm	Accrued interest Rm	2023 Rm
Long-term loans	2 713	–	(250)	–	2 463
Amounts owing to subsidiaries	8 983	2 674	(2 364)	7	9 300

		Cash flows		Non-cash changes	
	2021 Rm	Raised Rm	Repaid Rm	Accrued interest Rm	2022 Rm
Long-term loans	3 250	–	(537)	–	2 713
Amounts owing to subsidiaries	9 191	–	(208)	–	8 983

13. OTHER PAYABLES

	2023 Rm	2022 Rm
Other payables	73	88
	73	88

Included in other payables are interest expense accruals of R41 million (2022: 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 (2022: R9 300 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:

	2023 Rm	2022 Rm
Financial year 2024	250	250
Financial year 2025	2 100	2 100
Financial year 2026 and onwards	950	–
	3 300	2 350

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.

	2023 Rm	2022 Rm
FINANCIAL ASSETS		
Other receivables	8	147
Cash and cash equivalents	216	113
Amounts owing by subsidiaries – current:		
Woolworths Proprietary Limited	282	688
David Jones Proprietary Limited	–	5
Country Road Clothing Proprietary Limited	5	2
E-Com Investments 16 (RF) Proprietary Limited	543	478
Amounts owing by subsidiaries – non-current: Woolworths Proprietary Limited	2 000	2 463

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
2023					
Amounts owing to subsidiaries	9 300	–	–	–	–
Long-term loans	–	57	607	2 260	–
Interest rate derivatives	–	–	–	15	–
Other payables	73	–	–	–	–
2022					
Amounts owing to subsidiaries	8 983	–	–	–	–
Long-term loans	–	46	419	2 806	–
Other payables	88	–	–	–	–

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 41% (2022: 37%) of floating rate exposure for fixed rates.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15.3 INTEREST RATE RISK MANAGEMENT (CONTINUED)

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.

	Movement in basis points	(Increase)/ decrease in profit before tax R'000	(Increase)/ decrease in equity R'000
2023			
Cash and cash equivalents	+50	(1 080)	(788)
	–50	1 080	788
Long-term loans	+50	12 315	8 990
	–50	(12 315)	(8 990)
Amounts owing by subsidiaries	+50	(132 125)	(96 451)
	–50	132 125	96 451
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

At year-end, the South African prime interest rate was 11.75% (2022: 8.25%). JIBAR was 8.492% (2022: 4.975%). The Australian prime interest rate was 4.10% (2022: 0.85%).

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

	2023		2022	
	Rm	Effective interest rate %	Rm	Effective interest rate %
INTEREST-BEARING BORROWINGS				
Long-term loans	2 463	9.2	2 713	6.2
% 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
2023					
Long-term loans	–	–	463	2 000	–
2022					
Long-term loans	–	–	250	2 463	–

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)	2 463	2.0

The notional principal amount of the interest rate derivatives at year-end amounts to R1 000 million (2022: R1 000 million), of which none (2022: nil) 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

	2023 Rm	2022 Rm
FINANCIAL ASSETS		
Amortised cost		
Amounts owing by subsidiaries	2 830	3 636
Cash and cash equivalents	216	113
Other receivables	8	147
Total	3 054	3 896
FINANCIAL LIABILITIES		
Amortised cost		
Other payables	73	88
Amounts owing to subsidiaries	9 300	8 983
Long-term loans	2 463	2 713
Total	11 836	11 784

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
2023			
Financial assets at amortised cost	229	–	229
Derivative financial instruments	12	–	12
2022			
Financial assets at amortised cost	210	–	210

	2023 Rm	2022 Rm
Revaluation of financial instruments*	–	–
Reclassified to profit or loss	–	–
	–	–

* The other comprehensive income reconciliation reflects a nil amount, as a result of a loss of R8 million (2022: R49 million) on the revaluation of the financial instrument asset, and a R8 million gain (2022: R49 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

	2023 Rm	2022 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
Dividend no. 49 of 149.0 cents per share was declared on 30 August 2022 and paid on 19 September 2022	1 527	–
Dividend no. 50 of 158.5 cents per share was declared on 28 February 2023 and paid on 20 March 2023	1 601	–
Total dividend paid	3 128	1 540

Dividend no. 51 of 154.5 cents per share was declared on 29 August 2023.

	2023 Rm	2022 Rm
18. CASH FLOW INFORMATION		
18.1 CASH OUTFLOW FROM TRADING		
Profit before tax	7 975	2 513
Investment income	(241)	(210)
Finance costs paid	231	207
Impairment of investment	1 126	–
Dividends received	(9 154)	(2 551)
Net outflow from trading	(63)	(41)
18.2 WORKING CAPITAL MOVEMENTS		
Decrease in other receivables	(6)	–
(Decrease)/increase in other payables	(15)	16
Net (outflow)/inflow	(21)	16
18.3 CASH AND CASH EQUIVALENTS		
Local - variable interest rates of 0% to 7.25% (2022: 0% to 3.75%)	216	113
Cash and cash equivalents	216	113

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

	2023		2022	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
19. DERIVATIVE FINANCIAL INSTRUMENTS				
NON-CURRENT				
Interest rate derivatives held as hedging instruments	15	15	–	–
	15	15	–	–
CURRENT				
Interest rate derivatives held as hedging instruments	–	–	8	8
	–	–	8	8

INTEREST RATE DERIVATIVES

The notional principal amount of the interest rate derivatives at year-end amounts to R1 000 million (2022: R1 000 million). This comprises hedges on the South African debt of R2 463 million (2022: R2 713 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 R9 300 million (2022: R8 983 million), which results in its current liabilities exceeding current assets by R8 782 million (2022: 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

On 29 August 2023, the Board declared a final gross cash dividend of 154.5 cents (123.6 cents net of dividend withholding tax) (2022: 149.0 cents) for the 52 weeks ended 25 June 2023 to ordinary shareholders recorded at close of business on Friday, 22 September 2023, to be paid on Tuesday, 26 September 2023.

Country Road, Autumn 2023

SUPPLEMENTARY

ANNEXURE 1

			2023 % holding	2022 % 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
Country Road Group Holdings Proprietary Limited	H	3	100	–
Osiris Holdings Proprietary Limited	H	3	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	10	100	100
Woolworths (Namibia) Proprietary Limited	R	2	100	100
Woolworths (Eswatini) Proprietary Limited	R	14	100	100
Woolworths Holding (Mauritius) Limited	H	5	100	100
Woolworths (Mauritius) Limited[3]	R	5	100	100
Woolies (Zambia) Limited[3]	R	6	100	100
W-Stores Company Tanzania Limited[3]	R	7	51	51
W-Stores Company Uganda Limited[3]	R	8	95	95
Woolworths Mozambique, Limitada[3]	R	9	100	100
Woolworths (Kenya) Proprietary Limited[3]	R	11	100	100
Woolworths (Botswana) Proprietary Limited[3]	R	13	100	100
W-Stores (Ghana) Proprietary Limited[3]	D	15	100	100
Woolworths Rwanda Limited[3]	D	16	100	100
NowNow Foods Proprietary Limited	R	1	100	100
Woolworths International (Australia) Proprietary Limited	H	3	100	100
Woolworths International (Australia) II Proprietary Limited	H	3	100	100
Country Road Group Proprietary Limited	H	3	100	100
Country Road Clothing Proprietary Limited	R	3	100	100
Country Road Clothing (N.Z.) Limited	R	4	100	100
Country Road Ventures Proprietary Limited	R	3	100	100
Country Road Ventures SA Proprietary Limited	R	1	100	100
Country Road International Proprietary Limited	H	3	100	100
Country Road (Hong Kong) Limited	R	17	100	100
CRG Logistics Proprietary Limited	L	3	100	100
Cicero Clothing Proprietary Limited	R	3	100	100
Politix (NZ) Limited	R	4	100	100
Witchery Australia Holdings Proprietary Limited	H	3	100	100
Witchery Holdings Proprietary Limited	H	3	100	100
Witchery Fashions Proprietary Limited	R	3	100	100
Witchery Fashions (NZ) Limited	R	4	100	100
Witchery Singapore Pte Limited	R	12	100	100
Mimco Proprietary Limited	R	3	100	100
Mimco Design Singapore Pte Limited	R	12	100	100
Mimco (NZ) Limited	R	4	100	100
Buckley & Nunn Proprietary Limited	H	3	100	100
David Jones Share Plans Proprietary Limited	H	3	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: Australia 4: New Zealand 5: Mauritius 6: Zambia 7: Tanzania 8: Uganda 9: Mozambique
10: Lesotho 11: Kenya 12: Singapore 13: Botswana 14: Eswatini 15: Ghana 16: Rwanda 17: Hong Kong

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.

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

	2023 Rm	2022 Rm
Profits	5 970	3 804
Losses	(5)	–
	5 965	3 804

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.

	As reported 52 weeks to 25 Jun 2023 Rm	As reported 52 weeks to 26 Jun 2022 Rm	% change
RECONCILIATION OF ADJUSTED HEADLINE EARNINGS			
Headline earnings	4 740	3 825	23.9
Adjustments	19	(173)	
Transaction and transition costs	115	–	
Restructure and store exit costs	31	60	
Unrealised foreign exchange losses/(gains)	14	(23)	
Lease exit and modification gains	–	(259)	
SA civil unrest costs, net of insurance proceeds	–	(17)	
Tax losses utilised	(100)	(5)	
Tax impact of adjustments	(41)	71	
Adjusted headline earnings	4 759	3 652	30.3

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 25 Jun 2023, Turnover and concession sales have been reported against the prior period reported 52 weeks to 26 Jun 2022. These are important for understanding the underlying business performance and are described as "Non-IFRS financial information".
- In note 2: for the 52 weeks to 25 Jun 2023, adjustments, as detailed in supplementary notes 2 and 3, have been made (respectively, the 'Non-IFRS financial information'). These are important for understanding the underlying business performance and are described as "Non-IFRS financial information".
- In note 3.1: for the 52 weeks to 25 Jun 2023, 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 25 Jun 2023, certain Group statement of financial position items have been shown on a constant currency basis.
- In note 4: for the 52 weeks to 25 Jun 2023, 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 Summary of the Audited Group Results for the 52 weeks ended 25 June 2023 and 52 weeks ended 26 June 2022.

The pro forma financial information includes the discontinued operation, and 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

	As reported 52 weeks to 25 Jun 2023 (1) Rm	As reported 52 weeks to 26 Jun 2022 (1) Rm	% change
Turnover	72 266	65 362	
Discontinued operation	13 399	14 705	
Concession sales	7 384	6 953	
Turnover and concession sales	93 049	87 020	6.9

Notes

1. The '52 weeks to 25 Jun 2023' and '52 weeks to 26 Jun 2022' turnover financial information has been extracted, without adjustment, from the Group Statement of comprehensive income for the 52 weeks to 25 Jun 2023 and 52 weeks to 26 Jun 2022, as presented in the Summary of the Audited Group Results for the 52 weeks ended 25 June 2023. The Concession sales information has been extracted from the Group's accounting records. The discontinued operation information has been extracted, without adjustment, from the Group Segmental Analysis.

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

	As reported 52 weeks to 25 Jun 2023 (1) Rm	Adjustments (2) Rm	Pro forma 52 weeks to 25 Jun 2023 (4) Rm	As reported 52 weeks to 26 Jun 2022 (1) Rm	Adjustments (3) Rm	Pro forma 52 weeks to 26 Jun 2022 (3) Rm
Segmental contribution before interest and tax	8 636	(148)	8 488	7 118	(118)	7 000
Profit before tax	6 722	(148)	6 574	5 190	(118)	5 072

Notes

1. The '52 weeks to 25 Jun 2023' and '52 weeks to 26 Jun 2022' financial information has been extracted, without adjustment, from the Group Statement of comprehensive income for the 52 weeks to 25 Jun 2023 and 52 weeks to 26 Jun 2022, as presented in the Summary of the Audited Group Results for the 52 weeks ended 25 June 2023. Segmental contribution before interest and tax comprises Profit before tax, as illustrated on the Group Statement of comprehensive income for the 52 weeks to 25 Jun 2023 and 52 weeks to 26 Jun 2022, and excludes Investment income of R141 million (2022: R61 million), Finance costs of R1 444 million (2022: R1 170 million) and net Group entity costs of R17 million (2022: R42 million costs), and includes Profit before tax of R979 million (2022: R298 million) and excludes Net finance costs of R594 million (2022: R777 million) of the discontinued operation, as illustrated in Note 30.
2. Segmental contribution before interest and tax adjustments for the '52 weeks to 25 Jun 2023' comprise of Transaction and transition costs of R115 million, Restructure and store exit costs of R31 million, Profit on disposal of David Jones of R371 million, Unrealised foreign exchange losses of R14 million and Impairment of assets of R63 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 26 Jun 2022' comprise of Restructure and store exit costs of R60 million, Unrealised foreign exchange gains of R23 million, Impairment of assets of R121 million, Lease exit and modification gains of R259 million and SA civil unrest costs, net of insurance proceeds of R17 million, which results in an Adjusted Segmental contribution before interest and tax. Profit before tax adjustments include all of the aforementioned adjustments, which results in an Adjusted profit before tax.
4. The 'Pro forma 52 weeks to 25 Jun 2023' and the 'Pro forma 52 weeks to 26 Jun 2022' columns reflect the pro forma financial information after adjusting for the items included in column 2 (2022: 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 Audited 52 weeks to 25 Jun 2023 Rm	As reported 52 weeks to 26 Jun 2022 (3) Rm
Turnover and concession sales [1]	90 817	87 020
Pro forma segmental contribution before interest and tax (Adjusted EBIT)[2]	8 239	7 011

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 R11.93 for Country Road Group for the current year and R11.76 for David Jones up to the period of disposal and R11.06 for both businesses 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 R11.93 for Country Road Group for the current year and R11.76 for David Jones up to the period of disposal and R11.44 for both businesses 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, and includes the discontinued operation (refer to note 30).

3.2 GROUP STATEMENT OF FINANCIAL POSITION ITEMS

	Pro forma At 25 Jun 2023 (1) Rm	As reported At 26 Jun 2022 (2) Rm
Assets		
Property, plant and equipment, investment property and intangible assets	14 873	16 641
Right-of-use assets	8 199	18 891
Investments in joint ventures	1 047	945
Inventories	6 834	8 709
Receivables, derivatives and loans	1 899	2 165
Deferred tax and tax assets	1 041	3 354
Cash and cash equivalents	3 351	5 374
Total assets	37 244	56 079
Equity and liabilities		
Shareholders' funds	10 876	11 800
Borrowings and overdrafts	6 044	5 096
Lease liabilities	10 458	26 784
Deferred tax and tax liabilities	148	31
Payables, derivatives and provisions	9 718	12 368
Total equity and liabilities	37 244	56 079

Notes

1. The Group Statement of financial position items are at 25 June 2023 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 R12.50/A$ for the current year and R10.99/A$ for the prior year.
2. The 'At 25 Jun 2022' financial information has been extracted, without adjustment, from the reported 2022 Summary of the Audited Group Results for the 52 weeks ended 26 June 2022, and includes the discontinued operation (refer to note 30).

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 25 Jun 2023, as presented in the Summary of the Audited Group Results for the 52 weeks ended 25 June 2023.

	As reported 52 weeks to 25 Jun 2023 Rm
Cash generated by operations	8 009
Investment in property, plant and equipment and intangible assets to maintain operations	(1 302)
Other loans advanced	(5)
Net acquisition of Treasury shares and settlement of share-based payments through share purchases	(328)
Lease liabilities repaid	(2 592)
Free cash flow	3 782
WANOS (millions)	920.9
Free cash flow per share (cents)	410.7

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

2023	
June	Financial year-end – 52 weeks to 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

2024	
January	Trading update
February	Interim results and announcement of interim dividend, if declared
June	Financial year-end – 53 weeks to 30 June
July	Trading update
August	Annual results and announcement of final dividend, if declared
September	Publication of 2024 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
Chantel Reddiar
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 EQUITY AND DEBT SPONSOR
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Sandton 2146, South Africa
Tel: +27 (11) 286 7000

TRANSFER SECRETARIES
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PO Box 61051
Marshalltown 2107, South Africa
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Fax: +27 (11) 370 5487
Email: woolworths@computershare.co.za


Witchery Autumn 2023

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.

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, Winter 2023


Woolworths, Autumn 2023

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.