

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
(‘WHL’ or ‘Woolworths’ or ‘the Group’)

IMPACT OF CIVIL UNREST IN SOUTH AFRICA ON WHL AND TRADING UPDATE FOR THE 52 WEEKS ENDED 27 JUNE 2021

IMPACT OF CIVIL UNREST IN SOUTH AFRICA ON WHL

WHL echoes the sadness and deep concern expressed by many over the civil unrest in the province of KwaZulu Natal (KZN) and parts of Gauteng, which escalated into widespread looting and destruction of property in the affected areas. This has had a significant impact on our operations in these areas, particularly in KZN, as well as on our employees, customers and the broader community. We are grateful that none of our employees in these affected areas suffered any injury.

All of our stores in KZN as well as a number of stores in Gauteng last week had to temporarily close, prioritising the safety of our employees and our customers. Our online delivery services and certain suppliers in those areas are also significantly affected given significant damage to their assets. Eleven Woolworths stores have been looted and severely damaged with nine of the eleven stores in KZN and two in Gauteng. Although looters gained entry to the Woolworths Maxmead Distribution Centre (DC) in KZN the infrastructure was not severely damaged and has been secured, together with our other DCs. Operations have resumed and we have prioritized the provision of food into KZN.

We are working closely with our suppliers and partners to ensure the ongoing availability of stock. This is largely dependent on maintaining the safety of key transport routes, the ability of local suppliers to continue production, the ability of our staff to access our stores, and the safety of our logistics and distribution operations. We are also engaging with government and industry bodies to support efforts to create a safe environment for the resumption of normal business activity. Where we believe it is safe and feasible to do so, we have begun reopening stores in most areas of KZN.

WHL has SA Special Risk Insurance Assurance (SASRIA) cover in place in respect of material damage caused by the rioting, together with the related business interruption cover. We are quantifying the damage caused to our stores and DC and will lodge the relevant claims timeously.

We would like to express our deep gratitude to our stores, supply chain and DC teams, as well as our security personnel and partners who have worked tirelessly to protect our business. We would also like to thank all of our customers for their understanding and continued support as we work our way through these challenges, and the community watch groups who also assisted where they could. The last 18 months has demonstrated the resilience of our business, driven by the passion and commitment of our people. The WHL board and management team will continue to make decisions anchored in the business’s core values and are committed to ensuring long-term value creation for all stakeholders.

TRADING UPDATE FOR THE 52 WEEKS ENDED 27 JUNE 2021

Group sales for the 52 weeks ended 27 June 2021 ('current year') increased by 9.7% compared to the 52 weeks ended 28 June 2020 ('prior year') and by 5.9% in constant currency terms.

Trading conditions in the second half of the financial year are not directly comparable to the prior year, given the extensive impact of the pandemic. Trade across the Group continued to improve, notwithstanding the continued uncertainty and business disruption exacerbated by the delay of the Covid-19 vaccine roll-out, further outbreaks and related lockdowns across both South Africa and Australia. The improved trade performance coupled with strong working capital management and the proceeds arising from the property sales in Australia, have resulted in positive cash flows and a significant reduction in net debt across the Group.

Southern Africa

South Africa's recovery during this phase of the Covid-19 pandemic has been set back by the onset of the third wave of infections occurring towards the end of the fourth quarter. The consequential level 4 restrictions have further dampened already-weak consumer confidence, which is expected to limit discretionary spend. Furthermore, the civil unrest and related widespread destruction of property will also negatively impact economic conditions, consumer sentiment and constrain our ability to trade in impacted areas. The rebuild and repair of affected stores is likely to take some time, following the assessment of the damage, and trading will be dependent on the resumption of supply, logistics, and operational activities at these stores.

The Woolworths Food business grew both market share and volumes during the period despite the high base set in the prior year driven by stockpiling ahead of the first lockdown. Sales for the current year grew by 6.9%, and by 5.7% in comparable stores, on price movement of 5.2% and underlying product inflation of 4.9%. Net space increased by 0.6%. Sales in the second half of the current year grew by 3.2%, and by 16.9% over a two-year period, reflective of the investment in innovation and our robust business model. Whilst there has been some reversion in customer shopping behaviour, frozen foods and groceries continue to deliver strong growth. Due to the continued Covid-related trading restrictions, trade in cafés, and wine and beverages remains negatively impacted. We continue to invest in price in key product categories to improve our value proposition, while remaining focused on product quality, innovation and convenience. Online sales grew by 117.9% over the current year, contributing 2.3% to our South African Food sales. This was further supported by the expanded Click-and-Collect offering and the roll out of our on-demand delivery service, Woolies Dash.

The sales performance of the Woolworths Fashion, Beauty and Home ('FBH') business continues to be impacted by several factors, including the constrained environment, the decline in demand for formalwear, as well as our initiatives to streamline our private label offerings and rationalise unproductive space. Total revenue for the current year increased by 3.5% and by 4.2% in comparable stores, while sales in the second half of the current year grew by 24.1% on last year's non-comparable base. Price movement in FBH was 7.5%, and 5.3% in Fashion, due to the higher promotional activity in the prior year. Online sales grew by 114.4%, contributing 4.1% to South African sales. The reduction in net space of 6.4% has translated into improved trading densities.

The Woolworths Financial Services book reflected a year-on-year increase of 0.7% at the end of June 2021 (2.0% at 30 June 2020). The impairment rate for the 12 months ended 30 June 2021 was 5.3%, compared to 7.9% in the prior year, reflecting the focus on customer relief and collection initiatives.

Australia and New Zealand

In Australia, stronger economic fundamentals, improved consumer confidence and restrictions on international travel, supported inward focused consumption and buoyed retail spend. This was despite the intermittent snap

lockdowns across major cities and an extended three-month lockdown in the State of Victoria during the first half of the current year. Footfall in central business districts and airport locations remains well below pre Covid-19 levels.

David Jones sales over the 52-week period increased by 2.3% and by 0.9% in comparable stores, with second half sales up by 17.1%. Online sales increased by 24.4% and contributed 17.3% to total sales for the current year. In line with our stated intention of exiting unproductive space, trading space was further reduced by 6.3%. Sales in our Elizabeth Street flagship store grew by 16.6% during the current year.

Country Road Group delivered strong sales growth of 13.4% over the current year and by 15.3% in comparable stores, with second half sales up by 39.5%. This result was underpinned by the robust performance of the Country Road brand and through refreshed product offerings across all brands. Online sales increased by 30.7% and contributed 29.7% to total sales, while trading space was reduced by 2.8% for the current year.

CONSTANT CURRENCY INFORMATION

The constant currency information contained in this announcement 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 R11.43 for the current year and R10.43 for the prior year. The foreign currency fluctuations of WHL'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.

The constant currency information, which is the responsibility of the Group's directors, has been prepared for illustrative purposes only and may not fairly present the Group's financial position, changes in equity, cash flows or results of operations.

The information contained in this announcement, including estimated financial information and constant currency information, has not been reviewed or reported on by the Group's external auditors.

Shareholders are advised that WHL's results for the 52 weeks ended 27 June 2021 are scheduled to be announced on the Stock Exchange News Service (SENS) on or about 26 August 2021. As per the Group's SENS announcement on 20 May 2021, a further trading statement providing specific guidance will be issued ahead of these results.

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Cape Town
19 July 2021

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