

Woolworths Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1929/001986/06
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Share code: WHL
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Bond Company code: WHLI
(‘the Group’, ‘the Company’ or ‘WHL’)

TRADING UPDATE FOR THE 20 WEEKS ENDED 14 NOVEMBER 2021 AND TRADING STATEMENT IN RESPECT OF THE 26 WEEKS ENDING 26 DECEMBER 2021

TRADING UPDATE FOR THE 20 WEEKS ENDED 14 NOVEMBER 2021

Group turnover and concession sales for the 20 weeks ended 14 November 2021 (‘current period’) decreased by 4.5%, compared to the 20 weeks ended 15 November 2020 (‘prior period’), and by 2.1% in constant currency terms. Online sales grew by 26.4%, contributing 14.7% to the Group’s total turnover and concession sales for the period.

Trade during the current period has been severely impacted by the extended lockdowns in Australia, where we have been unable to trade in the majority of our stores. In South Africa, our business operations were disrupted by a number of factors, including the civil unrest and rioting in KwaZulu Natal (‘KZN’) and parts of Gauteng in July. As a consequence, the trading results for the current period are not directly comparable to that of the prior period.

South Africa

In South Africa, trading conditions were impacted by the ongoing effects of Covid-19, the civil unrest in July and load-shedding. To a lesser extent, international supply chain disruptions and supplier delays impacted availability of imported product.

The Woolworths Food business grew turnover and concession sales by 3.2% and by 2.2% in comparable stores, with price movement of 2.6% and underlying product inflation of 3.8%. Sales growth for the current period should be considered in the context of the high Covid-19 base, which benefitted from increased home consumption. Sales have grown by a cumulative 14.8% on a two-year basis, relative to the comparative 2019 period. Online sales increased by 52.6% over the current period, contributing 3.0% of South African sales, while space grew by 0.4% relative to the prior period.

The Fashion Beauty and Home (FBH) business continues to make steady progress against its strategic priorities, with sales growing by 7.4% and by 7.5% in comparable stores, with price movement of 6.2%. The sales performance was underpinned by the earlier launch of the refreshed Spring/Summer ranges and the shift in the timing of our winter clearance, which resulted in a greater proportion of full-priced sales. Online sales grew by 24.7%, contributing 4.5% of South African sales, while the ongoing execution of space reduction initiatives reduced the footprint by 7.4% relative to the prior period, resulting in improved trading densities.

The Woolworths Financial Services book reflects a positive year-on-year increase of 1.6% at the end of October 2021, compared to a 1.6% contraction at 31 October 2020, reflecting the recovery in consumer spend. The

annualised impairment rate for the four months ended 31 October 2021 was 4.1%, compared to 3.6% in the prior period.

Australia and New Zealand

Trade was significantly impacted by government-enforced lockdowns across the region, including the major states of New South Wales and Victoria. The impacted stores represent 70% of our brick-and-mortar sales base.

David Jones turnover and concession sales declined by 17.1% and by 17.3% in comparable stores. In line with our space reduction strategy, trading space reduced by a further 6.5% relative to the prior period. Online sales for the current period increased by 53.7% and contributed 36.3% to total sales.

Country Road Group sales declined by 5.9% and by 5.4% in comparable stores, with trading space reducing by 7.1% relative to the prior period. Online sales for the current period increased by 11.0% and contributed 40.9% to total sales.

During the period, we intensified our focus on preserving cash through considered actions to manage working capital, reprioritise capital expenditure, and reduce discretionary costs. Notwithstanding these initiatives, the impact of lost sales, coupled with the absence of government support and rent relief which had supported the prior period base, negatively impacted the profitability of both our David Jones and Country Road Group businesses. Our stores in New South Wales and Victoria re-opened on 11 October and 29 October, respectively, having been closed since the beginning of the current period.

TRADING STATEMENT IN RESPECT OF THE 26 WEEKS ENDING 26 DECEMBER 2021

Given the prolonged lockdowns in Australia and, to a lesser degree, the business disruptions in South Africa, our results for the first half of the 2022 financial year ('first half') will be negatively impacted. In addition, the results in the prior corresponding period were enhanced by one-off government support and rent relief initiatives in Australia, as well as the profit on the sale of the Bourke Street Men's property and lease exit and modification gains.

Shareholders and noteholders are advised that earnings per share ('EPS'), headline EPS ('HEPS') and adjusted diluted HEPS ('adHEPS') for the 26 weeks ending 26 December 2021 are expected to be more than 20% (more than 57.8 cents, 52.2 cents and 38.7 cents, respectively) lower than the reported EPS, HEPS and adHEPS for the 26 weeks ended 27 December 2020 (288.8 cents, 261.1 cents and 193.7 cents, respectively).

As we consider the outlook for the important festive period, we are well positioned to benefit from the rebound in sales in Australia, as lockdown restrictions have been lifted. However, in South Africa, the country's low vaccination rates, together with the possibility of a fourth Covid-19 wave and ongoing power outages may continue to weigh on consumer spend. Notwithstanding this, we continue to strengthen our foundation, maintain the health of our balance sheet and respond tactically to any immediate challenges, whilst remaining steadfast in the execution of our strategies.

We will issue a further trading statement in order to provide specific guidance once the Group is reasonably certain regarding the EPS, HEPS and adHEPS ranges for the 26 weeks ending 26 December 2021.

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 period. The aggregated monthly average Australian dollar exchange rate is R10.89 for the current period and R11.79 for the prior period. 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.

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Cape Town

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JSE sponsor and debt sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)