

Woolworths Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1929/001986/06
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Share code: WHL
Share ISIN: ZAE000063863
Bond Company code: WHLI
(‘the Group’, ‘the Company’ or ‘WHL’)

TRADING UPDATE IN RESPECT OF THE 52 WEEKS ENDED 26 JUNE 2022

The Group’s turnover and concession sales for the 52 weeks ended 26 June 2022 (‘current year’, ‘full year’ or ‘period’) increased by 1.4% compared to the 52 weeks ended 27 June 2021 (‘prior year’) and by 2.6% in constant currency terms. Online sales grew by 16.4%, contributing 12.4% to the Group’s total turnover and concession sales over the year.

As mentioned in our interim results released on the JSE Stock Exchange News Service (‘SENS’) on 2 March 2022, trade during the first half of the year (‘H1’) was severely impacted by the extended lockdowns in Australia, and to a lesser extent by the civil unrest in South Africa, which makes the full year trading result non-comparable to that of the prior year.

Trade during the second half of the year (‘H2’) showed an improved run rate over H1 across all our businesses, with Group turnover and concession sales growing by 4.9%, and by 5.6% in constant currency terms, respectively, as lockdown restrictions eased and our focus on trade and executing against our strategic priorities delivered positive results. This was despite the volatile global backdrop, supply chain disruptions exacerbated by the Russian invasion of Ukraine, the impact of rising inflation and interest rates, and severe load-shedding in South Africa.

South Africa

The Fashion Beauty Home (‘FBH’) business grew H2 turnover and concession sales by 6.5%, with full-priced sales growing by 8.8%, supported by new winter ranges, market share gains in our ‘must win’ categories, and a stronger performance from the rest of Africa. Sales for the full year grew by 5.4% and by 7.3% in comparable stores, while trading space declined by 4.5%, supporting a double-digit increase in trading densities. Price movement averaged 6.0% over the full year and remains positively impacted by reduced markdown. Online sales grew by 13.2% and contributed 4.4% to South African sales.

Woolworths Food grew turnover and concession sales in H2 by 4.6%, with trading momentum improving throughout the period as Covid base effects eased. Sales for the full year grew by 4.2%, and by 3.1% in comparable stores, reflecting the impact of the high base and the return to out-of-home consumption, an increasingly competitive backdrop, and low product inflation across key categories. Price movement averaged 3.5% for the full year, with underlying product inflation contained to 3.9%, as a result of continued price investment. Space grew by 1.8% relative to the prior year. Online sales increased by 45.4%, contributing 3.2% of South African sales, driven by the continued rollout of our on demand online offering.

The Woolworths Financial Services book reflects a year-on-year increase of 6.8% at 30 June 2022, driven by the recovery in post-Covid spend. The impairment rate for the year ended 30 June 2022 improved to 4.7%, compared to 5.3% in the prior year, reflecting continued strength of the book.

Australia and New Zealand

As mentioned previously, trade in H1 was significantly impacted by government-enforced restrictions across the region which required the closure of stores representing more than 70% of our brick-and-mortar sales base for an extended period. Notwithstanding the impact of rising inflation and interest rates, strong consumer demand and our focus on trade, resulted in a better-than-expected rebound in sales in H2.

David Jones' turnover and concession sales declined by 2.6% for the full year and by 2.5% in comparable stores, but grew by 4.3% in the second half, post the easing of lockdown restrictions. In line with our space optimisation initiatives, trading space reduced by a further 2.6% relative to the prior year. Online sales increased by 28.7% and contributed 22.8% to total sales over the full year.

Country Road Group sales grew by 9.0% and by 11.3% in comparable stores for H2, resulting in positive full-year sales growth of 3.1% and 4.0%, respectively, despite a further 8.1% reduction in trading space. This result was driven primarily by a strong performance from the Country Road, Trenery and Politix brands, following the successful launch of new ranges and the ongoing focus on brand and product positioning. Online sales increased by 4.6% and contributed 31.6% to total sales for the 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 the application of the aggregated monthly average Australian dollar exchange rate for the prior year. The aggregated monthly average Australian dollar exchange rate is R11.06 for the current year and R11.43 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.

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.

The Group expects to release its results for the 52 weeks ended 26 June 2022, on the SENS on or about 31 August 2022.

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Cape Town

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JSE sponsor and debt sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)