

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
(‘the Group’, ‘the Company’ or ‘WHL’)

TRADING UPDATE IN RESPECT OF THE 20 WEEKS ENDED 13 NOVEMBER 2022 AND TRADING STATEMENT IN RESPECT OF THE 26 WEEKS ENDING 25 DECEMBER 2022

TRADING UPDATE IN RESPECT OF THE 20 WEEKS ENDED 13 NOVEMBER 2022

The Group’s turnover and concession sales for the 20 weeks ended 13 November 2022 (‘current period’ or ‘period’) increased by 23.3% compared to the 20 weeks ended 14 November 2021 (‘prior period’) and by 20.3% in constant currency terms. The return of customers to physical stores, particularly in Australia, resulted in a substantial increase in brick-and-mortar sales, and a consequent easing in online sales, which declined by 13.7%, contributing 10.1% to the Group’s total turnover and concession sales over the period.

As mentioned in our JSE Limited Stock Exchange News Service (‘SENS’) announcement released on 31 August 2022, trade in the current period is non-comparable to that of the prior period, which was severely impacted by lost sales arising from the prolonged government-imposed lockdowns in Australia.

Southern Africa

The Fashion Beauty Home (‘FBH’) business had a strong start to the year, with turnover and concession sales growing by 10.8%, and by 10.9% on a comparable store basis. The focus on improving the underlying financial health of our respective business in Fashion, Beauty and Home continues to deliver positive results with full-priced sales growing by 15.2% for the period, and clearance sales down over 20% in South Africa, following the smallest and most profitable winter sale to date. Price movement averaged 11.1% and remains positively impacted by the successful implementation of our markdown reduction strategies. Trading space was reduced by 2.4% over the prior period. Online sales grew by 1.5% and contributed 4.2% of South African sales.

The Food business improved its run-rate through the period, growing turnover and concession sales by 7.3% and by 5.1% on a comparable store basis. This was notwithstanding the considerable disruption caused by loadshedding, which has had a pronounced impact on our predominantly fresh categories across the business, in terms of foregone sales, increased waste, and significant increases in diesel costs required to support trade during the extended power outages. Price movement averaged 6.3% for the period, with underlying product inflation of 7.9%, as we continue to invest in price to improve our overall value proposition. Space grew by 3.2% relative to the prior period. Online sales increased by 26.0%, contributing 3.6% of South African sales as we further expand our on-demand offering, Dash.

The Woolworths Financial Services book reflects a year-on-year increase of 12.0% at 31 October 2022, driven by post-Covid recovery in consumer spend, as well as new business and credit card advances. The annualised impairment rate for the four months ended 31 October 2022 increased to 6.2%, compared to 4.1% in the prior period, due to the growth in new accounts as well as the increased financial pressure felt by consumers.

Australia and New Zealand (ANZ)

Our businesses in ANZ continued their positive momentum, with both David Jones and the Country Road Group delivering sales above pre-Covid levels. As mentioned previously, trade in the prior period was impacted by the extended lockdowns, resulting in relatively higher growth rates in the current period compared to the prior period.

David Jones' turnover and concession sales increased by 55.3%, with our flagship and CBD located stores performing well ahead of expectations. We continue to rationalise unproductive space, with trading space reducing by a further 3.7% relative to the prior period. Online sales contributed 15.8% of total sales, down 28.9% on the prior period, as customers returned to shopping in stores.

Country Road Group sales grew by 36.2%, underpinned by particularly strong performances from the Country Road, Politix and Witchery brands, following the successful launch of new ranges, which resulted in a higher proportion of full-priced sales. Space reduced by a further 5.1% during the period, while online sales contributed 25.6% to total sales, down 17.9% compared to the prior period.

TRADING STATEMENT IN RESPECT OF THE 26 WEEKS ENDING 25 DECEMBER 2022

Shareholders and noteholders are informed that earnings per share ('EPS'), headline EPS ('HEPS') and adjusted diluted HEPS ('adHEPS') for the 26 weeks ending 25 December 2022 are expected to be more than 20% (more than 33.6 cents, 33.6 cents and 32.4 cents, respectively) higher than the reported EPS, HEPS and adHEPS for the 26 weeks ended 26 December 2021 (167.9 cents, 168.2 cents and 162.2 cents, respectively). Given the prolonged lockdowns in Australia in the prior period, our results for the first half of the 2023 financial year are not directly comparable to that of the prior period.

Shareholders and noteholders are advised that the Group will issue further guidance once we are reasonably certain regarding the EPS and HEPS growth ranges for the 26 weeks ending 25 December 2022.

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 period have been adjusted by the application of the aggregated monthly average Australian dollar exchange rate for the prior period. The aggregated monthly average Australian dollar exchange rate is R11.59 for the current period and R10.89 for the prior period. 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.

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16 November 2022

JSE sponsor and debt sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)