

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 20 WEEKS ENDED 12 NOVEMBER 2023

The Group’s turnover and concession sales from continuing operations (i.e. excluding David Jones which was disposed of in the prior period) for the 20 weeks ended 12 November 2023 (‘current period’ or ‘period’), increased by 4.7% and by 3.9% in constant currency terms. This is notwithstanding an increasingly challenging macro-economic backdrop, given the sustained effect of interest rate increases and higher living costs which are negatively impacting footfall and discretionary spend in both geographies. In South Africa, our business operations were further disrupted by a number of external factors, including the Western Cape taxi strike, congestion at the ports, and the impact of Avian flu on the availability of key product lines. Sales growth for the current period should also be considered in the context of the high prior-year base in which Group sales grew by 13.4%, driven in part by the post-Covid pent-up demand in Australia.

Group turnover and concession sales on a total basis (including the contribution of David Jones in the prior period, which is therefore non-comparable) decreased by 22.4% on the prior period.

Notwithstanding the challenging macro context, our teams remain focused on profitably trading our businesses, supported by robust trade plans as we approach the key festive season. We are confident in our strategies, and continue to invest in our existing businesses as well as new growth opportunities, enabled by our strong balance sheet.

Woolworths

The economic environment in South Africa remains weak, exacerbated by the country’s energy crisis which continues to have a pronounced impact on both business and consumer confidence. However, our unwavering commitment to quality, the ongoing investment into our value proposition, and our intensified focus on execution, has further strengthened the trust customers place in our brand.

The resilience of our Food business has resulted in continued strong underlying growth. Turnover and concession sales grew by 8.4% and by 7.2% on a comparable store basis. This is notwithstanding the impact of Avian flu, which reduced the availability of key food categories, such as eggs and poultry. Underlying product inflation averaged 9.4%, which is lower than headline food inflation. Space grew by 2.7% over the prior period, while Online sales increased by 46.2%, contributing 5.0% of South African sales driven primarily by increased penetration through Woolies Dash (our on-demand offering).

Whilst the Fashion Beauty and Home business continues to make steady progress against its strategic priorities, sales performance in the latter part of the 20-week period was impacted by the late arrival of certain summer ranges, arising from congestion at the ports. Turnover and concession sales grew by 1.4%, with comparable store sales in line with last year. Our teams remain focused on improving the underlying operational and financial health of the business, including growing full price sales, which has positively impacted price movement of 11.7%.

Net trading space reduced by 0.2% relative to the prior period, while online sales grew by 23.0% and contributed 5.2% of South African sales.

The WFS book reflects a year-on-year increase of 10.7% to the end of October 2023, driven by growth in new accounts and credit card advances. The annualised impairment rate for the four months ended 31 October 2023 was 7.5%, compared to 6.2% in the prior period. While this reflects the strain that consumers are under in the current macro-economic environment, it is reducing from the peak of the last quarter of the previous financial year.

Country Road Group

The difficult trading conditions in Australia and New Zealand which arose in the second half of the prior financial year, and which affected the entire retail industry, have softened further throughout the current period, resulting in a marked decline in retail sales, across both store and online channels.

Country Road Group sales declined by 8.1% and by 10.7% in comparable stores. This should be seen in the context of a particularly high prior-period base in which sales grew by 36.2%, driven by a strong recovery post the Covid-impacted lockdowns. The Country Road brand continues to deliver a market-leading performance across key categories. We are making good progress in the expansion of our wholesale and concession offering, in support of our growth agenda. Trading space increased by 4.3% during the period, while online sales contributed 26.0% to total sales, broadly in line with the 25.8% contribution in the prior period.

CONSTANT CURRENCY INFORMATION

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 growth rate, Turnover and concession sales denominated in Australian dollars for the current period 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 R12.16 for the current period and R11.59 for the prior period. 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 growth rate.

The information contained in this announcement, including constant currency and pro forma information, is presented in accordance with the JSE Limited Listings Requirements. The constant currency and pro forma information is the responsibility of the Group's directors 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.

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JSE Equity and Debt Sponsor

Investec Bank Limited