

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’)

## **TRADING UPDATE AND TRADING STATEMENT IN RESPECT OF THE 26 WEEKS ENDED 24 DECEMBER 2023**

### **TRADING UPDATE**

#### **GROUP**

The Group’s turnover and concession sales from continuing operations (i.e. excluding David Jones, which was disposed of in the prior year) for the 26 weeks ended 24 December 2023 (‘current period’ or ‘period’), increased by 5.4%, and by 4.4% in constant currency terms. This should be considered in the context of the high prior period base, in which sales from continuing operations grew by 12.5%, driven in part by the post-Covid pent-up demand in Australia. During the last six weeks of the period, which included trade during the key festive season, sales growth accelerated to 7.2%, supported by our robust trade plans.

As mentioned in our 20-week update released on the JSE Limited’s Stock Exchange News Service (‘SENS’) on 15 November 2023, performance for the current period has been impacted by an increasingly challenging macro-economic backdrop, given the sustained effect of interest rate increases and higher living costs. This has negatively impacted footfall, resulting in a greater-than-expected pullback in discretionary spend in both geographies. In South Africa, our business operations were further disrupted by higher levels of loadshedding, congestion at the ports, and the impact of Avian flu on the availability of key food product lines.

Group turnover and concession sales (including the six-month contribution of David Jones in the prior period, which is therefore non-comparable) decreased by 23.6% on the prior period on a total basis.

#### **WOOLWORTHS**

The economic environment in South Africa remains challenging, exacerbated by the country’s energy and logistics crises, which continue to impact both business and consumer confidence. Whilst we have limited control over the macro environment, our unwavering commitment to quality, the ongoing investment in our value proposition and intensified focus on our customer, has further strengthened the trust that is placed in our brand.

Our Food business delivered solid growth, re-enforcing its strength and resilience. Turnover and concession sales grew by 8.4% and by 7.2% on a comparable store basis, notwithstanding the impact of increased levels of loadshedding and the Avian flu. Underlying product inflation for the period averaged 9.1%, being below headline food inflation as we continue to invest in price. Sales grew by 8.6% in the last six weeks of the period, delivering positive underlying volume growth as product inflation eased to 7.9%. Space grew by 3.3% over the prior period, while online sales increased by 46.6%, contributing 5.1% of South African sales, driven primarily by increased penetration of our on-demand Woolies Dash offering.

Whilst our Fashion Beauty and Home business continues to make steady progress against its strategic priorities, sales for the 26-week period were impacted by poor availability, due in part to the late arrival of certain summer ranges arising from congestion at the ports. Turnover and concession sales grew by 2.2%, with comparable store sales increasing by 1.5%. Sales growth in the last six weeks of the period improved to 3.8%, supported by the successful execution of our Black Friday promotions and festive season trade. Our teams remain focused on full-price sales, which positively impacted price movement of 11.4%. Net trading space increased by 0.3% relative to the prior period, while online sales grew by 26.9% and contributed 5.4% of South African sales.

The Woolworths Financial Services book reflects a year-on-year increase of 4.9% to the end of December 2023, driven by growth in new accounts and credit card advances. The annualised impairment rate for the six months ended 31 December 2023 was 6.3%, compared to 5.5% 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 ('CRG')**

Trading conditions in Australia and New Zealand have deteriorated further, with consumer sentiment in Australia at near-record lows, and household savings the weakest since the GFC. In addition, the retail industry has been disproportionately impacted by the shift in spending away from goods, to services. CRG sales for the current period declined by 5.0% and by 9.5% in comparable stores, off a high prior period base in which sales grew by 25.5% following the strong recovery from the Covid-impacted lockdowns. Sales growth in the last six weeks of the period was positive, at 1.3%.

The Country Road brand continues to deliver a market-leading performance across key categories. Trading space increased by 6.6% during the period, supported by the ongoing expansion of our wholesale and concession channels. The contribution from online sales increased marginally to 26.8% of total sales.

### **TRADING STATEMENT**

Given the inclusion of the David Jones contribution in the prior period, our group results to be reported for the first half of the 2024 financial year are not directly comparable to that of the prior period. The Earnings per share ('EPS'), headline EPS ('HEPS') and adjusted diluted HEPS ('adHEPS') for the current period are expected to be more than 20% lower than the reported EPS, HEPS and adHEPS for the prior period, primarily as a result of the inclusion of David Jones in the prior period base, and are expected to be within the ranges reflected in the table below:

	December 2022 reported (cents)	December 2023 expected range (%)	December 2023 expected range (cents)
Total Group			
EPS	293.7	-25.0% to -35.0%	190.9 to 220.3
HEPS	294.5	-25.0% to -35.0%	191.4 to 220.9
adHEPS	284.7	-20.0% to -30.0%	199.3 to 227.8

Whilst the Group has maintained its stringent focus on managing inventory, and containing cost, we equally continue to invest behind our various strategic initiatives. This, coupled with the impact of subdued discretionary spend on the profitability of our apparel businesses (particularly in Australia), is expected to result in EPS, HEPS and adHEPS from Continuing operations being lower than that of the prior period. This should be further

considered in the context of a high prior year base in which EPS, HEPS and adHEPS from Continuing operations grew by 44.7%, 44.9%, and 48.3%, respectively. Group earnings are expected to be within the ranges reflected in the table below.

	December 2022 reported (cents)	December 2023 expected range (%)	December 2023 expected range (cents)
Continuing operations			
EPS	219.2	-5.0% to -10.0%	197.3 to 208.2
HEPS	219.9	-5.0% to -10.0%	197.9 to 208.9
adHEPS	222.1	-3.0% to -8.0%	204.3 to 215.4

The trading statement above has not been reviewed or reported on by the Group's external auditors. The Group's results for the interim period are expected to be released on or about 28 February 2024.

### **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 R12.21 for the current period and R11.60 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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Cape Town

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