

23 August 2023

ASX Market Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

## Appendix 4E and Annual Report

Attached for release is the Woolworths Group Appendix 4E and 2023 Annual Report for the year ended 25 June 2023.

**Authorised by:** Kate Eastoe, Group Company Secretary

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# Appendix 4E – Preliminary Final Report under ASX Listing Rule 4.3A

Current reporting period (52 weeks)  
Prior corresponding period (52 weeks)

27 June 2022 to 25 June 2023  
28 June 2021 to 26 June 2022

## Results for announcement to the market

### Key information

	% CHANGE		\$M
Revenue	5.7	to	64,294
Profit from continuing operations after tax attributable to equity holders of the parent entity	4.6	to	1,618
Net profit attributable to equity holders of the parent entity	(79.6)	to	1,618

### Details relating to dividends<sup>1</sup>

	CENTS PER SHARE	\$M
2023 interim dividend paid on 13 April 2023	46	560
2023 final dividend declared on 23 August 2023 <sup>2,3</sup>	58	707 <sup>4</sup>

- All dividends are fully franked at a 30% tax rate.
- Record date for determining entitlement to the 2023 final dividend is 1 September 2023.
- The 2023 final dividend is payable on or around 27 September 2023 and is not provided for as at 25 June 2023.
- Represents the anticipated dividend based on the shares on issue as at the date of this report. This value will change if there are any shares issued between the date of this report and the ex-dividend date.

The Dividend Reinvestment Plan (DRP) remains active. Eligible shareholders may participate in the DRP in respect of all or part of their shareholding. There is currently no DRP discount applied and no limit on the number of shares that can participate in the DRP. Shares will be allocated to shareholders under the DRP for the 2023 final dividend at an amount equal to the Average Market Price of Shares over the Pricing Period less a discount (if any), and rounded to the nearest cent, or such other price determined by the Board in its absolute discretion. The Average Market Price of Shares is the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of five trading days commencing on 5 September 2023. The last date for receipt of election notices for the DRP is 4 September 2023. The Company intends to issue new shares and transfer these to participants on or around 27 September 2023 to satisfy its obligations under the DRP.

## Net tangible assets per share

	AS AT	
	25 JUNE 2023 CENTS PER SHARE	26 JUNE 2022 CENTS PER SHARE
Net tangible assets per share	60.1	55.1

## Details of subsidiaries, associates and joint ventures

### Entities where control was gained

During the period ended 25 June 2023, the Group incorporated or gained control of the following entities:

COMPANY	COUNTRY OF INCORPORATION	INCORPORATION OR ACQUISITION DATE
Milkrun Operations Pty Ltd	Australia	21 May 2023
Spaurum Pty Ltd	Australia	2 May 2023
Quantium Health Limited	United Kingdom	11 April 2023
Woolworths Captive Insurance Pte. Limited	Singapore	23 March 2023
Appert Pty Limited	Australia	6 February 2023
Shopper Data Group Pty. Ltd.	Australia	30 September 2022
Shopper Media Group Pty Ltd	Australia	30 September 2022
Shopper Media Group Holdings Pty Ltd	Australia	30 September 2022
Shopper Media Group Operations Pty Ltd	Australia	30 September 2022
Amazed.com Pty Ltd	Australia	23 September 2022
Duke Living Pty Ltd	Australia	23 September 2022
E-COM (Aus) Pty Ltd	Australia	23 September 2022
MyDeal.com.au Pty Limited	Australia	23 September 2022

# Appendix 4E – Preliminary Final Report under ASX Listing Rule 4.3A

## Details of subsidiaries, associates and joint ventures (continued)

### Entities deregistered resulting in loss of control

During the period ended 25 June 2023, the Group ceased control of the following entities:

COMPANY	DATE
Langton's East Asia Limited	18 April 2023
Nine Mile Holdings Limited	18 April 2023
Pudao Limited	18 April 2023
Pudao Trading (Shanghai) Limited Company	18 April 2023
Summergeate Limited (HK)	18 April 2023
Summergeate Limited (Macau)	18 April 2023
Summergeate Holdings Limited	18 April 2023
Summergeate International Trading (Shanghai) Limited Company	18 April 2023
Woolworths (H.K.) Holdings Limited	18 April 2023
Fabsky Pty Ltd	5 October 2022

### Details of associates and joint ventures

	LEGAL OWNERSHIP INTEREST AS AT	
	25 JUNE 2023	26 JUNE 2022
Pet Culture Group Pty Limited <sup>1</sup>	57.8%	57.6%
173 Burke Rd JV Pty Ltd <sup>1</sup>	50.1%	50.1%
Quantium Telstra Pty Ltd	49.9%	-
NP Fulfilment Group Pty Limited	40.0%	40.0%
Sherpa (Aust) Pty Ltd	27.0%	20.8%
B & J City Kitchen Pty	23.0%	23.0%
Samsara Eco Pty	17.2%	25.0%
FutureFeed Pty Ltd	13.8%	20.4%
Endeavour Group Limited	9.1%	14.6%

<sup>1</sup> Notwithstanding that the Group's ownership interest in these entities is greater than 50%, the Group does not control these entities as the decisions about the relevant activities of the entities require the unanimous consent of both parties sharing control. The Group classifies these entities as investments in joint ventures and applies the equity method of accounting.

### Other

Additional Appendix 4E disclosure requirements and further information including commentary on significant features of the operating performance, results of segments, trends in performance and other factors affecting the results for the current period are contained in the 2023 Annual Report and accompanying F23 Full Year Profit and Dividend Announcement.

The Consolidated Financial Statements contained within the 2023 Annual Report, of which this report is based upon, have been audited by Deloitte Touche Tohmatsu.

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**2023**  
Annual Report



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**We are better together**

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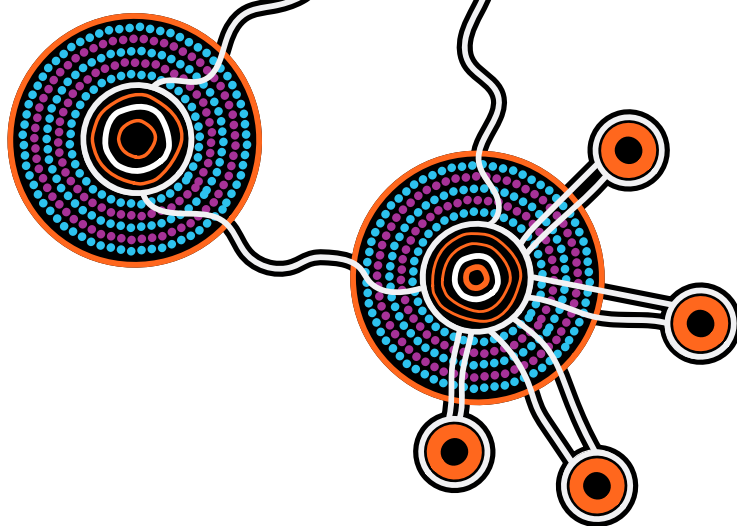
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## Acknowledgement of Country



Woolworths Group acknowledges the many Traditional Owners of the lands on which we operate, and pay our respects to their Elders past and present.

We recognise their strengths and enduring connection to lands, waters and skies as the Custodians of the oldest continuing cultures on the planet.

We remain committed to actively contributing to Australia's reconciliation journey through listening and learning, empowering more diverse voices and working together for a better tomorrow.

Woolworths Group reaffirms our support for the Uluru Statement from the Heart, and its calls for a First Nations Voice to Parliament enshrined in the Constitution.

## Disclaimer

This report contains forward looking statements, including, but not limited to statements regarding: trends in consumer preferences; commodity prices; goals, targets, plans, strategies and objectives of Woolworths Group; assumed near and long-term scenarios and transition pathways; potential global responses to climate change; regulatory and policy developments; the development and uptake of certain technologies; and the potential effect of possible future events on the value of Woolworths Group.

The forward looking statements in this report are based on management's good faith, current expectations and reflect judgements, assumptions and estimates and other information available as at the date of this report. They are, by their nature, subject to significant uncertainties, many of which are outside Woolworths Group's control. Actual results, circumstances and developments may differ materially from those expressed in this report and readers are cautioned not to place undue reliance on these forward looking statements. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to the expectations, judgements, assumptions, estimates and other information and risk factors, referred to above.

# Woolworths Group is purpose-led; our ambition is to create sustainable value for all of our stakeholders

As one of Australia and New Zealand's largest retailers, we recognise the far-reaching impact we have on the communities in which we serve and understand the role we play in driving positive change.

## Creating better experiences together for a better tomorrow

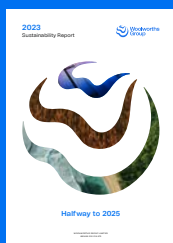
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### About this report

The 2023 Annual Report provides a consolidated summary of Woolworths Group's performance for the financial year ended 25 June 2023, as well as progress against our strategic agenda and Sustainability Plan 2025 to create long-term value for our stakeholders.

- Our Directors' Report and Operating and Financial Review are featured on pages 2 to 73 of this report and the information in these sections has been verified through the Group's internal verification process
- The Remuneration Report on pages 76 to 99 and the Financial Statements on pages 101 to 170 have been audited by Deloitte.

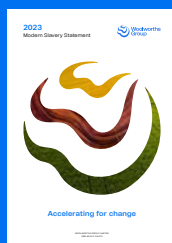
This report should be read in conjunction with the other reports that comprise the 2023 reporting suite, including:



2023 Sustainability Report



2023 Sustainability Data Pack



2023 Modern Slavery Statement



2023 Corporate Governance Statement



The 2023 Woolworths Group reporting suite can be accessed online at: [www.woolworthsgroup.com.au/au/en//investors/our-performance/reports.html](http://www.woolworthsgroup.com.au/au/en//investors/our-performance/reports.html)



# F23 highlights

## Our reach

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### Customers

Customers served in store on average per week

24.5M



● Australian Food	19.6M
● New Zealand Food	2.9M
● BIG W	2.0M

Average weekly digital traffic to Group platforms

23M

▲ 16.3% from F22

Total Everyday Rewards members<sup>1</sup>

14.5M

+750,000 from F22



### Team

Team members

200,364



● Women	108,653
● Men	90,612
● Different term	1,099

Team members <25 years of age

71,310

First Nations team members in Australia

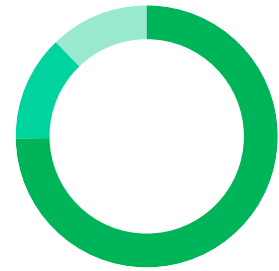
>4,500



### Store network

Our network in Australia and New Zealand

1,463



● Australian Food	1,095
● New Zealand Food	191
● BIG W	177

New stores and renewals<sup>2</sup>

23 new stores  
57 renewals

Direct to boot sites<sup>3</sup>

708

Customer fulfilment centres

11

<sup>1</sup> Total number of members that have joined the program since inception.

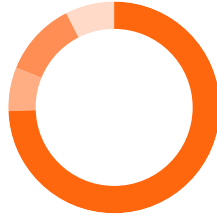
<sup>2</sup> Includes Woolworths Supermarkets, Metro Food Stores, Countdown Supermarkets and BIG W.

<sup>3</sup> Australian Food only.

# Our financial performance

## Group sales

\$64.3B

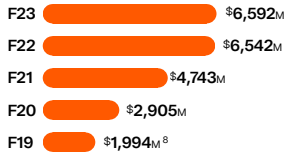


● Australian Food	\$48,047M
● Australian B2B	\$4,324M
● New Zealand Food	\$7,240M
● BIG W	\$4,785M

▲ 5.7% from F22

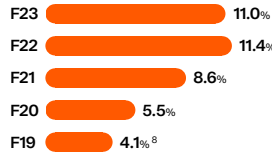
## Group eCom sales<sup>4,5</sup>

\$6,592M



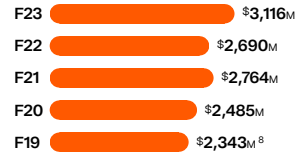
## eCom sales penetration<sup>5,6</sup>

11.0%



## Group EBIT<sup>7</sup>

\$3,116M



# Our sustainability highlights

## Voice of Team score for 'sense of belonging'

+4pts

**Achieved**  
**Platinum**  
Employer AWEI status

**Awarded**  
**WGEA**  
Employer of Choice Award  
for the second year

**Maintained**  
**Rainbow Tick**  
certification for fifth  
consecutive year

## Reduction in scope 1 & 2 emissions<sup>9</sup>

▼ 36%

from 2015 baseline

## Renewable electricity in SA

100%

## Solar operating or under construction

>60MW

## Food waste diverted from land fill

50,826t

## Equivalent of meals donated to food rescue

>34M

## Food waste from stores diverted from landfill

80% Woolworths Supermarkets

4 Continuing operations.

5 F22 and F21 restated to include Woolworths at Work as part of Australian Food.

6 Group eCommerce penetration is calculated based on Australian Food, New Zealand Food, BIG W and MyDeal sales only.

7 Continuing operations before significant items.

8 Excluding Endeavour Group and normalised to remove the impact of the 53rd week and AASB16 if it had been in place in F19.

9 Using the market-based method for calculating electricity emissions.

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# The value of a better tomorrow

It is a pleasure to introduce to you Woolworths Group's 2023 Annual Report, the first since I assumed the role of Chair at last year's AGM.

The review of F23 confirms that Woolworths Group is performing well across most measures. The most important driver of our performance has been Woolworths Group's team members. Throughout F23, we have seen first-hand how their efforts have supported customers and their fellow team members, despite the various challenges they again faced during the year. I want to start by acknowledging this and thanking every team member for their hard work and dedication in F23.

I am also excited by our prospects. It has been a privilege to have played a part in the successful transformation of the business to date. However, as a result of the decisions we have taken, it is clear we have very real opportunities for sustainable long-term value creation for all our stakeholders.

## F23 performance

Woolworths Group's performance in the 2023 financial year benefitted from a return to more stable operating conditions following material disruption from COVID in prior years. The improved profit result for the year reflected robust sales growth, the more stable operating environment, the absence of COVID costs incurred in the prior year, and the benefits from ongoing investment in the business.

Reflecting the strong result, the Board declared a fully franked final dividend of 58 cents per share which was up 9.4% on last year, bringing the total dividend to 104 cents per share, up 13% compared to F22 and in line with earnings growth for the year. This reflects both this year's performance and the long-term confidence in our prospects.

Keeping our team (including contractors) safe when they come to work is our primary objective. Tragically we lost two team members in the last 12 months and the Board

extends its sincere condolences to the families, friends and colleagues of these team members. Investigations into these events are ongoing; however, in the context of these tragic circumstances, the Board determined that there should be a 10% point reduction in the Group STI outcome for F23.

## F23 strategic progress

While the overall operating environment for the Group improved in F23 compared to previous years, global and local inflationary impacts have created a new challenge as our customers' household budgets become increasingly stretched.

Amid this backdrop, we responded by delivering even greater value across our Food and Everyday Needs businesses. This included weekly specials and Low Price programs in Food, expanding our loyalty offer, and investing in our Own Brands to provide quality products and more affordable choices. Ensuring that all of our customers 'get their Woolies worth' remains a key priority for F24.

Material investment in the Group's digital and eCommerce assets over many years has established a solid foundation that has enabled the Group to respond to changing customer preferences. This is reflected in Group eCom sales growth of approximately 35% on a 4-yr CAGR as more customers switch to convenient online delivery solutions. This has been further supported by the transformation of the Group's supply chain including the launch of 11 CFCs since 2014 to help optimise online home delivery in key areas for supermarkets.

The Group's multi-year supply chain transformation is a key driver of productivity improvement with the upgraded facilities enabling a wider and fresher range for customers, a material increase in capacity, and improved efficiencies. Major new facilities opened over the last five years include

Melbourne South Regional DC and Melbourne Fresh DC in Victoria; Adelaide Regional DC expansion in South Australia; Palmerston North DC and Auckland Fresh DC in New Zealand and Heathwood Chilled and Frozen DC in Queensland. A new Fresh DC in Christchurch, New Zealand, and Woolworths Group's first automated CFC in Auburn, Sydney, are on track to open in 2024.

Expansion into complementary adjacencies has played an important role in the year to reinforce our cornerstone retail businesses and support growth. Our foodservice business, PFD Food Services, had a strong year with growth of 28%. The acquisition of retail media business, Shopper Media, in September, helped deliver Cartology growth of 29%, despite the challenging advertising market. The acquisition of an equity stake in Petstock Group announced in December 2022, subject to ACCC approval, will also enable more customers to conveniently shop for all their everyday needs across our connected Group.

### The value of a better tomorrow

Woolworths Group recognises that operating in a sustainable way, having a positive impact on the communities in which we operate and maintaining the highest levels of governance, will benefit all of our stakeholders.

Progress on our Sustainability Plan 2025 included the launch of our latest innovate Reconciliation Action Plan to drive meaningful progress towards reconciliation with Indigenous Australia. Remediation of the first identified case of modern slavery within our supply chain was completed for 230 impacted workers, and we committed to reducing our transport emissions by 60% in 2030 compared to F22 as part of the Group's transport decarbonisation strategy.

We continued to improve our TCFD-aligned climate and nature disclosures on pages 42 to 59 of this report, to transition towards alignment with the new standards for F24. To provide greater transparency, as part of our F23 reporting suite, we increased coverage of performance reporting against our 2025 Plan and released our first digitised sustainability data pack on our website. There is still much to do to better understand our role within the wider value chain and the positive impact we can have for a better tomorrow.

### Board updates

In March of this year, Tracey Fellows and Warwick Bray joined the Woolworths Group Board as non-executive directors.

We are delighted to have Tracey and Warwick's wealth of experience, knowledge and unique perspectives available to the Board and are confident that they will complement the Board's existing skills.

Warwick has become Chair of the Audit and Finance Committee, with Tracey joining the People Committee. Both will stand for election at the 2023 Annual General Meeting.

## Looking ahead

As we move into our centenary year in 2024, the Board remains focused on supporting our CEO and management team as we execute our ambitious strategy. While our operating environment remains somewhat uncertain, we are reassured by both the performance and underlying health of the Group and energised by the opportunities ahead of us.

We will be relentless in providing value for our customers and supporting our team across the Group. We will continue to realise the benefits of our investments to date but will also continue to invest, in a disciplined fashion, to strengthen our cornerstone businesses and platforms, grow our adjacencies and evolve the Group to meet the changing needs of our customers.

We will be guided by our values and continue to do what is right for the communities we serve. We will continue to progress our Sustainability Plan 2025 to not only have a positive impact but also make our business stronger and more resilient for the future.

Woolworths Group is at the heart of nearly every community in Australia and New Zealand. We look to the future with a sense of both responsibility and optimism, guided by the potential of working better together for a better tomorrow.

Thank you,

Scott Perkins | CHAIR



# Creating value for all of our stakeholders



While the 2023 financial year marked a return to relative stability after several years of material COVID-related disruption, the rising cost-of-living pressures impacting our customers and team has now become our key challenge. To help with this, we have continued to improve our value proposition for our customers and increased support for our teams and this will be an ongoing focus in F24.

## F23 reflections

F23 Group sales increased by 5.7% with sales momentum increasing through the year due to cycling COVID impacts in early F22 and inflation. The more stable operating environment, phase out of material COVID-related costs, and ongoing investment in recent years in Group platforms led to Group EBIT growth before significant items of 15.8%. More information on the Group's financial performance can be found on [pages 22 to 40](#).

Group Voice of Customer (VOC) NPS ended F23 at 49 which was in line with the prior year. While we did see some improvement in the second half, customer scores are being impacted by inflation, customers returning to shopping more on weekends and evenings, and product availability challenges (although as I write, these are materially reduced). Pleasingly, Customer Care remains our highest Store-controllable VOC metric across the Group at 80%. We recognise, as ever, we have more to do in F24 to respond to our customer's evolving needs and improve customer advocacy.

Tragically, two of our team members lost their lives at work in the last 12 months. We are deeply affected by this loss, and our thoughts are with their families and friends, and colleagues affected. Investigations into these events are ongoing and we are absolutely committed to ensuring learnings are acknowledged and implemented.

Our latest Voice of Team (VOT) survey has seen team scores improve on previous results, particularly for store team members with an advocacy score of 17 compared to eight in F22. This reflects higher scores relating to psychological health, safety and wellbeing, recognition and us taking action on team feedback.

Across our Food businesses, cost increases in commodities, energy, and labour led to above-trend price increases from suppliers during the year, particularly in packaged products and dairy. The impact of extreme weather events also affected some Fresh categories such as Fruit & Vegetables, although both availability and prices improved in H2. To support our customers to save money and get their Woolies worth, we implemented a number of value mechanics during the year, including a strong weekly promotional program, seasonal Prices Dropped programs, as well as invested in our Own Brands via Low Prices you can Rely On, and our Everyday Rewards program which continues to grow in popularity.

In BIG W, the slowdown in consumer spending has been more pronounced in H2, particularly in Q4. Customers continue to shop BIG W to get great value on their everyday needs; however, increasingly, customers are buying only what they need, which has seen a decline in items purchased compared to the prior year.

## Progress against our strategic priorities

During the year, we progressed our Group Strategic Agenda and advanced our Sustainability Plan 2025 to ensure we create value for all of our stakeholders over the medium to long-term.

Living our purpose and staying true to our core values is critical to making the many decisions necessary to meet the expectations of all of our stakeholders. With Woolworths being named Most Trusted Brand by Roy Morgan and Most Valuable Brand by Brand Finance in F23, we continue to receive strong external endorsement of our various efforts.

Sustainability is a core part of living our Better Tomorrow purpose. Key progress on our 2025 Plan included our commitment to transition our home delivery fleet to be entirely electric, enabling a 60% reduction in transport emissions by 2030; the removal of reusable plastic bags nationwide, which at the end of phase out equates to approximately 350 million fewer plastic bags annually combined with the 3.2 billion single-use plastic bags that used to be in circulation; and the first retailer to be recognised with Platinum Status by the Australian Workplace Equality Index.

We have continued to invest in our Australian and New Zealand supermarkets with 22 new stores and 55 renewals completed in the year. Tailoring our stores to the needs of individual communities is also progressing well through our Value, Core and UP store segmentation strategy. To meet the continued demand for convenience, we have expanded our eCommerce offer for customers. Group eCommerce sales increased by 11.1% in the second half with Same Day and On-Demand in Australian Food growing rapidly compared to last year.

In general merchandise, a strong third party marketplace offering has become a key part of the digital customer experience. To accelerate our capabilities in this area, we completed the acquisition of MyDeal in September 2022 and are well progressed in terms of how we leverage these capabilities, particularly in BIG W.

In terms of our platforms, our supply chain transformation continues to progress as planned with MSRDC now delivering a consistent 2.4 million cartons per week, and our new major facilities in Sydney progressing to plan. Our Auburn eCommerce fulfilment centre is on track to open in late 2024 and the initial phase of our new Sydney NDC in Moorebank is now complete with an operational launch scheduled before the end of 2024.

Our retail media business, Cartology, continued to grow strongly with sales growth of 29% (including Shopper Media) despite a more challenging advertising market environment, with the business now servicing both New Zealand and BIG W. wiq, the Group's data and analytics platform in partnership with Quantum, is building on the continued success in optimising promotional effectiveness and personalising customer experiences, and has expanded its impact by consolidating over 30 high-impact use cases into platform solutions. Finally, we continue to grow and strengthen Everyday Rewards with a 6% increase in active members and a 7% increase in members accessing Booster offers compared to the prior year.

## Investing for the future

Looking ahead, I am energised by the plans we have in place to evolve and grow Woolworths Group for the better. We are committed to continuing to invest for all of our stakeholders to ensure the foundations for the Group's long-term success.

The strong year we have had would not have been possible without the tremendous effort of our team. In July 2023 we increased the retail wage paid to our store teams in Australia by 5.75% and by 7% for our New Zealand store teams. In F24 we are also focused on further enhancing team benefits via Everyday Rewards Plus.

Investing to make sure our customers get their Woolies worth remains a key priority and we have launched a number of ways to help customers spend less on their shopping. We will also continue to invest in renewing our stores in Australia and New Zealand and opening stores in new communities where opportunities arise. From early 2024, Countdown will be rebranded to Woolworths Supermarkets New Zealand. This symbolises our ambition to improve experiences for our Kiwi customers by strengthening our trans-Tasman connections and our proud history in New Zealand, having opened our first store there in 1929.

We continue to look after our communities with an initial investment of \$9 million in F24 as part of our updated goal to reduce hunger and food waste, as announced in August. We also continue to invest in our Group platforms to leverage technology and analytics to provide better and safer experiences for our customers and team, greater end-to-end operating efficiency, and strengthen our supply chain resilience.

In 2024, we celebrate our centenary. As we reflect on the first 100 years, and look forward to the next chapter, we are united and galvanised by our shared purpose of building a better tomorrow.

In closing, I want to say thank you to all of our stakeholders for supporting Woolworths Group and for helping us create better experiences in F23 for today and for a better tomorrow.

Brad Banducci | CHIEF EXECUTIVE OFFICER



# How we work together

We are focused on ensuring all of our decisions and actions reinforce our purpose of creating better experiences together for a better tomorrow for our customers, team and the communities we serve.

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## Our strategic priorities

Our strategic priorities have a Customer 1<sup>st</sup>, Team 1<sup>st</sup> approach at their core and align with our connected Group strategic framework:

### Living our purpose

Build a better and safer tomorrow for our Customers and Team.

Leverage Everyday Rewards to unlock even more value for our members and team.

### Delivering compelling customer propositions

**Woolworths Retail:** help all customers find their Woolies worth.

**Woolworths Food Company:** grow brands, products and capabilities unique to Woolworths.

**BIG W and Specialty (W Living):** help our customers find real value and easy everyday solutions.

### Strengthening our foundations

**Retail Platforms:** scale value delivery in our Group businesses and directly with third parties.

**Group Platforms:** support Group priorities and focus on E2E productivity.

## Our sustainability pillars

[→ Access our 2023 Sustainability Report](#)

Sustainability is intrinsic to our business and the way we operate, helping us make positive change for a better tomorrow and enabling the creation of sustainable growth.

### People

Our People pillar focuses on creating a diverse and inclusive place for our teams to work. It means supporting our communities, building partnerships and working with our suppliers to make sure that workers' rights in our supply chain are protected.

### Planet

Our Planet pillar focuses on protecting the world we live in for current and future generations. It means going further than just limiting negative impacts; it means actively finding ways to create positive benefits.

### Product

Our Product pillar focuses on evolving the way we do business to embrace circular thinking, which means all waste is a resource. It means making it easy for our customers to choose products that are healthier, sustainably sourced and responsibly packaged.

## Our ways-of-working and core values

### Ways-of-working

These define how we aspire to work together end-to-end as one team.

### Core values

These are the core values we expect everyone at Woolworths Group to role model on an individual and ongoing basis.

## Our stakeholders

[→ See pages 14 to 21](#)

As one of Australia and New Zealand's largest retailers, we recognise the impact Woolworths Group has across all of our stakeholders. Engaging with our stakeholders helps us to understand and prioritise our strategic agenda for the business to deliver sustainable value for all.



Customers



Team



Suppliers and business partners



Communities



Planet



Investors and shareholders

## Risk management oversight

[→ See pages 60 to 65](#)

# Our business model

## Our value drivers

## Our connected Group

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### Trusted brands and products

Providing the best range and value, freshest produce and everyday needs for our customers in Australia and New Zealand.

### Retail businesses, services and adjacencies

Connecting B2C and B2B customers with good food and more every day through stores, convenient services, seamless digital experiences and partnerships, world-class fulfilment, complementary adjacencies and a leading loyalty program.

### Team members

Our Team 1st culture is focused on the workplace of the future with a non-negotiable approach to safety, and celebrates inclusion and belonging to reflect the diversity of our communities.

### Technology, innovation and data

Harnessing leading technology, leveraging digital tools and analytics-enabled platforms, and investing in innovations to deliver value.

### Sustainability

A leader in sustainability focused on creating positive change for current and future generations through our pillars of People, Planet and Product.

### Financial

Strong balance sheet and disciplined capital allocation to drive sustainable long-term growth.





Woolworths Group's value drivers are essential for delivering growth and change for our stakeholders. Our connected Group comprises five key components that work to reinforce each other to deliver sustainable value for the long-term.

## Value created for

### Customers

Our connected Group enables us to provide all of our customers with great value, a better range of quality products and convenient shopping options.

### Team

Our team members are critical to unlock value throughout the Group's value chain. We aspire to be the employer of choice through a focus on creating safe work environments, meaningful hours, inclusion and belonging, and the workplace of the future.

### Suppliers and business partners

Maintaining good relationships with our suppliers and business partners is essential to providing the quality goods and services our customers expect from us. We also recognise the important role we play in working together to build a rights-respecting culture across our value chain to do better for workers and their communities.

### Communities

We are committed to engaging, sharing and giving back to have a positive impact on the communities we serve. We also want our teams to reflect the diverse communities in which we operate to better understand their needs.

### Planet

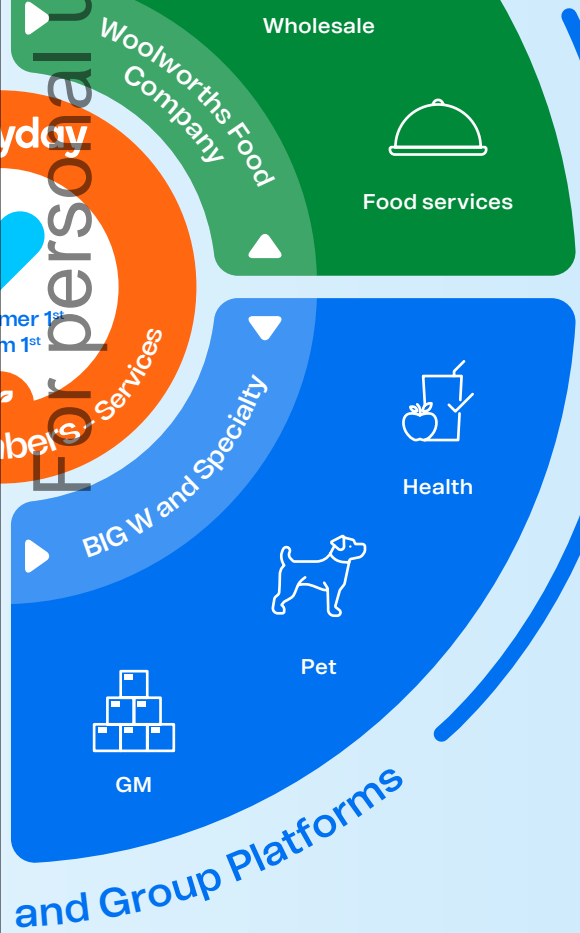
Building a better tomorrow for our planet means we are committed to going beyond just limiting negative impacts. We are actively finding ways to partner across our value chain to drive the transformational change required to transition to a lower carbon future whilst working to protect and regenerate nature.

### Investors and shareholders

A focus on investing for the future to deliver sustainable growth whilst maintaining a strong balance sheet and financial flexibility, which sets the foundation for long-term value creation for our shareholders.

together for a better tomorrow

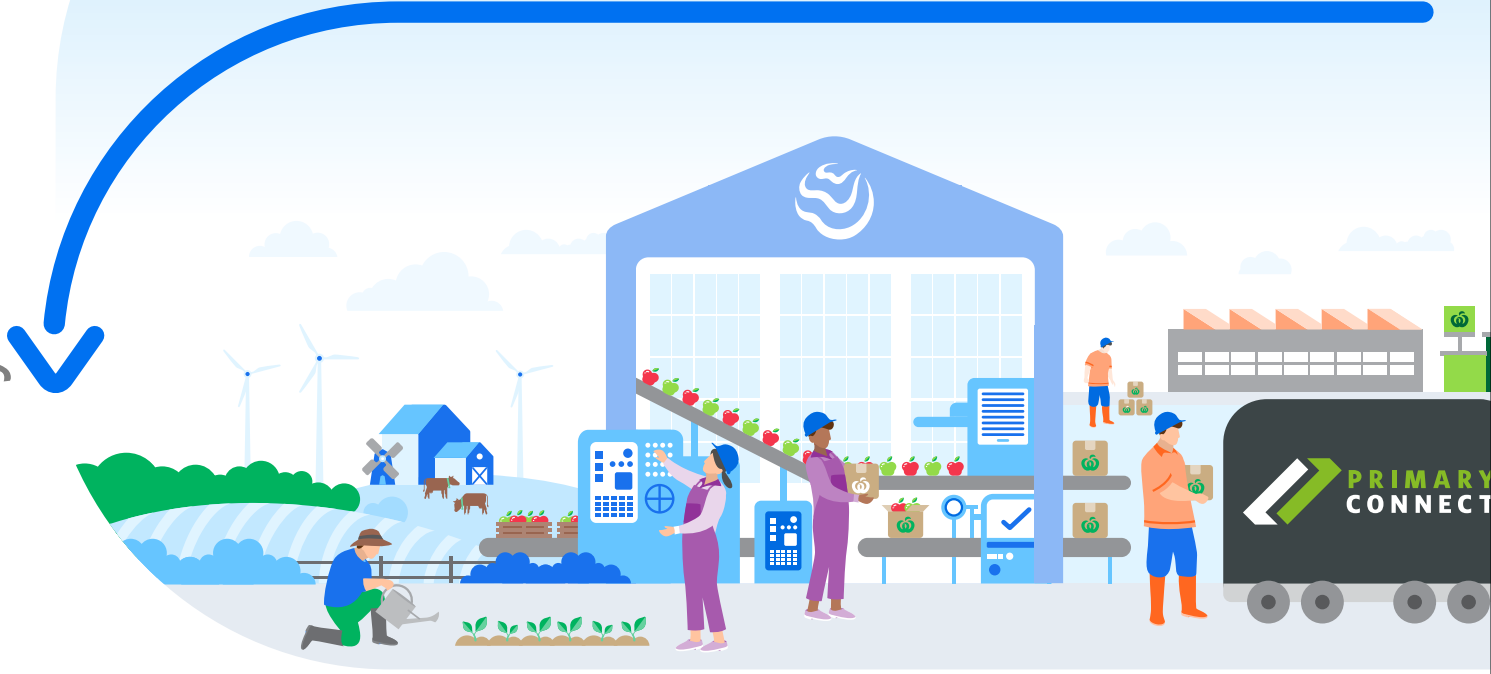
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# Our value chain

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## Agricultural and raw materials

The farming and sourcing of raw materials is fundamental to our promise as Today's Fresh Food people, as well as the production of quality own brand products.

## Data and insights

By leveraging data and sharing insights across our entire value chain we continue to shape the Group for the future to meet the ever-evolving needs of our customers.

## Suppliers, processors and packaging

Working closely with our suppliers, processors and packaging partners is important to delivering on the range, freshness and sustainability of our products.

## Warehouse and distribution

The Group's DC network and supply chain primarily moves products across Australia and New Zealand to support our retail operations.

### ESG considerations

- Regenerative agriculture
- Sustainable sourcing of high-risk commodities
- Animal welfare
- Human rights
- Food waste reduction

- Privacy
- Cyber security
- Code of conduct

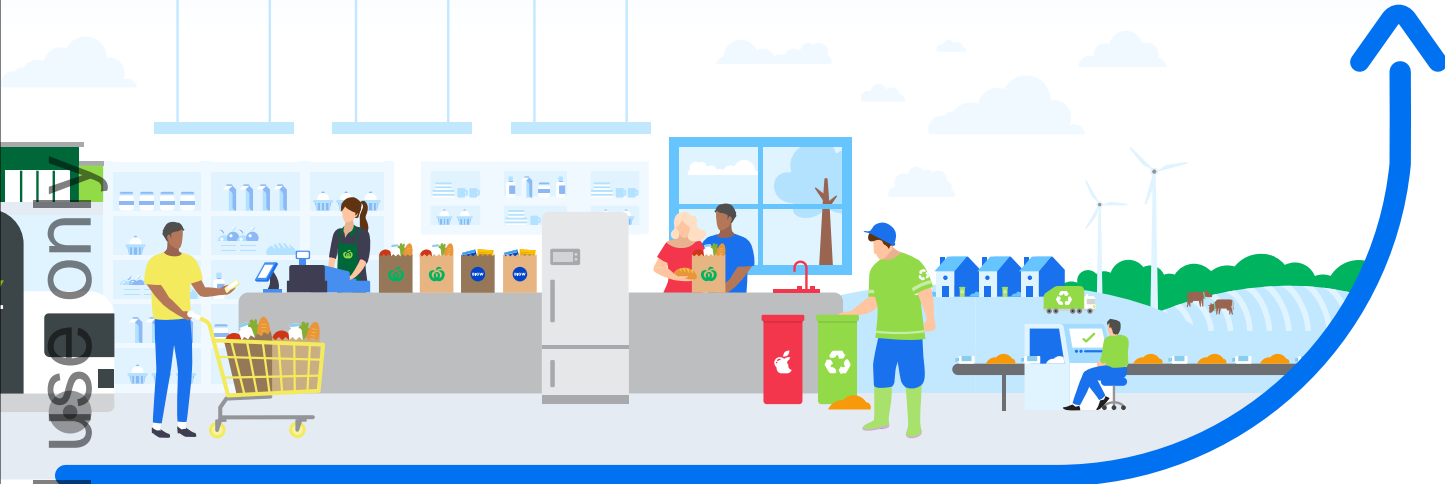
- Scope 3 emissions reductions
- Sustainable packaging and plastics reduction
- Health – product reformulations
- Animal welfare
- Human rights
- Supporting First Nations businesses
- Anti-bribery and corruption
- Supplier trading terms

- Scope 1 and 2 emissions reductions
- Renewable electricity
- Transport decarbonisation
- Donations
- Anti-bribery and corruption
- Code of conduct



Woolworths Group's value chain reflects the connected nature of our operations. As a Group, we are constantly evolving to provide better experiences for our customers and team, to become more efficient to deliver value, to generate growth for our suppliers, and to deliver on our commitment for a better tomorrow.

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**Retail businesses and services**

Our Australian and New Zealand supermarkets and eCommerce businesses are the cornerstone of our retail operations complemented by adjacent businesses.

**Team members**

The Group employs over 200,000 team members across our value chain and we live our purpose of creating better experiences together for a better tomorrow.

**Customers**

An average of 24.5 million customers shop across Woolworths Group every week. Customers also engage with us online with 23 million average weekly visits to our digital platforms.

**Product stewardship**

Programs designed to recover and reuse materials that would otherwise go to landfill at the end of their product life.

- Scope 1 and 2 emissions reductions
- Renewable electricity
- Food surplus donations
- Code of conduct

- Meaningful careers
- Holistic wellbeing
- Inclusion and belonging
- Supporting communities
- Code of conduct

- Sustainable sourcing of high-risk commodities
- Responsible packaging
- Animal welfare
- Green deliveries

- Responsible packaging
- Food surplus donations
- Regenerative agriculture

# Delivering value for all of our stakeholders

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## Customers

Customers are at the heart of our strategy; by continuing to create better shopping experiences, we want more Australians and New Zealanders to choose Woolworths Group for all of their food and everyday needs.

### Better value for money

Customer feedback in F23 was clear – our customers wanted better value for money as household budgets increasingly came under pressure from inflation. We know value can mean different things to different people. Across our Food businesses, Everyday Rewards platform and BIG W, we provided many ways to help our customers find better value for their individual needs.

For better value across Food, Woolworths Supermarkets introduced a Price Freeze on 200 grocery essentials for six months in the lead up to Christmas in 2022. We also delivered four seasonal and a Christmas Prices Dropped campaign, more than 3,000 products on our Low Price you can Rely On range and maintained over 6,000 weekly specials. Our Own and Exclusive Brands play a key role in providing value for our customers including a wide range of Own Brand products that retail at an average price of less than 30% below the branded equivalents. In addition, price increases across our own brands in F23 were materially below overall store inflation.

Our loyalty program, Everyday Rewards, delivers hundreds of millions in savings to members every year through

access to personalised offers on the items they regularly buy. Members also have the opportunity to boost points on selected items to unlock more savings for their next shop or to bank their savings to spend at Christmas. Our subscription offer, Everyday Extra, moved from pilot to roll out in F23, with subscribers saving approximately \$300 extra for the year. In August 2023, we launched Member Pricing to provide our members with even greater value.

In BIG W, two new own brands, Openook in Home, and Somersault in Toys, were launched with over 1,000 new products to offer more affordable choices for customers. BIG W also provided value for customers during key seasonal events in the year, such as Christmas, Easter, and Mother's Day.

Supporting our most vulnerable communities is especially critical in this environment, particularly to help address food insecurity. We donated over 17,000 tonnes to our food rescue partners in F23, which is the equivalent of approximately 34 million meals as we work towards our goal to reduce hunger and food waste as part of our Sustainability Plan 2025.



## Better customer shopping experiences

Customers' behaviours increasingly returned to pre-COVID habits during the year, including more frequent visits to our stores as customer mobility improved. We continued to invest in our supermarkets, opening 22 in the year and renewing a further 55 across Australia and New Zealand to deliver better and more curated experiences for each of our communities. The curation is achieved through the segmentation of stores into Value, Core and UP, with a store's features based on the needs of the local community. We also tested and learnt from a number of store upgrades in the year, including enhanced front of store layouts for a better customer experience through the conversion of express lanes into additional assisted checkouts, expansion of the assisted checkout area for larger trolleys, and a centralised service desk to easily access team support.

In F23, BIG W updated its latest store blueprint with a focus on a new customer-led in store experience, opening one new store with two renewals completed in the year. BIG W's Kawana Waters store in Queensland was relaunched in May 2023 using the latest blueprint including new service navigational anchors, an enhanced layby and pick up area and team space; as well as an upgraded Direct to boot offer.

We continue to review the accessibility of our stores and have introduced measures such as a low-sensory quiet hour in over 900 Australian supermarkets to reduce anxiety and sensory stress for customers with specific needs, including autism. We will do more in F24 to make our stores accessible for all.

During the year we saw a rapid increase in the demand for our convenient online shopping propositions, particularly for express delivery options such as Same Day and On-Demand delivery within the hour. To support this, we continued to enhance our infrastructure such as Direct to boot with a further 81 stores in F23 and made changes to our Woolworths and Everyday Rewards apps and websites to make it easier for our customers to shop online. To provide additional capacity to meet demand, we also opened CFCs in Caringbah, NSW and Rochedale, Qld, bringing the total number of Australian CFCs to seven at the end of F23.

## Growing B2B

Woolworths Group's customers also include business and wholesale customers in Australia and New Zealand. In Australian B2B, F23 sales increased by 17.4%, driven by strong sales growth in PFD Food Services due to higher demand from its customers as the consumer environment normalised and new customer acquisition. PC+, our B2B supply chain business, also performed strongly in F23 driven by strong growth in primary freight services as well as the establishment of offshore consolidation capabilities in India. Looking ahead, we will continue to grow and optimise our B2B offer under the banner of Woolworths Food Company in our connected Group. This will include growing PFD and Australian Grocery Wholesalers' customer base through exceptional customer service and own brand opportunities.



Enjoy Low Prices on Australia's healthiest own brands<sup>A</sup>

<sup>A</sup>Foodswitch: State of the Food Supply report (2022)

## Healthiest Own Brand

In December 2022, Woolworths Supermarkets' Own Brand range was ranked the healthiest of the four major Australian retailers for the fourth year in a row, by The George Institute for Global Health based on Health Star Ratings.

➔ [For more information access our 2023 Sustainability Report](#)



## Stakeholder review



## Team

Woolworths Group employs over 200,000 hard working team members in stores, across our supply chain and in our support offices. Our team members are essential to enable the Group to create value and are critical to our long-term success.

### Better value for our team

As one of the largest private-sector employers in Australia and New Zealand, providing our team with great value every time they shop with us given the rising cost-of-living pressures is important to us. A key component of our benefits program launched in F23 is Everyday Extra for Team, which includes an extra 5% discount off their shop every month and the ability to earn three times as many Everyday Rewards points on every shop at Woolworths and BIG W. This is in addition to the existing discount of 5% off every shop and additional 5% extra on Woolworths' Own Brand items and BIG W clothing.

Equally important is that over time salaries and wages for our team keep pace with increases in the cost-of-living. In F23, we increased store team member wages by 4.6% in Australia and 12% for New Zealand. For F24, we have committed to a further increase in retail wages for store teams of 5.75% in Australia, in addition to a 0.5% increase in superannuation, and 7.0% in New Zealand. Offering meaningful hours is another key initiative to support our team and their earning potential. This was enabled by the national rollout of a new rostering and store standards

solution, RT3 (right team, right task and right time), across Australian supermarkets in F23. By using individual store data, the software provides a rostering solution that matches the shopping behaviours of customers by store. This will be further enhanced in F24 with the introduction of cross-store working, which allows team members to work across a number of stores. This is supplemented by regular VOT feedback so we know how our team are responding to the changes.

Our teams' mental health and wellbeing is also critically important, and to support this, we partnered with Sonder to provide an app that provides unlimited access to safety, mental health, physical health and wellbeing support. Over 47,000 team members and their families have signed up to Sonder since its launch in 2020, and in F23, team members accessed professional support through the app more than 18,000 times, for help with issues related to medical, stress, acute mental health, anxiety, financial, and safety concerns.

### Inclusion and belonging

We recognise the value our teams' diversity brings to our business, our customers, and our communities. To achieve our ambition of being a truly inclusive workplace, our inclusion strategy focuses on five key pillars: gender equity, First Nations inclusion, disability inclusion, cultural inclusion and LGBTQ+ inclusion; recognising the intersectionality of our team. In F23, Woolworths Group achieved platinum status in the Australian LGBTQ+ Inclusion Awards, provided secure employment opportunities for refugees through our refugee employment program, increased employment opportunities for over 4,500 First Nations team members through the Resourcing the Future program, and established a Disability Team Network. However, we recognise there's more to do.



➔ For more information read our [2023 Sustainability Report](#)

## A better and safer place to work

Woolworths Group's primary objective is the safety of our team across all of our sites. Tragically two team members lost their lives at work in the last 12 months. We are deeply impacted by this loss and our thoughts are with all those affected. Investigations into these events are ongoing but we are committed to ensuring learnings are acknowledged and properly implemented. Aggression towards team members was an increasing area of concern in F23 with more than 3,000 acts of violence, threats and abuse reported in the past 12 months. To help protect our team, we invested in CCTV upgrades, two-way radio headsets, as well as virtual reality violence and aggression training, with further plans to roll out body-worn cameras and personal safety alarms to high-risk stores in F24. We also continued the rollout of Scan Assist to 474 Australian supermarkets to support accurate scanning at assisted checkouts.

Better and safer work experiences is a key priority for our new and renewed stores as well as our supply chain transformation. New features in Woolworths Supermarkets in F23 include the removal of express checkouts and centralising the service desk for simpler front of store operations and supervision, increased team room capacity and optimising Home Delivery and Direct to boot spaces in stores to help simplify processes. As part of our supply chain transformation we are creating better team experiences through 5 Star Green Star-rated sites with modern team facilities and canteens, increased natural light, faith rooms, and improved amenities for visiting drivers.

At Woolworths Group we want our team to have fulfilling careers with opportunities to grow and learn, particularly as the industry evolves with technological advances in automation, predictive analytics, artificial intelligence and cloud computing. In February 2021, we announced plans to invest \$50 million over the next three years in the Woolworths Future of Work Fund to upskill, reskill and redeploy team members impacted by industry disruption and technological change. Since its launch, we have invested \$22.8 million in programs, including new technology to reimagine learning, virtual reality headsets for training, and the Data4All program, completed by 600 senior leaders to date, to build data analytics capabilities.



## Refugee Employment Program

Woolworths Group's Refugee Employment Program, delivered in partnership with Community Corporate, is one of the nation's largest employer-led refugee-specific sustainable employment programs. Since 2018, Woolworths Group has welcomed more than 245 refugees into its teams across Woolworths Supermarkets, Metro Food Stores, CFCs, and digital and technology support functions. In June 2022, Woolworths Group also launched a targeted Refugee Digital and Technology Cadetship Program in partnership with Community Corporate and Service Now to create career pathways for refugees who possess technology skills but lack local experience in Australia.

## WGEA and AWEI recognition

Woolworths Group was awarded the Workplace Gender Equality Agency Employer of Choice citation for the second time in F23, recognising our active commitment to achieving workplace gender equity. Woolworths Group was also recognised for its support for LGBTQ+ communities in F23, achieving Platinum Employer AWEI status, the first for any retailer, and maintaining Rainbow Tick Accreditation in New Zealand for five years.



**WGEA**  
Employer of Choice



**NZ**  
Rainbow Tick Accreditation



**AWEI**  
Platinum Status



**#1**  
retailer globally, 2022  
Corporate Human Rights Benchmark

## External benchmarks





## Suppliers and business partners

Only through maintaining strong relationships with our suppliers and business partners can we deliver better outcomes for our customers and enable a greater impact for change across our shared value chain.

### Better together in partnership

By working closely with our small suppliers, we can deliver a localised and curated range to our customers as well as support the local communities in which we operate. Key initiatives to help them include our Seedlab Australia partnership which helps small suppliers to become retail ready; sharing curated business performance data through our analytics business, wiq; and small supplier payment terms with 14-day terms to support cash flow. Such initiatives have resulted in a four point improvement in our Voice of Supplier score for small suppliers in F23.

Woolworths Group has one of the largest retail supply chains in Australia and New Zealand. We are committed to building a rights-respecting approach across our business where modern slavery risks are identified, managed and mitigated. We work directly with our global trade and non-trade suppliers to embed respect for human rights into our everyday decisions and throughout our value chain. Our Human Rights Program underpins our work with suppliers and defines our approach to managing human rights risks across the Group's supply chain. In F22, Woolworths Group reported its first identified case of modern slavery, and in F23, remediation was completed for 230 (98%) of impacted workers. During the year, 885 supply chain audits across our fresh and own brand supply chains were completed resulting in 238 critical findings, with 67 closed and the remainder being actively monitored.

Work is also underway on supplier capacity building to implement the Priority Industry Principles with all own brand suppliers in Malaysia and Thailand.

➔ **Further information can be found in our [2023 Modern Slavery Statement](#)**

The value chain generates most of the Group's scope 3 emissions, which are approximately 15 times greater than our scope 1 and 2 emissions combined, with purchased goods and services covering 80–85%. In 2022, we commenced a pilot engagement program with our suppliers in partnership with The Sustainability Consortium. We invited 55 suppliers across Australia and New Zealand from six categories significantly contributing to emissions across our value chain. We piloted a multi-retailer, science-based decision tool, THESIS on SupplyShift, to capture emissions intensity data and, over time, its trajectory through the value chain. The program aimed to provide the opportunity to share progress as companies work towards their own established goals and support those starting out to understand their own emissions profile and taking action to reduce it.

➔ **More detailed information can be found in our [climate and nature disclosure on pages 42 to 59](#)**

### Supporting Indigenous suppliers

In 2022, Woolworths Group updated its Procurement Policy, clarifying the definition of an Indigenous supplier while providing greater flexibility in procurement processes to support spend with Indigenous suppliers. In the same year, we launched our internal Indigenous business directory and participated in Supply Nation's connect event as an exhibitor, meeting Indigenous businesses and industry leaders to build relationships and connections. To support the growth of Indigenous businesses we have committed to increasing our influenceable spend with non-trade First Nations suppliers to 3% by 2025 as part of our latest Reconciliation Action Plan.



➔ **For more information read our [Reconciliation Action Plan](#)**



# Communities

Supporting the communities in which we serve is essential to the long-term sustainability of the Group. As one of Australia and New Zealand's largest retailers, we want to have a positive impact on all communities through our expansive retail and wholesale network.

## Positive impact today and every day

We are committed to positively impacting our communities by investing the equivalent of no less than 1% of our total Group earnings before tax (EBT) in community partnerships and programs, which totalled 3.61% of EBT on a rolling two-year average in F23.

In February 2023, New Zealand faced devastating weather events, including flooding and Cyclone Gabrielle. Given Countdown's national footprint, we played a crucial role in helping with community recovery. In the first half of 2023, we donated more than NZD\$450,000 in food and funds to our partners on the ground and government organisations to support those affected. With our customers' generous support, Countdown raised over NZD\$252,000 for the Mayoral Relief Funds, New Zealand Red Cross, and local community partners. We also donated more than 80 tonnes of water, meat, fruit, vegetables and other essentials to evacuation centres in Auckland, Gisborne, and Hawkes Bay. In addition, Countdown announced support to help growers recover from the impact, including NZD\$700,000 in cash grants, a NZD\$50,000 donation to Rural Support and other in-kind assistance. In Australia, the Group's Support Through Australian Natural Disasters (S.T.A.N.D.) program helps our communities during times of natural disasters, such as the devastating floods that hit WA, Vic and NSW in F23. Funds raised through our S.T.A.N.D. program this past year, including our annual donation of \$500,000, enabled The Salvation Army to provide immediate relief to affected communities.

Our latest innovate Reconciliation Action Plan, endorsed by Reconciliation Australia, is part of our reconciliation strategy and a call to action to our team, partners, and all Australians to move from 'safe' to 'brave' in regard to reconciliation. The plan details 97 deliverables to increase reconciliation through a number of areas, including First Nations employment, health, education, and sourcing. It also includes key initiatives such as a \$10 million investment in a national First Nations residential college at the University of Technology in Sydney, as well as ongoing commitments with our remote retailer partnerships to ensure the supply of food and essential goods to remote Indigenous communities.



## Mini Woolies

This collaborative program between Woolworths Supermarkets and Fujitsu provides hands-on learning experiences for students and job candidates living with disabilities. Since its inception in 2018, it has grown to more than 41 locations and offered experiences to more than 3,000 young Australians.

BIG W partners with the Australian Literacy and Numeracy Foundation (ALNF) to deliver the innovative Breakfast Library program to kids, supporting 30 schools each week. In F23, over \$220,000 was raised for the ALNF during Book Week and the Back to School campaign in H2. The program is focused on First Nations and vulnerable communities, and provides children with a healthy breakfast, a new book each week, and reading sessions to improve literacy outcomes. In 2023, BIG W has helped to provide over 20,000 high quality books for children as part of the Breakfast Library program.

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## Stakeholder review



## Planet

As committed in our Sustainability Plan 2025, we aim to reduce our emissions, improve our operations and communities' resilience, work to improve food security and reduce waste, and encourage sustainable and regenerative practices for future generations.

## Towards a Better Tomorrow

In F23, we made progress on our 2050 ambition to be a net positive carbon emission Group with scope 1 and 2 emissions down 36% from the 2015 baseline. This was achieved through ongoing energy upgrades such as LED lighting, reduced refrigerant losses and overall grid decarbonisation. Underpinning our 2030 target is our commitment to be completely powered by green electricity by 2025. In the year, approximately 500GWh of electricity was from renewable sources and we installed 48MW of solar across 231 systems. To support the Group's next phase towards net positive scope 1 and 2 emissions, a transport decarbonisation strategy was established and we announced our commitment to a fully electric home delivery vehicle fleet by 2030 with 27 electric vehicles on the road by June 2023. We recognise that most of our emissions are generated in our value chain and we are working to improve visibility of our supplier emissions through our value chain program. More detail on our progress against our climate goals can be found on [pages 42 to 59](#) of this report.

This year we implemented a food waste diversion data enhancement program across our Australian and New Zealand supermarkets, Metro Food Stores and CFCs. The program has significantly improved data capture and reporting capability, helping the team select diversion pathways for food waste based on the positive impact such as food rescue. We can now report more accurately on our performance and monitor progress against our goal. In F23, we diverted 80% of food waste from landfill from Woolworths Supermarkets and 69% across the Group. We also achieved a 13% increase in our food rescue donations. In August 2023, we updated our food waste goal, reducing hunger and food waste, to improve explicit mention of its impact on food security, and align with UN Sustainable Development Goals, 2 – Zero hunger and, 12 – Responsible consumption.

We aim to have an influence beyond our operations to help our wider value chain reduce industry and community food waste. We support our farmers to reduce food waste to landfill through initiatives such as Odd Bunch, which has



saved over 300,000 tonnes of fruit and vegetables from landfill since 2015. We're also working to help educate and inspire our customers on methods and benefits of food waste reduction. For example, Reduced in Price, Just as Nice, launched in 2023, helps customers in our Metro Food Stores save money and reduce food waste with allocated space for reduced and short shelf-life items. The Group also invests in new innovations through its W360 business, such as Goterra's black soldier fly larvae technology, rolled out to 90 stores, which turns food waste into sustainable livestock feed; and ReFresh:Food, a digital food marketplace for farmers to sell their excess products to launch in F24.

## Addressing soft plastics

REDcycle's consumer soft plastics recycling program was suspended in November 2022 after it came to light that the company had been stockpiling collected soft plastics due to insufficient processing capacity. Pursuant to an ACCC authorisation, Woolworths and other Australian grocery retailers volunteered to manage the REDcycle stockpiles while recycling solutions are being explored. Over the last five months, Woolworths has also been working as part of the Soft Plastics Taskforce to identify potential processing arrangements for the existing stockpiles as well as reestablish an in store soft plastics collection scheme. There is currently relatively limited domestic soft plastic recycling, although further capacity is expected to become available over time. Given the importance of maintaining public trust following the collapse of the REDcycle program, Woolworths and the other Soft Plastics Taskforce members are carefully working through the necessary steps in order to restart an in store soft plastics collection program in a responsible manner.

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→ Further information can be found in our [2023 Sustainability Report](#)



# Investors and shareholders

Ongoing progress against our strategic priorities, and a strong financial performance and balance sheet sets the foundation for a Group that can continue to deliver long-term value creation for our investors and shareholders.

## Sustainable returns

The financial performance of the Group in F23 has enabled strong returns for our investors and shareholders. Group NPAT before significant items of \$1,721 million increased 13.7% on last year with the profit growth reflecting the more stable operating environment, the absence of COVID costs, and ongoing investment in the business over many years. Reflecting the higher profit, the Group declared a fully franked final dividend of 58 cents which was up 9.4% on last year, bringing the total dividend to 104, up 13% compared to F22. Total shareholder return for Woolworths Group in F23 of 14.7% was broadly in line with ASX200.

## A stronger Group for the future

The material investment in the Group's multi-year supply chain transformation will be a key driver of future growth. In F23 we passed the mid-way point of the transformation with major new facilities opened over the last five years including Melbourne South Regional DC and Melbourne Fresh DC in Victoria; the Adelaide Regional DC expansion in South Australia; Palmerston North DC and Auckland Fresh DC in New Zealand and Heathwood Chilled and Frozen DC in Queensland. The new facilities are providing a wider and fresher range for customers, increased capacity, and improving efficiency as facilities build volume and move from commissioning to operational phases.

A new Fresh DC in Christchurch, New Zealand, and Woolworths Group's first automated CFC in Auburn, Sydney, are on track to open in 2024. The remaining material investments in the transformation are two new DCs in Moorebank, NSW and are progressing to plan with the initial phase of our new Sydney NDC now complete with an operational launch date also planned for late 2024.

Strong free cash flow during the year enables the Group to invest for the future and at the same time maintain strong dividend payments to shareholders. The Group's net debt/EBITDA ratio ended F23 at 2.6x compared to 3.2x in F22, providing ample headroom to execute the Group's strategy, including investing in adjacent opportunities that strengthen the core and deliver growth for the Group.

The acquisition of PFD Food Services in 2021 is an example of an adjacency that is already adding value to the Group with sales increasing 28% in F23. PFD has strengthened our B2B offer as we look to refocus our proposition in F23, including exiting international drinks importer,

Summergate in China, Fresh to Go (part of PFD), as well as winding up our International business. Other acquisitions in the year included out-of-home media company Shopper Media in September 2022 to grow our retail media offer through Cartology, and MyDeal, in the same month, to build our marketplace capability.

In December 2022, we announced our intention to acquire an equity interest in Petstock Group to support our aspiration to better meet the everyday needs of our customers. Subject to ACCC approval, Petstock Group will become part of W Living, which will include BIG W and our other online speciality businesses.

## Better for New Zealand

From early 2024, Countdown Supermarkets will be rebranded to Woolworths Supermarkets to strengthen our trans-Tasman connection and to bring the best of the Group to our Kiwi customers. This will include Everyday Rewards to provide more value, an accelerated store renewal program to create better in store experiences and a materially improved fresh offer as we continue our supply chain transformation.



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# Group financial performance

F23 marked a return to relative stability after several years of material COVID-related disruption, with an improved financial performance driven by the non-recurrence of direct COVID costs, elevated inflation and the benefits of ongoing investment.

## Group sales

**\$64.3B**

▲ 5.7% from F22

The increase in Group sales in F23 was driven by sales growth across all segments.

## Gross margin as a % of sales

**26.8%**

▲ 51 bps from F22

The gross margin (%) increase was driven by Australian Food where the absence of COVID costs across the supply chain, mix and growth in new businesses more than offset an increase in stockloss.

## Group EBIT

**\$3,116M**

▲ 15.8% from F22

Strong EBIT growth in Australian Food, Australian B2B and BIG W in F23 was partly offset by lower EBIT from New Zealand Food and higher net costs in the Other segment.

## Final dividend per share

**58¢**

▲ 9.4% from F22

Fully franked final dividend of 58 cents per share, an increase of 9.4% reflecting profit growth during the year.

## Group eCommerce sales

**\$6,592M**

▲ 0.8% from F22

Group eCommerce sales in F23 increased by 0.8% with a strong recovery in H2, growing by 11.1%. eCommerce penetration for the year was 11.0%.

## Cost of doing business as a % of sales

**21.9%**

▲ 8 bps from F22

Cost of doing business (%) increased marginally with higher costs primarily driven by wage and other cost inflation being somewhat offset by the absence of COVID costs, improved productivity, and sales growth.

## Finance costs

**\$677M**

▲ 12.7% from F22

Finance costs increased in F23 largely due to the impact of higher interest rates on bank debt and higher average net debt during the year.

## NPAT from continuing operations attributable to equity holders of the parent entity after significant items

**\$1,618M**

▲ 4.6% from F22

NPAT from continuing operations attributable to equity holders of the parent entity after significant items increased by 4.6% in F23.



## F23 sales summary

\$ MILLION	F23	F22 <sup>1</sup>	CHANGE
Australian Food	48,047	45,740	5.0%
Australian B2B <sup>2</sup>	4,324	3,684	17.4%
New Zealand Food (AUD)	7,240	7,092	2.1%
<i>New Zealand Food (NZD)</i>	7,912	7,563	4.6%
BIG W	4,785	4,431	8.0%
Other <sup>2,3</sup>	(102)	(98)	4.4%
<b>Total Group</b>	<b>64,294</b>	<b>60,849</b>	<b>5.7%</b>
<b>Total Group eCommerce sales</b>	<b>6,592</b>	<b>6,542</b>	<b>0.8%</b>
eCommerce sales penetration (%) <sup>4</sup>	11.0%	11.4%	(46) bps
Average weekly traffic to Group digital platforms (million) <sup>5</sup>	23.0	19.8	16.3%

## F23 EBIT summary

\$ MILLION	F23	F22 <sup>1</sup>	CHANGE
<b>Before significant items</b>			
Australian Food	2,865	2,406	19.1%
Australian B2B	63	56	13.0%
New Zealand Food (AUD)	228	296	(22.9)%
<i>New Zealand Food (NZD)</i>	249	316	(21.0)%
BIG W	145	55	165.3%
Other <sup>3</sup>	(185)	(123)	51.7%
<b>Group EBIT before significant items</b>	<b>3,116</b>	<b>2,690</b>	<b>15.8%</b>
Significant items	(117)	6,388	n.m.
<b>Group EBIT</b>	<b>2,999</b>	<b>9,078</b>	<b>(67.0)%</b>

1 F22 restated to include Woolworths at Work as part of Australian Food.

2 Revenue from the sales of goods and services in Australian B2B includes \$351 million (2022: \$302 million) of freight revenue. However, at a Group level, this is reclassified and recognised as a reduction in cost of sales. As a result, \$351 million (2022: \$302 million) reduction has been recognised in Other. This has not resulted in a change to earnings before interest and tax at a Group level.

3 Other comprises Quantum and MyDeal (which are not considered separately reportable segments), as well as various support functions, including property and Group and overhead costs, the Group's share of profit or loss of investments accounted for using the equity method (including Endeavour Group), and consolidation and elimination journals.

4 Group eCommerce penetration is calculated based on Australian Food, New Zealand Food, BIG W and MyDeal sales only. F22 restated to include Woolworths at Work as part of Australian Food.

5 F22 digital traffic has been restated to include Woolworths Mobile, Healthylife, gift cards, B2B and PetCulture digital platforms. F23 includes MyDeal.

Note: all references to sales, EBITDA and EBIT are from continuing operations before significant items, unless stated otherwise.

## Group financial performance

### Group profit or loss for the 52 weeks ended 25 June 2023

\$ MILLION	F23	F22	CHANGE
<b>Group</b>			
<b>EBITDA before significant items</b>	<b>5,694</b>	5,051	12.7%
Depreciation and amortisation <sup>1</sup>	(2,578)	(2,361)	9.2%
<b>EBIT before significant items</b>	<b>3,116</b>	2,690	15.8%
Finance costs	(677)	(600)	12.7%
Income tax expense	(707)	(566)	24.9%
<b>NPAT before significant items</b>	<b>1,732</b>	1,524	13.7%
Non-controlling interests	(11)	(10)	6.8%
<b>NPAT attributable to equity holders of the parent entity before significant items</b>	<b>1,721</b>	1,514	13.7%
Significant items after tax	(103)	33	n.m.
<b>NPAT from continuing operations attributable to equity holders of the parent entity after significant items</b>	<b>1,618</b>	1,547	4.6%
NPAT from discontinued operations attributable to equity holders of the parent entity after significant items	-	6,387	n.m.
<b>NPAT attributable to equity holders of the parent entity after significant items</b>	<b>1,618</b>	7,934	(79.6)%

#### MARGINS – CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS

Gross margin (%) <sup>2</sup>	<b>26.8</b>	26.2	51 bps
Cost of doing business (CODB) (%) <sup>2</sup>	<b>21.9</b>	21.8	8 bps
EBIT (%)	<b>4.8</b>	4.4	43 bps

#### SUSTAINABILITY

Scope 1 & 2 emissions (tonnes) <sup>3</sup>	<b>1,941,581</b>	2,117,157	(8.3)%
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#### EARNINGS PER SHARE AND DIVIDENDS

Closing fully paid ordinary shares outstanding (million) <sup>4</sup>	<b>1,214.7</b>	1,209.1	0.5%
Weighted average number of ordinary shares used in basic EPS (million)	<b>1,214.3</b>	1,221.5	(0.6)%
Total Group basic EPS (cents) before significant items	<b>141.7</b>	124.0	14.3%
Total Group basic EPS (cents) after significant items	<b>133.3</b>	649.6	(79.5)%
Total Group diluted EPS (cents) after significant items	<b>132.3</b>	644.8	(79.5)%
Basic EPS (cents) – from continuing operations before significant items	<b>141.7</b>	124.0	14.3%
Basic EPS (cents) – from continuing operations after significant items	<b>133.3</b>	126.7	5.2%
Diluted EPS (cents) – from continuing operations before significant items	<b>140.7</b>	123.1	14.3%
Diluted EPS (cents) – from continuing operations after significant items	<b>132.3</b>	125.7	5.2%
Final dividend per share <sup>5</sup> (cents) – fully franked	<b>58</b>	53	9.4%
Total dividend per share (cents) – fully franked	<b>104</b>	92	13.0%

1 Depreciation of \$269 million is included in cost of sales (F22: \$229 million).

2 F22 gross margin and cost of doing business restated primarily to reflect the reclassification of distribution centre costs from CODB to gross margin and reclassification of eCom support costs and overheads from gross margin to CODB.

3 F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units. Further details of the emissions profile are available in the 2023 Sustainability Data Pack.

4 Includes the fully paid ordinary shares on issue of 1,218.7 million (F22: 1,213.9 million), net of shares held in trust of 4.0 million (F22: 4.8 million).

5 The 2023 final dividend is payable on or around 27 September 2023.



## Group balance sheet as at 25 June 2023

\$ MILLION	25 JUNE 2023	26 JUNE 2022	CHANGE
Inventories	3,698	3,593	105
Trade payables	(5,621)	(5,216)	(405)
<b>Net investment in inventory</b>	<b>(1,923)</b>	<b>(1,623)</b>	<b>(300)</b>
Trade, other receivables and prepayments	1,319	1,203	116
Other creditors, provisions and other liabilities	(4,559)	(4,358)	(201)
Fixed assets, investments, loans to related parties and convertible notes	10,082	10,000	82
Net assets held for sale or distribution	250	266	(16)
Intangible assets	5,693	5,278	415
Lease assets	9,467	9,995	(528)
Other assets	413	425	(12)
<b>Total funds employed</b>	<b>20,742</b>	<b>21,186</b>	<b>(444)</b>
Net tax balances	1,248	1,325	(77)
<b>Net assets employed</b>	<b>21,990</b>	<b>22,511</b>	<b>(521)</b>
Cash and borrowings	(2,620)	(3,260)	640
Derivatives	(60)	(46)	(14)
<b>Net debt (excluding lease liabilities)</b>	<b>(2,680)</b>	<b>(3,306)</b>	<b>626</b>
Lease liabilities	(11,980)	(12,471)	491
<b>Total net debt</b>	<b>(14,660)</b>	<b>(15,777)</b>	<b>1,117</b>
Put option over non-controlling interest	(765)	(630)	(135)
<b>Net assets</b>	<b>6,565</b>	<b>6,104</b>	<b>461</b>
Non-controlling interests	140	124	16
Shareholders' equity	6,425	5,980	445
<b>Total equity</b>	<b>6,565</b>	<b>6,104</b>	<b>461</b>

## KEY RATIOS – BEFORE SIGNIFICANT ITEMS

Closing inventory days (based on cost of sales) <sup>1</sup>	28.6	29.2	(0.6)
Closing trade payable days (based on cost of sales) <sup>1</sup>	(43.6)	(42.3)	(1.3)
Group ROFE (%)	14.9	13.7	1.2 pts

<sup>1</sup> F22 restated to reflect the reclassification of DC costs from CODB to gross margin and reclassification of eCom overheads from gross margin to CODB.

## Group financial performance

**Inventories** of \$3,698 million increased by \$105 million compared to the prior year due to inflation on the cost of goods, better availability as supply chains recovered, and higher PFD inventory driven by revenue growth. BIG W inventory was marginally higher than the prior year. Closing inventory days decreased 0.6 days reflecting the gradual reduction in inventory holdings as supply chains normalise but average inventory days increased by 1.1 days due to inflation and increased investment in inventory over the year.

**Trade payables** of \$5,621 million increased by \$405 million driven by inflation on goods purchased across all businesses, partly offset by a reduction in BIG W payables from reduced inventory purchases in Q4 to reflect lower sales.

**Trade, other receivables and prepayments** of \$1,319 million increased by \$116 million largely driven by the timing of receipts and revenue growth in PFD and Quantum as well as growth in Everyday Insurance receivables.

**Other creditors, provisions and other liabilities** of \$4,559 million increased by \$201 million driven mainly by an increase in employee-related accruals due to timing and team salary and wages growth.

**Fixed assets, investments, loans to related parties and convertible notes** of \$10,082 million was largely in line with the prior year. Investment in new stores, property development, and refurbishments of existing stores was partly offset by a reduction in the Group's investment in Endeavour Group by \$630 million following the sale of a 5.5% stake in December 2022.

**Intangible assets** of \$5,693 million increased by \$415 million following the recognition of intangibles assets on the acquisitions of MyDeal and Shopper Media.

**Lease assets** of \$9,467 million decreased by \$528 million driven by lease asset depreciation of \$1,066 million, partially offset by lease asset additions and remeasurements of \$559 million.

**Total funds employed** decreased by \$444 million, due to higher payables and a decrease in lease assets, partly offset by an increase in inventory and intangible assets driven by the acquisitions of MyDeal and Shopper Media.

**Net debt (excluding lease liabilities)** of \$2,680 million decreased by \$626 million compared to F22 driven by higher operating cash flows and the proceeds from the sale of shares in Endeavour Group, partially offset by the cash outflow associated with acquisitions.

**Lease liabilities** of \$11,980 million decreased by \$491 million due to lease payments of \$1,609 million, partially offset by interest expense of \$542 million and new leases and remeasurements of \$556 million.

**Put option liabilities** of \$765 million increased by \$135 million mainly driven by the recognition of a put option liability on acquisition of MyDeal of \$79 million, and an upward revaluation of \$41 million driven by higher than forecast earnings.

**Group ROFE** was 14.9%, an increase of 1.2 pts compared to F22 largely due to higher Group EBIT from continuing operations.

## Group cash flows for the 52 weeks ended 25 June 2023

\$ MILLION	F23	F22	CHANGE
Group EBITDA – continuing operations	5,577	5,052	10.4%
Group EBITDA – discontinued operations	–	6,387	n.m.
<b>Group EBITDA</b>	<b>5,577</b>	<b>11,439</b>	<b>(51.2)%</b>
Working capital and non-cash			
(Increase) in inventories	(119)	(343)	(65.3)%
Increase in trade payables	371	165	124.8%
(Decrease)/increase in provisions	(37)	175	n.m.
Net change in other working capital and non-cash	224	(232)	n.m.
Net change in working capital and non-cash – discontinued operations	–	(6,387)	n.m.
<b>Cash from operating activities before interest and tax</b>	<b>6,016</b>	<b>4,817</b>	<b>24.9%</b>
Interest paid – leases	(542)	(542)	–
Net interest paid – non-leases	(133)	(59)	125.4%
Tax paid	(587)	(838)	(30.0)%
<b>Total cash provided by operating activities</b>	<b>4,754</b>	<b>3,378</b>	<b>40.7%</b>
Proceeds and advances from the sale of property, plant and equipment, subsidiaries and investments, net of cash disposed	1,020	385	165.2%
Payments for the purchase of property, plant and equipment and intangible assets	(2,519)	(2,416)	4.3%
Payments for the purchases of businesses net of cash acquired	(373)	(425)	(12.2)%
Other	28	(1)	n.m.
<b>Total cash used in investing activities</b>	<b>(1,844)</b>	<b>(2,457)</b>	<b>(24.9)%</b>
Repayment of lease liabilities	(1,067)	(1,019)	4.7%
Dividends paid (including to non-controlling interests)	(1,031)	(1,012)	1.9%
Proceeds from loan to related party	–	1,712	n.m.
Payments for share buy-backs	–	(2,000)	n.m.
Payments for shares held in trust	(110)	(125)	(12.0)%
<b>Net cash flow</b>	<b>702</b>	<b>(1,523)</b>	<b>n.m.</b>
<b>Cash realisation ratio (%)</b>	<b>113</b>	<b>86<sup>1</sup></b>	

1 F22 adjusted for non-cash gain on demerger of Endeavour Group of \$6,387 million. F22 unadjusted CRR was 33%.



## Group financial performance

**EBITDA from continuing operations** increased 10.4% to \$5,577 million reflecting higher EBITDA from Australian Food, BIG W and Australian B2B, offset by lower EBITDA from New Zealand Food and the Other segment.

**Increase in inventories** of \$119 million was due to higher inventory holdings across the Group reflecting the impact of inflation. The increase was lower than the prior year increase of \$343 million where inventory holdings were increased in Australian Food and New Zealand Food to better manage supply chain disruption.

**Increase in trade payables** of \$371 million reflects higher purchases largely driven by inflation.

**Decrease in provisions** of \$37 million reflects the cash remediation of team members as well as the BIG W onerous contract provision reversal. In the prior year, the increase of \$175 million reflected remediation costs and self-insurance.

**Net change in other working capital and non-cash** was an increase of \$224 million primarily due to the non-cash revaluation of put option liabilities, a decrease in other receivables and an increase in the impairment of non-financial assets.

**Cash from operating activities before interest and tax** was \$6,016 million, an increase of 24.9% or \$1,199 million on the prior year, driven by increased EBITDA and favourable net working capital movements.

**Interest paid – leases** of \$542 million was in line with the prior year.

**Net interest paid – non-leases** was \$133 million, an increase of \$74 million compared to the prior year due to the higher floating interest rates and higher average net debt during the year.

**Tax paid** decreased 30.0% compared to the prior year primarily driven by lower taxable income for F22, paid in F23.

**Proceeds and advances from the sale of property, plant and equipment, subsidiaries and investments, net of cash disposed** was \$1,020 million. The increase in proceeds compared to the prior year was largely because of the sale of 5.5% of Endeavour Group in December.

**Payments for the purchase of property, plant and equipment and intangible assets** of \$2,519 million increased by 4.3% compared to the prior year primarily due to an increase in property development expenditure and stay-in-business capital expenditure.

**Payments for the purchase of businesses, net of cash acquired** of \$373 million relates mainly to the acquisition of an 80.2% equity interest in MyDeal and 100% interest in Shopper Media.

**Dividends paid (including to non-controlling interests)** of \$1,031 million increased by 1.9% compared to the prior year primarily due to an increase in the interim dividend per share, partially offset by a decline in shares on issue for the final dividend payment.

**The cash realisation ratio** for F23 was 113% (F22: 86%<sup>1</sup>) with favourable net working capital movements and lower cash tax paid compared to the current year's tax expense.

<sup>1</sup> F22 adjusted for non-cash gain on demerger of Endeavour Group of \$6,387 million. F22 unadjusted CRR was 33%.

## Capital management

### Capital management objectives

The Group manages its capital structure with the objective of enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital.

The Group remains committed to solid investment grade credit ratings. The Group's credit ratings are BBB (stable outlook) according to Standard & Poor's and Baa2 (stable outlook) according to Moody's.

### Financing transactions during F23

During F23 the Group refinanced or extended \$1.9 billion of bilateral and syndicated bank debt facilities to new tenors ranging from 12 months to five years. These facilities are used to manage the Group's short term cash flow requirements and support its liquidity position.

### Upcoming maturities and transactions

The Group has \$400 million of domestic medium-term notes maturing in April 2024, which will be refinanced or repaid from existing committed undrawn bank facilities before maturity.

## Non-IFRS Financial information

The 2023 Annual Report for the 52 weeks ended 25 June 2023 contains certain non-IFRS financial measures of historical financial performance, balance sheet or cash flows.

Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which Woolworths Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as the financial position of the Woolworths Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods (such as comparable sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Woolworths Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year. Non-IFRS measures are not subject to audit or review.



## Business review

Woolworths 

Sales

\$48,047M

▲ 5.0% from F22

EBIT

\$2,865M

▲ 19.1% from F22

ROFE

29.0%

▲ 4.1 pts from F22

# Australian Food

The performance of Australian Food in F23 reflects a return to a more normal post-COVID operating environment and improving stability across our supply chain.

## Trading performance

**Australian Food** sales increased 5.0% in F23 to \$48.0 billion (4-yr CAGR: 5.8%) driven by an increase in Woolworths Food Retail sales of 4.8% (4-yr CAGR: 5.7%), with H2 growth reflecting inflation, items returning to modest growth from Q3, and eCom sales growth. WooliesX sales increased 3.9% with Direct to boot and Same Day propositions driving online growth. Accelerators revenue grew 236.5% compared to the prior year largely reflecting the growth in sub-60 minute delivery.

Gross margin (%) increased 76 bps to 28.1% (H1: +78 bps; H2: +73 bps). Excluding COVID costs in the prior year, gross margin increased 54 bps (H1: +51 bps; H2: +55 bps). Growth was driven by category mix benefits, including a 16% decline in Tobacco sales which contributed 16 bps to the increase; improved promotional effectiveness supported by the Next Gen Promotions decision tool; and growth from Cartology and Shopper Media. This was partly offset by stockloss driven by higher rates of theft and increased Everyday Rewards

investment. To address rising stockloss, Scan Assist, technology to support accurate scanning, has been rolled out to 474 supermarkets by the end of the year.

CODB (%) increased 6 bps to 22.1%. Excluding direct COVID costs incurred in the prior year, CODB increased 29 bps (H1: +43 bps; H2: +15 bps). H2 CODB % (excluding COVID costs) reflects a return to a more consistent operating rhythm, improved unit-based productivity combined with the benefit of higher sales growth. This was offset by inflation in team wages, depreciation and amortisation, energy prices as well as business growth initiatives.

Depreciation and amortisation increased 9.0% driven by new stores, renewals, supply chain and shorter-life digital investments.

F23 EBIT increased 19.1% to \$2.9 billion (4-yr CAGR: 8.4%). Excluding direct COVID costs incurred in the prior year of \$211 million, EBIT increased 9.5%.

Funds employed decreased 4.6% compared to F22 largely due to an increase in trade payables driven by inflation, offset by investment in new stores, renewals, eCom, supply chain and Shopper Media. ROFE increased by 4.1 pts to 29.0% reflecting the EBIT increase.

\$ MILLION	F23	F22 <sup>1</sup>	CHANGE
<b>Total sales</b>	<b>48,047</b>	45,740	5.0%
<b>EBITDA</b>	<b>4,651</b>	4,044	15.0%
Depreciation and amortisation	(1,786)	(1,638)	9.0%
<b>EBIT</b>	<b>2,865</b>	2,406	19.1%
<b>EBIT excluding direct COVID costs</b>	<b>2,865</b>	2,617	9.5%
Gross margin (%)	28.1	27.4	76 bps
CODB (%)	22.1	22.1	6 bps
EBIT to sales (%)	6.0	5.3	70 bps
Funds employed	9,647	10,117	(4.6)%
ROFE (%)	29.0	24.9	4.1 pts
Scope 1 & 2 emissions (tonnes) <sup>2</sup>	1,546,804	1,687,757	(8.4)%

1 Prior period restated to reflect Woolworths at Work.

2 F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units.



## Continuing to strengthen our own brand range

Throughout the year, Woolworths Food Company (WFC) continued to evolve and differentiate its portfolio to provide customers with great value through affordable, quality products. WFC is organised into three key portfolios with quality and value at the centre of product innovation. These portfolios include, Woolworths Fresh Solutions (fresh brands such as COOK, BBQ, Thomas Dux), Woolworths Food & Exclusive Brands (long life and grocery brands), and Macro Wholefoods (health brand). In F23, WFC launched 1,500 products that were redesigned, reformulated or new to the market and was ranked Australia's healthiest own brand for the fourth consecutive year. As customers continue to be impacted by cost-of-living pressures, more customers are turning to own brand products to improve the value of their basket, with Pantry, Drinks and Baby products showing strong growth in F23.



# Woolworths Food Retail (Stores and eCom)

## Trading performance

Customer metrics improved compared to Q3 with VOC NPS (Store and Online) improving three points to 49, and Store-controllable VOC improving two points to 78%. Higher scores reflect improved availability in store and online, and improved Fruit & Vegetables supply. Value for Money scores also stabilised compared to Q3. Compared to F22, VOC NPS was flat and Store-controllable VOC was up three points reflecting improved availability as stock flows stabilised and higher Fruit & Veg scores reflecting lower prices and quality.

Woolworths Food Retail sales in F23 increased 4.8% (6.3% ex Tobacco) or 5.7% on a 4-yr CAGR (6.8% ex Tobacco) with comparable sales for the year increasing 4.2% (5.6% ex Tobacco). After an increase of 2.5% in H1 (3.8% ex Tobacco) impacted by cycling COVID-driven in-home consumption and supply challenges in Fruit & Vegetables; sales increased by 7.4% (9.1% ex Tobacco) in H2 with strong growth nationally across all store segments (Value, Core, UP) with volume growth strongest in UP stores. H2 sales growth was driven by sustained inflation associated with elevated levels of supplier cost increases and total items returning to growth from mid-January. Shelf price inflation moderated in Q4 compared to Q3 but remained elevated due to industry-wide cost pressures.

Woolworths Supermarkets (store-originated) sales for the year were \$41.4 billion, an increase of 4.7% (6.3% ex Tobacco) on the prior year. eCom sales increased 2.9% to \$5.1 billion with sales penetration of 10.7%. Woolworths Supermarkets (store-originated) sales

growth increased by 6.3% (8.0% ex Tobacco) in H2 and eCom sales returned to strong growth of 13.2%.

Average prices in Q4 increased by 5.2% compared to the prior year, below the Q3 increase of 5.8%. Lower prices were passed on to customers as growing conditions improved in Fruit & Vegetables, and lower beef and lamb livestock prices, contributed to the moderation with both Fruit & Vegetables and Meat in deflation in the quarter.

Metro Food Stores (store-originated) sales increased by 21.6% to \$1,156 million assisted by the opening of five new Neighbourhood stores and a recovery in customer mobility supporting On the Go stores.

\$ MILLION	F23	F22 <sup>1</sup>	CHANGE
<b>Total sales</b>	<b>47,648</b>	45,445	4.8%
<b>EBITDA</b>	<b>4,550</b>	3,982	14.3%
Depreciation and amortisation	(1,712)	(1,583)	8.1%
<b>EBIT</b>	<b>2,838</b>	2,399	18.3%
EBIT to sales (%)	<b>6.0%</b>	5.3%	68 bps
<b>Sales per square metre (\$) <sup>2</sup></b>	<b>18,921</b>	18,364	3.0%

1 Prior period restated to reflect Woolworths at Work.

2 Prior year sales per square metre has been restated to conform to the current year's presentation of sales channel.

## Healthier choices at our checkouts

As part of our commitment to making healthy eating easier we have removed kids confectionery from all checkouts nationally to help customers access healthier options. Customers will now see healthier and more affordable food choices at checkouts with at least 80% of products having a Health Star Rating of 3.5 stars or above on the Government's Health Star Rating system. This initiative is part of our broader program to help make healthier alternatives more prominent across the store, including featuring healthier products on promotional aisle ends, in addition to Health Star Ratings on own brand products, as well as Free Fruit for Kids across all of our stores.





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Woolworths Food Company's own and exclusive sales grew 5.4% in F23 with a strong sales increase in H2. H1 growth was impacted by availability issues in Fruit & Vegetables and Meat with H2 growth of 9.1% driven by strong item growth of 3.2% particularly across protein, chiller, and pantry categories; and inflation. Customers increasingly traded into own brand to improve the value of their basket with Pantry essentials, Drinks such as long life milk, and baby products showing particularly strong growth. On a 4-yr CAGR, own and exclusive brand sales increased by 8.3%.

Woolworths Food Company's Retail business introduced over 1,500<sup>1</sup> new products in the year including further rollout of the Macro protein range, Macro carbon neutral eggs, and new bakery products to provide value to customers. Fresh meal solutions brands such as COOK and BBQ also continued to resonate with customers.

As cost-of-living pressures continued to impact customer budgets, we continued to deliver value through the Get your Woolies worth platform. This included four seasonal and a Christmas Prices Dropped campaign; a Christmas price freeze, more than 3,000 products on Low Price; and personalised member offers and benefits through Everyday Rewards. At the end of the year, categories that account for half of Woolworths Supermarkets sales were curated by Value, Core and UP with an increased emphasis on value ranges and fresh categories.

Woolworths Food Retail's sales per square metre increased by 3.0% with sales growth higher than average space growth of 1.9%. During the year 10 net new stores were opened, 43 renewals were completed and 28 Mini Woolies opened. At the end of the year, the total fleet comprised 1,002 Woolworths Supermarkets, 93 Metro Food Stores, 708 Direct to boot locations, seven CFCs, two eStores and 41 Mini Woolies.

Woolworths Food Retail EBIT increased by 18.3% to \$2,838 million with the EBIT margin increasing 68 bps to 6.0%.

During the year, Woolworths continued to tackle food waste with 80% of food waste diverted from landfill in F23 and over 300,000 tonnes of food waste saved by our Odd Bunch program since its launch in 2015. Kids confectionery was removed from checkouts in all supermarkets with 80% of snacks at checkouts with a Health Star Rating of 3.5 or above to help make it easier for customers to access healthier food choices

1 Includes redesigned, reformulated, and new to market.



## Launch of new in store Proactive Services business

In September 2022, Woolworths Supermarkets and Woolworths 360 launched Proactive Services, which brings in-house a team dedicated to store cleaning, trolley collection and waste management. Proactive Services, now rolled out to 69 stores, aims to create better experiences for customers through improvements to the quality of services in store, as well as provide more career opportunities for our team to grow their skills. Since its launch, the Proactive Services team employed more than 800 new team members in F23, with a further 3,000 new team members expected in F24, and around 10,000 new team members once the program has been rolled out across the Group. To date, the program has delivered improvements to VOC store presentation and trolley availability metrics, as well as an improvement in VOT advocacy scores in the relevant stores.

# WooliesX (including eCom)

**WooliesX** comprises three platform businesses – eCom (B2C eCom & Woolworths at Work), Digital & Media including owned digital assets and media (Cartology and Shopper Media) and Rewards & Services. Rewards & Services includes Everyday Rewards, Everyday Insurance, wPay and Everyday Mobile. eCom's operating profit is measured using DAP which includes costs directly-attributable to the eCom business. DAP includes costs such as picking, packing and delivery; marketing costs; all eCom support costs; and variable DC costs. DAP does not include an allocation of costs that are not directly attributable to the eCom business and would exist regardless of eCom activity. EBIT is used to measure the profitability of the other businesses in WooliesX.

## Trading performance

**WooliesX** total sales increased 5.6% in F23 to \$6,432 million, driven primarily by growth in Digital & Media and Rewards & Services. DAP & EBIT increased 23.1% to \$181 million reflecting strong sales growth and improvements in productivity across all platforms with the DAP & EBIT margin increasing by 40 bps to 2.8%.

**eCom** sales increased 2.9% in F23 to \$5,079 million, with eCommerce penetration reaching 11.4% in Q4, an increase of 97 bps on the prior year. Strong demand for convenience in H2 with sales growth of 13.2% more than offset lower H1 sales due to cycling the COVID-impacted prior year. Woolworths at Work sales increased 29% on the prior year and was strong across all quarters driven by increased customer acquisition.

B2C VOC NPS ended the year at 60, up four points on Q3 and two points on the prior year, with customer scores improving across all propositions reflecting improvements in on-time deliveries, order completeness and increased care for Pick up orders (Direct to boot and in store). Active eCom customers also grew 9% on the prior year to 0.9 million, above peak COVID levels and with a higher share of loyal shoppers.

B2C customer demand for convenience continued to increase with significant growth in Same Day and on-demand delivery propositions. In June, over 80% of orders were fulfilled within 24 hours of order placement, an increase of eight points compared to the prior year enabled by improved fulfilment capabilities.

eCom DAP declined marginally on the prior year with a 43.6% reduction in H1 offset by a strong recovery in H2 with DAP growth of 68.9%. The H2 increase was driven by sales growth, and efficiencies unlocked by productivity initiatives including order pick optimisation and delivery truck route efficiency.

Direct to boot is now available in 708 stores with a further 81 sites added during the year, and two new CFCs opened in Rochedale, Qld and Caringbah, NSW. The Group's commitment to an electric home delivery fleet by 2030 was further progressed with 27 electric vehicles added to the fleet in F23.

In **Digital & Media**, digital engagement continued to grow with average weekly traffic to the Food and Everyday digital platforms reaching 16.3 million weekly visits in Q4, up 21.3% on the prior year. The increased engagement was largely driven by the Everyday Rewards and Woolworths apps with weekly active users increasing by 42% and 36% respectively. Weekly average traffic to Group digital platforms reached 23.7 million in Q4, up 21.1% on the prior year also due to growth in apps. Customers are increasingly using digital platforms to save by accessing personalised specials and using shopping lists to manage their budgets with shopping list users up 26% on prior year. Our new Real Time Loyalty Platform, launched in September, has materially increased the number of offers and content in real time as well as enabling faster analysis of campaigns to support more targeted member engagement.

Despite a more challenging environment for marketing investment in F23, Cartology revenue increased by 29% (including Shopper) supported by strong momentum in the Food business and the launch of Cartology in BIG W.

**Rewards & Services** platform sales increased by 12.9% in F23. Everyday Rewards members reached 14.5 million by the end of the year, reflecting the continued focus on delivering personalised value, real time loyalty improvements and enhancements to the Everyday Rewards app. Member engagement and app usage reached record levels in F23 with scan rates and tag rates increasing 1.7 and 2.0 pts respectively. Other highlights include the rebranding of Everyday Insurance (from Woolworths Insurance) in February 2023 with the rebranding of Everyday Mobile taking place in Q1 F24.



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\$ MILLION	F23	F22	CHANGE
<b>Total sales</b>	<b>6,432</b>	6,090	5.6%
<b>DAP &amp; EBIT before depreciation and amortisation</b>	<b>340</b>	261	30.0%
Depreciation and amortisation	(159)	(114)	38.9%
<b>DAP &amp; EBIT</b>	<b>181</b>	147	23.1%
DAP & EBIT to sales (%)	2.8	2.4	40 bps

### DAP & EBIT performance by platform

\$ MILLION	F23	F22	CHANGE
eComX DAP	89	93	(4.9)%
Digital & Media (idX/ Cartology), Rewards & Services (EverydayX) and TechX & Support EBIT	92	54	70.9%
<b>WooliesX DAP &amp; EBIT</b>	<b>181</b>	147	23.1%

### eCom metrics

\$ MILLION	Q4'23	Q3'23	Q2'23	Q1'23
<b>Customer metrics</b>				
B2C Online VOC				
NPS	60	56	59	60
<b>eCommerce sales metrics<sup>1</sup></b>				
eCommerce sales (\$ million)	1,248	1,300	1,214	1,316
eCommerce sales growth	17.2%	9.7%	(1.3)%	(9.6)%
eCommerce penetration	11.4%	10.6%	10.0%	10.8%
Pick up mix (% of eCommerce sales)	39.4%	38.6%	37.4%	36.3%

### Digital metrics

\$ MILLION	Q4'23	Q3'23	Q2'23	Q1'23
<b>Food and Everyday digital platforms</b>				
Average weekly traffic (million)	16.3	15.7	16.1	14.0
Average weekly traffic growth (year on year)	21.3%	28.4%	22.4%	4.0%
<b>Group digital platforms</b>				
Average weekly traffic (million)	23.7	23.1	25.3	20.2
Average weekly traffic growth (year on year)	21.1%	27.6%	19.8%	(0.5)%

### Everyday Rewards metrics

\$ MILLION	Q4'23	Q3'23	Q2'23	Q1'23
Total Everyday Rewards members (million) <sup>2</sup>	14.5	14.3	14.1	13.9
Scan rate (% of transactions)	55.7	54.9	54.5	53.9
Tag rate (% of sales)	69.2	68.8	68.2	67.1

- 1 eCom includes B2C and Woolworths at Work.
- 2 Total number of members that have joined the program since inception.

## Continued investment in our eCom network

Two new customer fulfilment centres (CFCs) were opened in F23 in Rochedale, Qld and Caringbah, NSW, as part of our multi-year expansion plan of our eCommerce network. Both CFCs are located within 30 kilometres of both Sydney and Brisbane CBD and aim to service the growing demand for online grocery shopping within these inner-city areas. Rochedale was the first CFC within the national network to offer Direct to boot, with the service also launched at Caringbah CFC in July 2023, supporting increased capacity for Same Day delivery, Pick up, and delivery windows for growing online demand.







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Sales

\$4,324M

▲ 17.4% from F22

EBIT

\$63M

▲ 13.0% from F22

ROFE<sup>1</sup>

5.0%

▲ 83 bps from F22

<sup>1</sup> F22 ROFE has been calculated based on the average of mid and closing funds employed.

# Australian B2B

B2B Food and B2B Supply Chain continued to deliver growth in F23.

**Australian B2B** comprises B2B Food and B2B Supply Chain. B2B Food reflects the third-party sales and profit of Woolworths Food Company which includes PFD, Australian Grocery Wholesalers and Greenstock. B2B Food does not include the sales and EBIT contribution from Woolworths Food Company's own and exclusive retail brands and Greenstock's internal meat sales as this is reported in the Australian Food segment. B2B Supply Chain comprises the Primary Connect 3rd party business (PC+) which primarily provides transport services to Woolworths suppliers and Endeavour Group, and Statewide Independent Wholesalers (SIW) in Tasmania. B2B Supply Chain only includes the sales and EBIT contribution for third-party supply chain services and not for supply chain services provided to Woolworths Group businesses.



\$ MILLION	F23	F22 <sup>1</sup>	CHANGE
<b>Total sales</b>	<b>4,324</b>	3,684	17.4%
<b>EBITDA</b>	<b>176</b>	154	14.8%
Depreciation and amortisation	(113)	(98)	15.8%
<b>EBIT</b>	<b>63</b>	56	13.0%
EBIT to sales (%)	1.5%	1.5%	(6) bps
Funds employed	1,286	1,280	0.5%
ROFE (%) <sup>2</sup>	5.0	4.2	83 bps
Scope 1 & 2 emissions (tonnes) <sup>3</sup>	73,585	78,483	(6.2)%

**Sales performance by business**

\$ MILLION	F23	F22 <sup>1</sup>	CHANGE
B2B Food	3,126	2,599	20.3%
B2B Supply Chain	1,198	1,085	10.4%
<b>Total Australian B2B sales</b>	<b>4,324</b>	3,684	17.4%

- 1 Prior period restated to exclude Woolworths at Work which has moved to Australian Food.
- 2 F22 ROFE has been calculated based on the average of mid and closing funds employed.
- 3 F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units.

**Trading performance**

Australian B2B total sales increased by 17.4% to \$4,324 million in F23 with B2B Food and B2B Supply Chain both delivering strong sales growth.

EBITDA, which excludes the impact of the amortisation of PFD intangibles, increased by 14.8% to \$176 million. Strong profit growth from PFD was offset by higher losses and sale and exit costs related to Summergate in China and the wind down of Woolworths International.

Depreciation and amortisation increased 15.8% and was impacted by \$7 million of accelerated depreciation related to the wind down of Woolworths International and higher depreciation on PC+ supply chain assets.

EBIT increased by 13.0% to \$63 million at an EBIT margin of 1.5%. EBIT includes \$42 million of losses (F22: \$(6) million) and one-off costs associated with the exit of Summergate, Woolworths International and Fresh to Go. Excluding these costs in both years, the EBIT margin would have increased from 1.9% in F22 to 2.7% in F23.

**B2B Food** sales increased by 20.3% to \$3,126 million driven by strong PFD sales growth. PFD's sales momentum continued throughout the year due to higher demand from its customers as the consumer environment normalised,

new business wins, and the impact of inflation. PFD growth was somewhat offset by lower AGW sales which declined due to a reduction in unprofitable wholesale meat sales. The sale of Summergate was completed in April 2023 and the International business received final sales orders from customers in Q4.

**B2B Supply Chain** sales increased by 10.4% to \$1,198 million with growth largely driven by new customers and fuel price increases. PC+ delivered strong sales and EBIT growth in F23.

Primary Connect's multi-year supply chain transformation program is progressing to plan. During the year, Auckland Fresh DC continued to ramp up since its launch in June 2022, and MSRDC and Melbourne Fresh DC in Victoria saw improved performance as the sites mature, achieving consistent cartons per week of 2.4 million and 1.4 million respectively. In Q4, PC+ opened three cross dock locations to create an east coast temperature controlled commercial network to support new customers into the network with an emphasis on chilled and freezer capacity.

Development of key projects remain on track, including the Moorebank precinct, which is transitioning to commissioning and testing phase, with the National DC on track for launch in H1 F25. The Auburn eCom fulfilment centre is also on track to open in late 2024.



**AGW partnership**

A new partnership agreement was signed in F23 between our food wholesale business, Australian Grocery Wholesalers, and remote store operator Community Enterprise Queensland (CEQ) to better serve remote local communities. Under the agreement, the partnership brings Woolworths products to CEQ's extensive network of remote stores across Far North Queensland, the Torres Strait and Palm Island.

## Business review



Woolworths  
New Zealand

Sales

**\$7,912M**

▲ 4.6% from F22

EBIT

**\$249M**

▼ 21.0% from F22

ROFE

**5.2%**

▼ 1.8 pts from F22

# New Zealand Food

The performance of New Zealand Food in F23 reflects a more challenging operating environment. Despite this, the business made good progress on laying the foundations for the future.

## Trading performance

**New Zealand Food's** customer metrics ended F23 up on the prior year despite a dip in Q3 due to adverse weather events affecting availability, and the impact of market-wide inflation and cost-of-living pressures on value perception. A recovery in availability as H2 progressed led to the highest Availability score since July 2021 with improvements in the customer experience also contributing. VOC NPS (Store and Online) increased two points on Q3 and the prior year to 39. Store-controllable VOC increased three points on Q3, and one point compared to the prior year.

New Zealand Food's total sales increased by 4.6% in F23 to \$7,912 million (4-yr CAGR: 4.8%). H1 total sales increased 1.3% despite cycling elevated sales driven by COVID lockdowns in the prior period with a decline in items offset by higher inflation. In H2, sales increased by 8.4% with Q4 total sales increasing by 8.3% (comparable sales: 7.2%). Item declines during the half were more than offset by inflation with item declines moderating in Q4 as availability began to improve. Average prices in Q4 increased by 9.2% compared to Q4 F22, a small reduction on the 9.5% increase in Q3.

FreshChoice and SuperValue sales increased by 0.8%, with sales growth impacted by cycling COVID in the prior year where sales benefitted from more customers shopping locally. On a 4-yr CAGR, franchise store sales have increased by 4.9%.

eCommerce sales declined 2.8% in F23 with penetration decreasing 96 bps to 12.7% as customers returned to in store shopping. On a 4-yr CAGR, eCommerce sales have increased by 21.7% with penetration up 5.7 pts from 7.0% in F19. Online VOC NPS ended the year at 54, up four points on Q3 and in line with the prior year. By the end of F23, Drive solutions and eLockers had been rolled out to 104 stores with Pick up at 42% of eCommerce sales. Other digital highlights in F23 include strong growth in Cartology, an increase in unique app users of 16.3% and growth in Delivery Saver subscriptions, with 33,000 subscribers at the end of F23.

Sales per square metre increased by 1.8% reflecting sales growth of 4.6%, offset by an increase in average space of 2.7%. During the year three new stores and one replacement store were opened, 12 renewals were completed, two stores were permanently closed and one replacement store was closed. At the end of the year, the total store network of 263 stores comprised 191 Countdown stores, and 35 SuperValue and 37 FreshChoice franchise stores.

Gross margin (%) decreased by 9 bps in F23 to 23.1%. In H1, gross margin was impacted by an increase in costs primarily driven by freight, online delivery charges and an increase in distribution centre costs, partly due to the opening of the Auckland Fresh DC. Gross margin in H2 increased by 26 bps to 23.4% driven by a focus on promotional effectiveness, category mix benefits, and an improvement in distribution centre cost management and lower COVID costs. This was partially offset by stockloss.

CODB (%) increased by 94 bps primarily driven by higher team member wages following the 12% increase in store team wages in July 2022. H2 CODB (%) increased by 20 bps with productivity initiatives, lower COVID costs and stronger

\$ MILLION (NZD)	F23	F22	CHANGE
<b>Total sales</b>	<b>7,912</b>	7,563	4.6%
<b>EBITDA</b>	<b>572</b>	611	(6.3)%
Depreciation and amortisation	(323)	(295)	9.5%
<b>EBIT</b>	<b>249</b>	316	(21.0)%
Gross margin (%)	23.1	23.2	(9) bps
CODB (%)	20.0	19.0	94 bps
EBIT to sales (%)	3.2	4.2	(102) bps
<b>Sales per square metre (\$)</b>	<b>18,208</b>	17,881	1.8%
Funds employed	4,745	4,635	2.4%
ROFE (%)	5.2	7.0	(1.8) pts
Scope 1 & 2 emissions (tonnes)	62,255	63,782	(2.4)%



## Transformation of Woolworths New Zealand

In July 2023, Countdown announced its plans for a multi-year transformation program, reaffirming the Group's long-term commitment to its New Zealand customers. As part of the transformation, Countdown will be rebranded to Woolworths Supermarkets. The program also includes a refreshed loyalty offer through the roll out of Everyday Rewards in early 2024, investment in the store network, and a materially improved fresh offer to create better experiences for New Zealand customers and team. The Bethlehem store in Tauranga was the first to be rebranded in August 2023

sales momentum helping to partially offset the increase in team wages. Other material cost increases included a 9.5% increase in depreciation and amortisation arising from investment in the store network, including spend to facilitate eCommerce growth, investment in digital capability and innovation, and supply chain transformation.

F23 EBIT declined 21.0% on the prior year to \$249 million with the EBIT margin down 102 bps to 3.2%. In H2, EBIT returned to growth of 10.3% on the prior year with the EBIT margin increasing 6 bps to 3.3%. Excluding direct COVID costs of \$61 million in the prior year, F23 EBIT declined by 34%.

ROFE declined 1.8 pts to 5.2%, primarily due to lower EBIT and higher average funds employed due to investment in the store network and the opening of the Auckland Fresh DC in F22.

Initiatives supporting our sustainability agenda included fundraising support for communities impacted by adverse weather events, including a support package of \$750,000 for fruit and vegetable growers impacted by Cyclone Gabrielle, as well as the removal of approximately 50 million plastic produce bags from circulation. During the year we launched Sonder, a comprehensive health, safety and wellbeing app for team members, and were proud to be awarded with the New Zealand Safeguard Workplace Health and Safety Wellbeing Award in recognition for our mental health and wellbeing initiatives over the last two years.





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**BIG W**

Sales

**\$4,785M**

▲ 8.0% from F22

EBIT

**\$145M**

▲ 165.3% from F22

ROFE

**11.1%**

▲ 6.5 pts from F22

# BIG W

The trading environment for BIG W changed significantly between the halves, impacting financial performance. However, BIG W continued to make good progress on its strategic agenda.

## Trading performance

**BIG W's** customer metrics remained broadly stable in F23 with Store-controllable VOC at 83% - in line with Q3 and the prior year. VOC NPS (Store and Online) ended the year at 62, down three points on Q3 and down two points on the prior year driven by a decline in eCom NPS. Improving product availability and wait times for Pick up and Home Delivery orders remains a priority. Despite the pressure on consumer discretionary spend during the year, BIG W's continued focus on providing value to customers, including the launch of new own brand ranges (Openook and Somersault), resulted in Product and Price VOC improving by one point compared to the prior year.

BIG W's total sales were up 8.0% in F23 to \$4,785 million (4-yr CAGR: 6.5%). Sales growth in H1 of 15.3% (4-yr CAGR: 6.9%) was driven by cycling the prior year's temporary store closures and customers returning to shop in store more frequently. In H2, sales growth of -0.3% was broadly flat on prior year (4-yr CAGR: 6.0%) with the decline in Q4 of 5.7% due to a notable softening in discretionary spend and to a lesser extent by the timing of Easter. Everyday Essentials including Health, Beauty & Baby and Pet Care categories; and Leisure including Books, Electronic Gaming and Travel Goods continued to see item growth but discretionary areas including Clothing and Home were impacted by the rising cost of living on households.



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eCommerce sales decreased 22.2% in F23 to \$482 million, largely driven by a 31.4% decline in H1 as customers returned to shopping in store and cycling of COVID-driven online purchasing behaviour. eCommerce sales declined 3.3% in H2 with penetration of 10.1%. The launch of a select BIG W range on MyDeal in August has seen consistent sales growth on the platform since launch.

The BIG W store network grew by one store during the year to 177 stores following the opening of a new BIG W in Q1 alongside a new Woolworths Supermarket at Town Hall in Sydney. Sales per square metre increased by 7.9% due to the strong sales growth in H1.

Gross margin (%) increased 9 bps in F23 to 31.6% driven by an increase in H1 due to cycling higher markdowns in the prior year and lower delivery costs due to the decline in eCommerce sales. H2 gross margin (%) decreased 87 bps with higher stockloss and increased promotional activity being partly offset by mix and category management changes.

CODB (%) declined by 170 bps due to higher sales growth, the absence of direct COVID costs incurred in the prior year, and key productivity measures returning to pre-COVID levels. In H2, CODB (%) was broadly flat despite higher wage rate increases due to strong item-based cost control.

\$ MILLION	F23	F22	CHANGE
<b>Total sales</b>	<b>4,785</b>	4,431	8.0%
<b>EBITDA</b>	<b>348</b>	245	41.6%
Depreciation and amortisation	(203)	(190)	6.2%
<b>EBIT</b>	<b>145</b>	55	165.3%
Gross margin (%)	<b>31.6</b>	31.5	9 bps
CODB (%)	<b>28.6</b>	30.3	(170) bps
EBIT to sales (%)	<b>3.0</b>	1.2	180 bps
<b>Sales per square metre (\$)</b>	<b>4,756</b>	4,409	7.9%
Funds employed	<b>1,424</b>	1,247	14.2%
ROFE (%)	<b>11.1</b>	4.6	6.5 pts
Scope 1 & 2 emissions (tonnes) <sup>1</sup>	<b>103,061</b>	125,533	(17.9)%

1 F23 & F22 emissions data reflect market-based scope 2 electricity reporting. F22 has been restated to also reflect new guidance from the Clean Energy Regulator for treatment of Australian Carbon Credit Units.

Despite a more challenging H2, F23 EBIT increased 165.3% to \$145 million at an EBIT margin of 3.0% with H2 EBIT declining 63.7% to \$11 million. Excluding direct COVID costs of \$16 million in the prior year, F23 EBIT increased by 104%.

Closing inventory was higher than the prior year with cost inflation more than offsetting a reduction in units. Despite the higher inventory, inventory health was strong with the proportion of aged and quit stock below the prior year.

ROFE increased 6.5 pts to 11.1% due to higher EBIT more than offsetting an increase in average funds employed.

During the year, BIG W continued its partnership with the Australian Literacy and Numeracy Foundation to grow the Breakfast Library program, supporting 30 schools each week, with over \$220,000 raised in customer donations during Book Week and the Back to School campaign. In partnership with Good360, BIG W launched a national fundraising campaign to support recovery efforts for Victorian communities impacted by flooding through donations of essential items to those in need. BIG W's commitment to a better tomorrow also saw its Toys for Joy recycling program prevent an estimated 130 tonnes of toys going to landfill in F23.



## Two new own brand ranges

In F23, BIG W launched two new own brands, Openook in Home, and Somersault in Toys. The new Somersault range is FSC certified with a great range of toy products at entry level pricing. All products in the range are designed with diversity in mind and developed with recyclable packaging and the use of FSC timber. In F24, BIG W will expand the Somersault brand into further categories, such as kids stationery and craft.

# Addressing climate change and nature together

## Our approach to reporting and TCFD alignment

Woolworths Group will begin reporting in line with the International Sustainability Standards Board (ISSB) from F24 to reflect our commitment to transparency and the positive direction of upcoming regulations. Our F23 reporting aligns with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), providing insight into our strategy, governance, performance and risk management. As we continue to evolve our reporting, we will leverage TCFD as a basis to transition to the recently released ISSB. We also intend to align to the upcoming Taskforce on Nature-related Financial Disclosures (TNFD).

→ For how we are aligning with the TCFD recommendations, see the Reports and Data page on our [website](#).

Australia and New Zealand are not immune to climate change. As we experience extreme weather events and natural disasters, our business is feeling the impacts of this first-hand, such as food and supply chain disruptions from severe weather events.

Woolworths Group supports the Paris Agreement, which aims to pursue efforts to limit the global temperature increase to 1.5°C above pre-industrial levels. We aspire to reduce our emissions in line with the Science Based Target Initiative (SBTi) and be a net positive business by 2050 – partnering to remove more carbon than we emit. The scale of our supply chain has a material impact on climate and nature due to the resources used to produce the food our customers require. We are actively considering nature-based solutions to help support our supply chain and communities' long-term viability.



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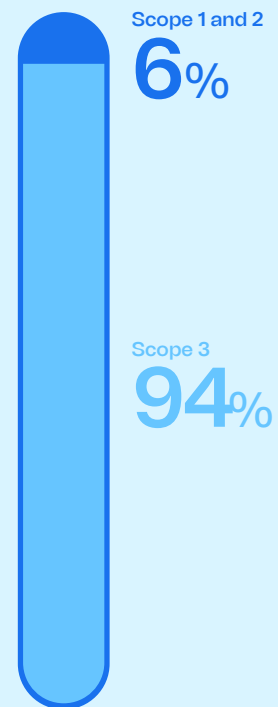
## Summary of our progress towards net positive

Woolworths Group's scope 1 and 2 emissions make up 6% of the emissions in our end-to-end value chain. Over the last 12 months, this has reduced by 8% through ongoing grid decarbonisation, energy efficiency and refrigeration work, resulting in a cumulative reduction of 36% from our 2015 baseline. We are on track to deliver 100% renewable electricity by 2025 which will facilitate full decarbonisation of our scope 2 purchased electricity emissions. The bulk of our residual scope 1 emissions is transport and fuel. To address this, in F23 we developed a transport decarbonisation strategy to reduce our transport-related scope 1 emissions, underpinned by our commitment to fully electrify our home delivery fleet by 2030 (see [page 50](#)).

Our scope 3 emissions are approximately 15 times greater than our scope 1 and 2 emissions. This makes up 94% of total emissions in our end-to-end value chain – the largest being purchased goods and services. In F23, we adopted a test-and-learn approach to better understand how we navigate the complexity of scope 3 emissions, and to understand how nature and emissions interact in our value chain (detailed in case studies on [pages 52–54](#)). Through these learnings, we recognise that our pathway to net positive will require collective action spanning industries, government and our supply chain network.

As emissions reduction opportunities evolve and our own maturity in this space grows, we acknowledge that neither our footprint nor our current SBTi reduction targets, which were set in 2020, are static. In F24, we intend to update our SBTi target to reflect emissions related to Forestry, Land and Agriculture Guidance (FLAG). This will see our emissions pathway align to a 1.5°C reduction pathway.

### Scope 1, 2 and 3 emissions in our end-to-end value chain



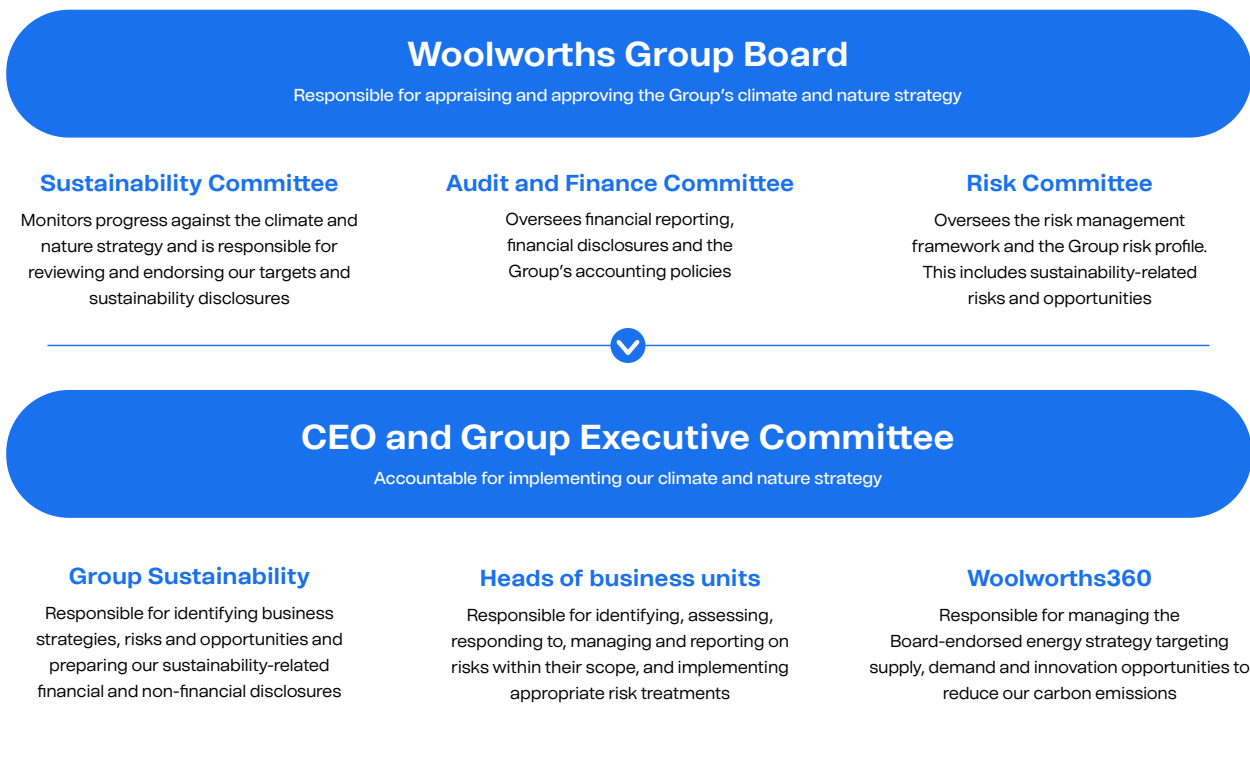


## Our governance framework

The Woolworths Group Board is responsible for appraising and approving the Group’s sustainability-related strategies, targets and material investments to manage actual or potential impacts and opportunities on the Group.

The Board does so based on recommendations from the Board Sustainability Committee (SUSCO). The committee reviews and monitors performance against the Woolworths Group Sustainability Plan 2025 (2025 Plan), and related strategies, including climate and nature. It oversees the effectiveness of the Group’s frameworks and policies and provides external perspectives on matters within the investment landscape. The CEO and Group Executive Committee, including the Chief Sustainability Officer, have accountability for implementing our sustainability-related strategies and report progress to SUSCO three times a year.

The Group Sustainability platform includes a dedicated general manager responsible for our climate and nature strategies supported by robust processes for measuring and tracking progress.



## Our net positive commitment actions

Woolworths Group’s ability to meet net positive commitments is dependent upon the actions we take today to embed climate and nature considerations into strategy, risk and opportunity management. As the majority of our carbon footprint lies in our scope 3 emissions, this will require purposeful partnerships and collaboration throughout our value chain.



**Our climate and nature strategy**

[→ read more](#)



**Reducing our scope 1 and 2 emissions**

[→ read more](#)



**Partnering to reduce our scope 3 emissions**

[→ read more](#)



**Prioritising risk management**

[→ read more](#)



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## Our climate and nature strategy

Woolworths Group's climate and nature strategy guides our actions to limit the potential impacts of climate change and nature on and by our business and value chain. Our approach to climate and nature is complementary, and we will continue to integrate these material areas as our understanding of their interrelationship matures.

### Our strategic framework

Driving tangible action and effectively managing risk requires an end-to-end approach, considering implications across our value chain and impacts on our stakeholders. Our climate and nature strategy focuses on reducing our emissions and managing climate-related risks across our business and communities. It also details our approach to reduce our impact on nature through the responsible stewardship of natural resources and the sustainable sourcing of commodities, including protein in our supply chain. The strategy is approved by the Woolworths Group Board.

## Managing climate impacts across our business



### Reducing our electricity and making it greener:

through energy efficiency and transitioning to 100% renewable electricity by 2025



### Embedding low-carbon technology and practices:

by converting refrigeration to low-carbon technology and decarbonising our transport with the aim of reducing scope 1 and 2 emissions by 63% by 2030



### Increasing resilience in our value chain:

monitoring and responding to climate impacts in our value chain

## Supporting industry and community action



### Partnering with industry to support the transition to net zero:

driving industry action and engaging our partners and suppliers on ways they can reduce carbon emissions with the aim of reducing our scope 3 emissions by 19% by 2030<sup>1</sup>



### Supporting community climate change resilience:

supporting communities affected by natural disasters using our scale to get fresh food and supplies where they are most needed

## Nurturing nature across our supply chain



### Leading the future of protein:

providing affordable and sustainable proteins across traditional, plant and alternative sources whilst aiming for the highest animal welfare standards



### Partnering on sustainable and regenerative agriculture:

supporting our growers and farmers to improve farming practices, collaborating throughout our supply chain to identify barriers and drive mutually beneficial outcomes



### Having a positive impact on nature:

working to improve soil health, water stewardship and biodiversity

<sup>1</sup> In F24, we intend to update our scope 3 SBTi target to align with 1.5°C in line with SBTi's FLAG Guidance.

# Our pathway to net positive

## What we've achieved so far:

▼ **36%**  
scope 1 and 2 emissions reduction since 2015

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- ✓ >60MW of solar operating or under construction
- ✓ 100% renewable electricity in SA
- ✓ Commenced a value chain emissions measurement program
- ✓ 80% food waste in Woolworths supermarkets diverted from landfill
- ✓ 100% of own brand tea and coffee now sustainably sourced
- ✓ Piloted the Taskforce on Nature-related Financial Disclosure framework on beef and salmon supply

## Short term

### Accelerating action across our operations

**42%**  
scope 1 and 2 emissions reduction by 2025

**100%**  
renewable electricity by 2025

▲ We are here

- Value chain emissions reduction aligned to a 1.5°C pathway
- All new property developments will achieve a minimum 4 star Green Star rating
- Understand the impact of priority fresh supply chains on nature and increase supplier adoption of sustainable and regenerative practices in these categories
- All high-impact own brand commodities sourced from net zero-deforestation supply chains
- Source our animal, and alternative protein sources in a sustainable manner through minimising our impact on the environment
- Aim for zero food waste to landfill from our supermarkets
- Woolworths own brand packaging widely recyclable, reusable or compostable

2015

2023

2025

1 Our 2030 SBTi emissions reduction goals will be achieved without the use of carbon offsets.  
2 In F24, we intend to update our scope 3 SBTi target to align with 1.5°C in line with SBTi's FLAG Guidance.

This is Woolworths Group's approach to drive decarbonisation across scope 1, 2 and 3 across our value chain. As of today, our pathway has quantified how we will reach net positive scope 1 and 2 emissions. Next year we will integrate our scope 3 pathway which considers nature-based solutions.

## Medium term

Leading the change across our value chain

**63%**

scope 1 and 2 emissions reduction by 2030<sup>1</sup>

- Zero emissions home delivery fleet
- Scope 1 operational transport emissions reduced by 60% by 2030
- 19% scope 3 emissions reduction by 2030<sup>1,2</sup>
- Set nature related targets and approaches that support resilient food and fibre production and help mitigate impacts of climate change

## Long term

Delivering on our net positive aspiration

We know we have more to do and will invest in new technologies, sustainable and regenerative practices and make meaningful changes to our products and operations. We will work towards complete value chain decarbonisation.

By 2050, we aim to reach **net positive emissions**<sup>3,4</sup>

2030

2050

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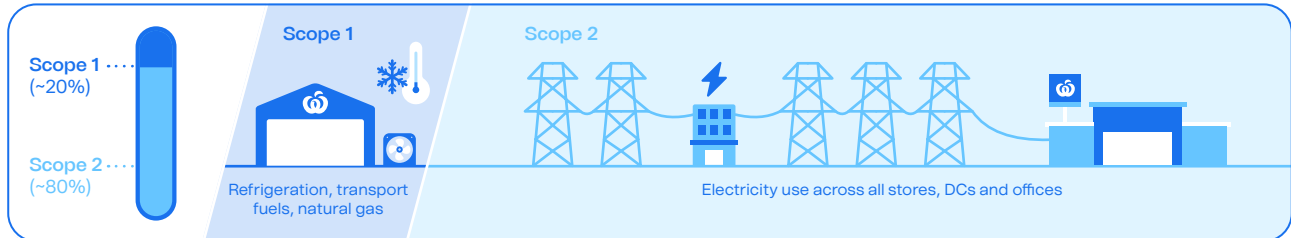
<sup>3</sup> Covers emissions from our own operations (scope 1 and 2 emissions).

<sup>4</sup> We note that maintaining our science-based ambition may require obtaining and surrendering carbon offsets to cover any residual emissions once we reach our net positive target in 2050.



## Reducing our scope 1 and 2 emissions

Scope 1 and 2 emissions are those directly within Woolworths Group's operational control. Our material scope 1 emissions sources include fugitive synthetic refrigerants, transport fuel for fleet cars and home delivery trucks, and natural gas. Our scope 2 emissions comprise the largest part of our operational footprint which is the electricity we use across our store network, distribution centres and offices.



Woolworths Group is committed to working towards achieving a 63% reduction in emissions from our operations (scope 1 and 2) by 2030, a commitment ratified by the SBTi<sup>1</sup> in 2020. F23 marks a transition to include market-based scope 2 electricity reporting.<sup>2</sup> This methodology enables us to account for the investment we are making in renewable electricity and helps us track progress against the reduction trajectory shown on [pages 46–47](#).

Over the past 12 months, our scope 1 and 2 emissions have reduced 8% due to ongoing grid decarbonisation, energy efficiency work and ongoing transcritical refrigeration upgrades. Our cumulative emissions reduction since 2015 is now up to 36%. This year, we launched our first transport decarbonisation strategy giving us a clear emissions trajectory to address all material scope 1 and 2 emissions.

In November 2022, the Clean Energy Regulator (CER) provided new guidance on the treatment of Australian Carbon Credit Units issued for projects registered with the Emissions Reduction Fund (ERF). Since 2016, Woolworths Group has registered projects in the ERF, delivering emissions reductions through energy efficiency and waste reduction. We have adjusted our F22 and F23 emissions to reflect the new guidance from the CER. Full details of our emissions footprint, including these adjustments, can be found in the 2023 Sustainability Data Pack.

### Actions completed to date contributing to our emissions reductions:

- ✓ installed 231 solar systems across Australia and New Zealand, totalling 48MW, with a further >16MW under construction. Also signed renewable energy contracts in SA (100%), WA (50%), and a pathway secured in NSW for 100%
- ✓ spent over \$30 million on energy initiatives in F23 covering refrigeration and lighting upgrades and improving our ability to monitor and control energy use
- ✓ delivered 15 Green Star ratings with another 22 underway across the Group
- ✓ formalised our transport decarbonisation strategy, which includes the commitment of a 100% EV last-mile delivery fleet in Australia and New Zealand, helping reduce our transport emissions by 60% in 2030 vs F22.

1 The SBTi assesses and approves companies' targets through a scientific lens, ensuring alignment with the Paris Agreement goal of limiting climate change to an increase of 1.5°C above pre-industrial levels.

2 Market-based reporting reflects emissions based upon the amount of renewable electricity a company procures. Location-based reporting reflects the average emissions intensity of grids in which energy consumption occurs. It is best practice to report on both methods.

## Partnering to reduce scope 3 emissions

Woolworths Group's scope 3 represents the majority of our emissions – at 29.7 million tonnes, these are approximately 15 times greater than our scope 1 and 2 emissions combined, with purchased goods and services representing 80–85% of this. Our current aim under the SBTi, ratified in 2020, is to reduce scope 3 emissions by 19% by 2030, which we acknowledge is not aligned with a 1.5°C pathway. In F24, we intend to update our SBTi target to reflect emissions related to FLAG Guidance.

Achieving reductions across the value chain presents a new set of challenges that requires a total systems-based approach. In addition to leveraging existing emissions reduction solutions, we continue to seek out different and innovative solutions to define a path forward.

In F23, we applied a test-and-learn approach focused on partnerships and pilots to learn about our suppliers' emissions footprints. Given the proportion of our footprint related to land use and agriculture, adoption of sustainable and regenerative agriculture practices – as part of implementing broader nature-based solutions – will be crucial to our decarbonisation strategy. This approach enables us and our suppliers to identify and implement targeted interventions that both reduce emissions and improve our natural resources stewardship. Both our suppliers and our customers are crucial to enable scope 3 emissions reductions, with supply and demand levers offering significant emissions reduction opportunities.<sup>1</sup>

Following the first disclosure of our scope 3 emissions footprint in F22, we have continued to improve our approach. We introduced confidence ratings against our reported categories which acknowledges that we have differing levels of visibility over our footprint. The development of an end-to-end scope 3 strategy – a key priority during F24 – will allow us to forecast future emissions reductions across our whole value chain and work with our partners to realise these reductions going forward.

		Million tonnes CO <sub>2</sub> -e			
CATEGORY		F23	YOY CHANGE	SCOPE 3 PROPORTION	EMISSIONS CONFIDENCE
Scope 3 (Upstream)	1  Purchased goods and services	24.2	-2%	81.3%	Medium
	2  Capital goods	0.3	-9%	1.0%	Medium
	3  Fuel- and energy-related activities	0.2	+12%	0.6%	High
	4  Upstream transportation and distribution	0.3	+18%	1.1%	Medium
	5  Waste generated in operations	0.1	-5%	0.4%	High
	6  Business travel	<0.1	+54%	<0.1%	High
	7  Employee commuting	0.3	+5%	0.9%	Low
	8  Upstream leased assets	0.3	-15%	1.1%	Medium
Scope 3 (Downstream)	9 11  Downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, franchises, investments	4.0	+6%	13.5%	Low
<b>TOTAL</b>		<b>29.7</b>	<b>-1%</b>	<b>-211,000 tonnes</b>	

### Emissions confidence legend

High – supplier-specific emissions factors, or other calculations based on direct measurement

Medium – spend-based emissions factors, typically updated annually to reflect sectoral emissions reductions

Low – indirect estimates or calculations based upon industry/geographic averages, updated irregularly

<sup>1</sup> IPCC AR6 Mitigation of Climate Change *Demand-side mitigation options by 2050*.

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## Decarbonising our transport – a material shift in our scope 1 and 3 emissions

Global transport activity is expected to more than double by 2050<sup>1</sup>, yet emissions in this sector need to decrease at least 3% annually to align with net zero by 2050. Transport is Australia's third largest emissions source, and government projections forecast an emissions increase of approximately 5–10% in this sector by 2030.<sup>2</sup>

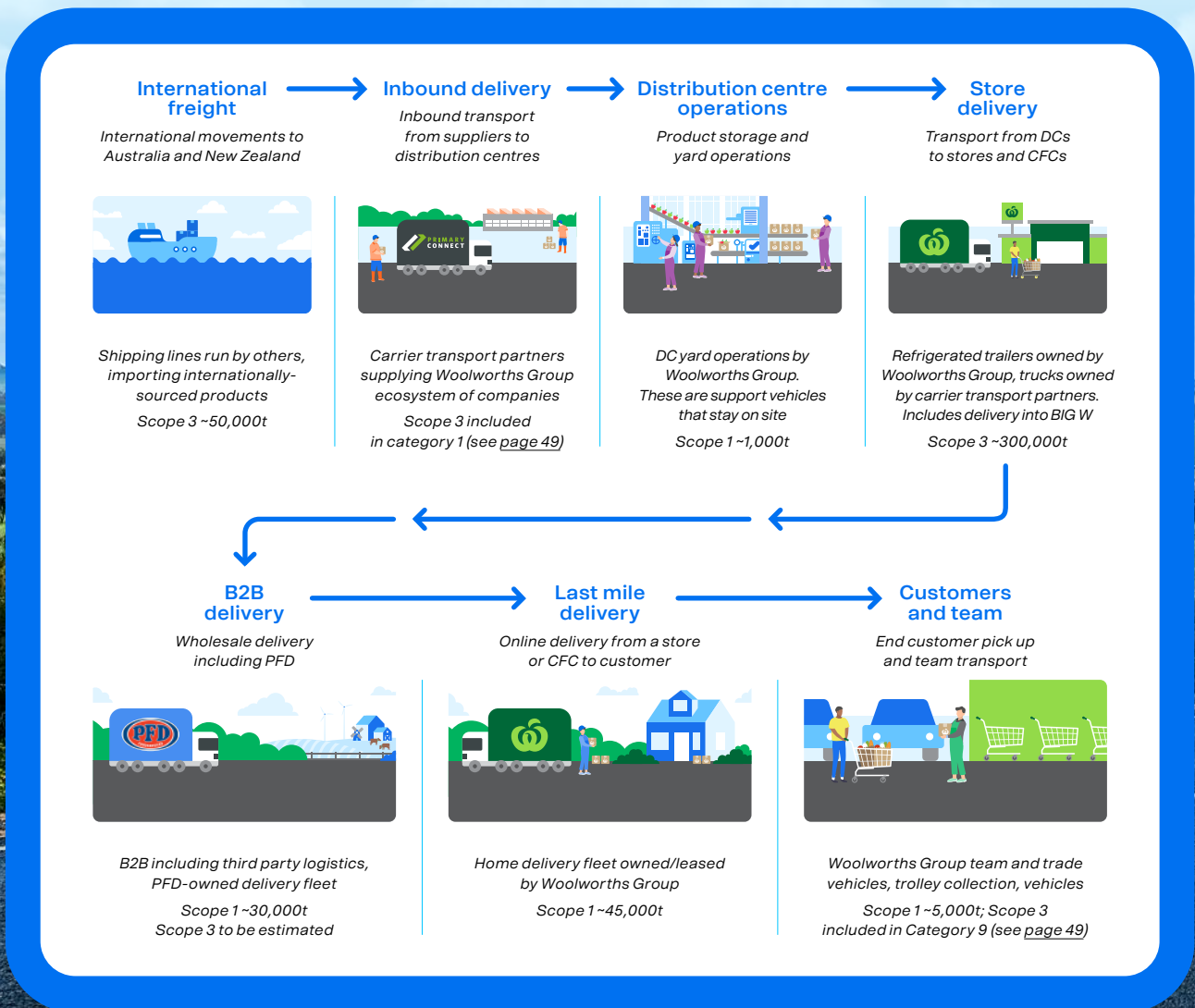
### The challenges and opportunities of a large, complex transport fleet

Woolworths Group's transport network is one of the largest business supply chains in Australia and New Zealand, with approximately 1.6 billion cartons moved annually through Primary Connect, and 19% growth in online delivery volumes in the past year. Our directly managed fleet – scope 1 transport emissions – comprises some 3,500 assets, from light vehicles to semi-trailers.

As with the rest of our value chain (described below), scope 3 emissions represent the larger part of our transport footprint, which is outside of Woolworths Group's direct control. Tackling transport decarbonisation will therefore require significant effort due to the size and complexity of our own fleets and those of our logistics partners. We work with existing partners to drive efficiency, and explore new industry solutions (e.g. hydrogen).

### Our transport fleet

Delivering food to our customers every day is made possible through international freight movements via air and sea, interstate connections via rail and road, and movements between DCs and stores. These emissions vary between direct scope 1 and indirect scope 3 emissions.



1 OECD International Transport Forum.

2 Commonwealth of Australia (Climate Change Authority) 2022. First Annual Progress Report, November 2022.



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### Our transport decarbonisation strategic priorities

Transport currently makes up less than 5% of the Group's scope 1 and 2 emissions which is the equivalent of approximately 100,000 tonnes of carbon dioxide. However, our internal modelling shows that following our transition to renewable electricity by 2025, if no action is taken, transport emissions will represent approximately 40% of our scope 1 and 2 emissions by 2030.

In light of this, we launched Woolworths Group's transport decarbonisation strategy in F23. This is anchored in our commitment that by 2030, we aim to convert our Australian and New Zealand home delivery fleet to zero-emissions vehicles. This goal, alongside changes to zero emissions technology in our heavy vehicle fleet, will reduce our scope 1 transport emissions by approximately 60% compared to a 2023 baseline.

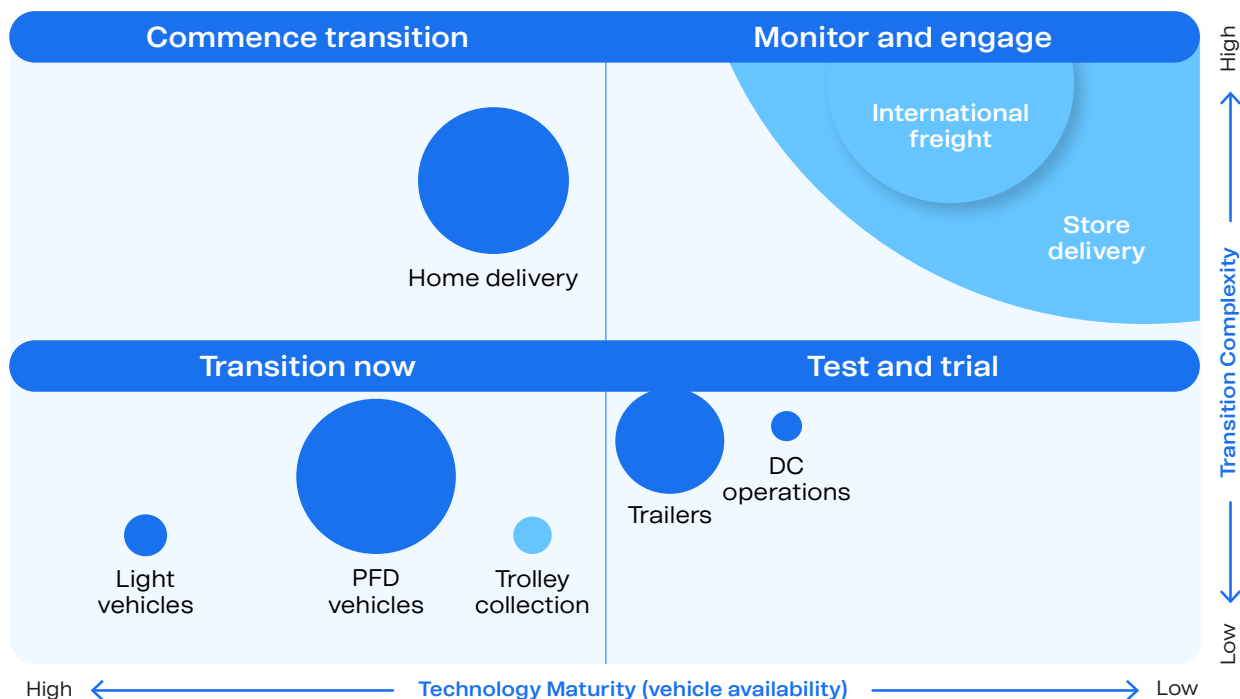
It has three pillars:

1. transitioning to a zero-emissions fleet and delivering cleaner, quieter neighbourhoods
2. leading low-carbon practices through efficient operations, such as offering customers the choice of Green Delivery windows that minimise grocery delivery emissions
3. developing zero emissions transport infrastructure (e.g. EV chargers) across our network.

### Transition readiness assessment for decarbonisation (F23)

With the limited current availability of zero-emissions vehicles for a fleet of our size and operational complexity, we have gained valuable insights through trialling and testing a small number of low-carbon vehicles. In June 2023 Woolworths Supermarkets added 27 electric vehicles to its home delivery fleet. The new electric vehicles will start delivering groceries to customers in Sydney and will operate out of the Mascot and Caringbah customer fulfilment centres, which are dedicated to picking and packing online supermarket orders. Over 1,000 electric vehicles will be added to the existing fleet over the next seven years as part of this commitment with the aim of reducing overall transport emissions by around 60% by 2030.

Across international shipping and national logistics, we are exploring where we can support trials of lower emissions fuels. These have the same challenges as our own fleets, requiring a combination of improved fuel, new propulsion technology, and supporting infrastructure.



**Key:**

- Scope 1 emissions
- Scope 3 emissions
- Size of circle = size of emissions



## Update on our scope 3 value chain emissions program

In 2022, Woolworths Group commenced a pilot engagement program in partnership with The Sustainability Consortium.

We invited 55 suppliers to participate across Australia and New Zealand from six categories that significantly contribute to emissions across our value chain. We piloted a multi-retailer, science-based decision tool, THESIS on SupplyShift, to capture emissions intensity data and, over time, its trajectory through the value chain. The program aims to meet suppliers on their journey, providing both the opportunity to share progress as companies work towards their own established goals and support those starting out to understand their own emissions profile and the actions to reduce it.

The pilot provided an encouraging start with:

- 79% of participants working towards their own scope 1 and 2 goals
- 87% of participants able to provide information on climate-specific KPIs
- 56% of participants with scope 3 emissions goals in place.

Woolworths Group's value chain emissions program will continue to expand, with all suppliers now welcome to participate. In partnership with our suppliers, industry and government, we will continue to identify, quantify and support implementation of emissions reduction opportunities.



### Climate Leaders Coalition Scope 3 Collaboration

In 2022, we joined the Australian Climate Leaders Coalition (CLC), demonstrating our intent to approach scope 3 collaboratively, and to work as part of a group of cross-sectoral companies supporting the Paris Agreement. In the past 12 months, we led a working group to support the development of the CLC scope 3 roadmap, designed 'by CEOs for CEOs' to encourage more companies to take action on scope 3 emissions and collaborate to find practical solutions.

We looked at emissions specifically in our beef value chain with our partners at Ampol Australia, Elders, Hilton Foods Asia Pacific, Teys Australia, and Microsoft. We reviewed the impact of 25 potential interventions, including nature-based solutions as a critical enabler to achieving a 1.5°C-aligned pathway for the beef industry. The Group also acknowledged the risks associated with these types of solutions, such as reversal, leakage, weak additionality and verification of baselines.

We will continue our association with the CLC by participating in its Nature and Circularity working groups to build members' knowledge of nature-based risk in their operations and supply chains. We will also develop mitigation plans to improve natural ecosystems while working to understand nature-related investment to deliver both private (e.g. emissions reduction, improved productivity and resilience) and public (e.g. ecosystems services, improved waterway health) benefits.



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## Improving our understanding of nature-based risk

Agriculture is the backbone of our business and we aim to collaborate and encourage supplier adoption of sustainable and regenerative practices. This, together with the responsible stewardship of natural resources, supports the resilience of food and fibre production systems, helps to mitigate the impact of natural disasters and contributes to the reduction of our scope 3 emissions.

This year, we continued our work on two key areas to drive nature-positive outcomes in our value chain:

- understanding the impact and dependencies of priority fresh categories<sup>1</sup> on nature and their adoption of sustainable and regenerative practices. In F23, we surveyed over 120 suppliers across these categories, identifying those adopting one or more of our principles of sustainable and regenerative practices, as evidenced by independent certification. We will increase this engagement in F24 to capture the efforts of our suppliers and identify improvement opportunities
- sourcing high-risk commodities (e.g. pulp, paper, timber, palm oil, cocoa, tea, coffee, soy, fresh beef) in own brand products from net zero-deforestation supply chains – traced back to land that has not been deforested since 2020.

➔ [Access our 2023 Sustainability Report for more information](#)

### Collaborating on sustainable and regenerative agriculture

Partnerships are critical to delivering impact in our value chain. Our active involvement in industry forums and pilots enables us to understand drivers for change and test the value propositions for applying new frameworks and practices.

We have joined the Australian Sustainable Agriculture Initiative Platform (SAI Platform) to improve our understanding of Australian and global sustainable agriculture best practices and identify opportunities to increase their adoption in our supply chains. We will work with SAI to build our teams' and suppliers' capabilities in the coming year.

In New Zealand, we progressed the Regenerative Management Systems for New Zealand Vegetable Production project co-funded by the Ministry of Primary Industries' Sustainable Food and Fibre Futures Fund. The project is conducted in partnership with produce supplier LeaderBrand Produce and Crown Research Institute, Plant and Food Research. It aims to understand and validate the feasibility of incorporating regenerative practices into intensive vegetable production through on-farm trials. The project's findings will inform our approach to regenerative agriculture across Australia and New Zealand.



1 Includes red meat, poultry and seafood, and fruit and vegetables.

## Sustainably sourcing our protein and high-risk commodities

In the past year, we have performed our first deforestation risk assessment, focusing on Queensland and Northern New South Wales as it is a considerable source of Woolworths Supermarkets' fresh beef. Our analysis approximated sourcing distances based on transport guidelines detailed in our Animal Welfare Policy. As a result, the assessment captured a broad geographic region and did not assess specific properties, identifying that 98% of areas assessed exhibited no or less than 1% of primary forest loss and eight areas had over 1% of primary forest loss in 2021 (based on publicly available data).

This is a complex space and we are working to improve our understanding. In F24, we will use our baseline study to continue to assess and understand our footprint, the extent of our interface with areas of primary loss and the drivers of land use change in those areas (e.g. clearing for grazing, approved land management practices, fire, drought and other land uses). This will enable us to implement targeted actions that deliver on our climate and nature-related commitments in relation to beef.

### TNFD pilot on nature-related risks in the food value chain

We participated in the Department of Climate Change, Energy, the Environment and Water's pilot of the TNFD framework, applied across five sectors of national significance, including the food value chain.

Our pilot focused on beef and salmon; identifying that most nature-based risk in our value chain occurs in primary production. The pilot reinforced that our suppliers' dependency on nature and capability to measure their impact varied significantly. The measurement of biodiversity in particular was a challenge that required a consistent and location appropriate approach. Definition aside, many of our suppliers and value chains are already measuring the likes of waterway and soil health that can be used or adapted to report against the TNFD.

In F24, we will incorporate insights from the pilot to identify and manage nature-based risk. We will focus on priority impact hotspots and dependencies to help us develop and implement solutions to mitigate and restore nature loss in our value chain.

We will also participate in the Natural Capital Investment Initiative (NCII) convened by the Climateworks Centre. Our involvement in the NCII will inform our approach to measuring natural capital in our supply chain, focused initially on red meat. Measurement allows us to assign value to natural capital and consider ways to incentivise improved natural resource stewardship and decarbonisation outcomes.





## Prioritising risk management

As part of our alignment with TCFD, we commenced climate scenario analysis in 2020. We have since evolved our approach in response to the latest climate information, better coverage of Group operations, and feedback from the business. The insights from scenario analysis arise from a stress test of our existing strategic priorities against different, yet plausible futures to identify and assess material risks and opportunities.

Nature is an emerging focus area for Woolworths Group. In F24, enabled by the TNFD framework, we will work to understand and report on our approach and management of nature-related risks and opportunities.

### Scenario selection and focus areas<sup>1</sup>

As part of this report we have included four physical climate scenarios selected based on plausible warming pathways referenced by the IPCC.<sup>2</sup> These are bounded by a low warming pathway representing a 1.5°C world and a high warming pathway representing a 4.5°C world. The in-between scenarios represent trajectories closer to the current rate of emissions, existing global policy commitments and the Nationally Determined Contributions (NDCs) of Australia and New Zealand (2–3°C warming).

When considering climate risk and opportunity, we build on a mix of physical and transition risks across our operations. We also consider risks related to food security. This comprises a mix of physical and transition elements impacting the food and products we sell.

- Building upon last year's findings, our transition risks are now more effectively mitigated through inclusion of our transport decarbonisation strategy (page 50).
- Across physical infrastructure risk, there has been no significant increase in our exposure to losses associated with extreme weather. Flooding remains the key physical risk across all property types. We will incorporate the potential increase of future flood risk into existing site selection and design procedures.
- Food security remains the most material challenge, with both low and high warming scenarios presenting significant costs to be borne across the value chain. Under low warming scenarios, food security costs are associated with the required decarbonisation of the food supply chain and the potential carbon liability of residual emissions. Under high warming scenarios, food security costs are mainly driven by reduced crop productivity and availability, and associated price increases. How food security costs, under all scenarios, might be absorbed across the value chain is yet to play out and remains unclear.



1 A scenario describes a plausible, but hypothetical, path of development leading to a particular future outcome. Scenarios are not forecasts or predictions – they are 'what if' narratives designed to inform and challenge strategic thinking.  
 2 IPCC, Climate Change 2021, The Physical Science Basis.

## Climate risks and opportunities

The following table summarises the outcomes of our climate scenario modelling which presents an assessment of climate risks and opportunities across our three themes – physical, transitional and food security. We also note under which scenario the risk is most material, and the time horizon over which the risk applies. In future years, this modelling work will enable us to quantify impacts.

IN WHICH SCENARIO IS THE RISK MOST MATERIAL		RISK	MITIGATION AND OPPORTUNITY	TIME HORIZON		
Lower 1.5°C	Higher 4.5°C			Short now-2025	Medium 2026-2030	Long 2031-2050
<b>Physical — Operations</b>						
✓		<p>In our review of physical risk across more than 1,400 locations looking at flood, heat, fire, wind and soil movement, flooding represents the most material risk of asset damage. This is due to the fact that major flooding events usually require a complete rebuild of the internal store. We reviewed costs of cleaning and store replacement and extrapolated this to future expenditure under different scenarios.</p> <p>The most common event is likely to be extreme heat that could affect product safety. This could occur three to four times more often by 2050.</p> <p>Substantial growth in online shopping will likely change the mix of asset types requiring climate-resilient design. We have more responsibility and control over online CFCs than supermarkets within leased shopping centres.</p>	<p>We work to improve our assets' resilience through backup power generation, flood barriers, rainwater harvesting and roof strengthening. To cater to extreme heat, we will review and continue to adjust refrigeration system designs to mitigate impacts on product safety.</p> <p>Most of our resilience work has so far focused on supermarkets, but it will expand to cover all assets at risk. We will incorporate the potential increase of future flood risk into existing site selection and design procedures.</p> <p>New developments targeting Green Star ratings will also target the Climate Change Resilience credit. This credit requires all high risks to be addressed during design, providing climate-resilient buildings from day one. We also incorporate heat resilient design through appropriate roof selection, landscaping and refrigeration designed for higher than typical ambient temperatures.</p>	✓	✓	✓
<b>Transition — Policy and legal</b>						
✓		<p>Until we reach zero emissions, we are exposed to costs related to increased regulation of greenhouse gases.</p>	<p>We now have mitigation plans for all material scope 1 and 2 emissions representing approximately 80% of our current footprint by 2030, and approximately 99% of our footprint by the time we reach net positive emissions by 2050.</p>	✓	✓	
✓		<p>Our latest scenario modelling accounts for potential value chain financial risks made up of (1) commodity price impacts, and (2) scope 3 carbon liability. We now see impacts in lower-warming scenarios due to the potential cost associated with industry-wide emissions reductions alongside any residual carbon liabilities of the goods we sell.</p>	<p>The financial risk associated with a carbon liability in our value chain poses a shared challenge of investing in decarbonisation. We aim to mitigate this potential liability through various approaches, with two examples provided below.</p> <p>For upstream emissions related to the products we sell, our supplier value chain emissions program continues to grow, helping us and our suppliers understand and quantify opportunities to support emissions reductions (page 52).</p> <p>From F24, we will begin incorporating internal carbon shadow pricing into material areas of capital expenditure.</p>		✓	✓

**Key:**



Centres around 2025 strategy



Centres around 2030 climate horizon and most likely policy changes






Centres around 2050 climate horizon where physical change is clearer

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IN WHICH SCENARIO IS THE RISK MOST MATERIAL		RISK	MITIGATION AND OPPORTUNITY	TIME HORIZON		
Lower 1.5°C	Higher 4.5°C			Short now-2025	Medium 2026-2030	Long 2031-2050
<b>Transition — Technological</b>						
✓		Delayed adoption of new low emissions technologies could reduce our competitiveness. Developing our transport decarbonisation strategy (page 50) has highlighted the challenges to decarbonise transport in the short-medium term.	We continue rolling out onsite renewables and low-Global Warming Potential (GWP) refrigeration. Traditionally this has been difficult to design in high-humidity areas. However, we continue to expand locations where we can install low-GWP refrigerants. Our transport decarbonisation strategy aims to enable reductions in scope 1 transport carbon liability of ~60% by 2030.	✓	✓	
<b>Transition — Reputational</b>						
✓		Customer expectations for sustainable products continue to build, as do investor expectations for corporate behaviour. Being seen as a laggard can impact both sales and investment. This expectation is broader than just climate, also covering animal welfare, deforestation, and other natural impacts.	<p>We continue engaging with our stakeholders, including investors and customers, through the Voice of Customer survey, team, and supplier channels to improve sustainability outcomes.</p> <p>To provide truly sustainable products, we need to reduce emissions along all of our value chain. This is discussed in more detail in our section on Partnering to reduce scope 3 emissions. In addition, the continued improvements we're making on animal welfare and deforestation contribute to providing customers with more sustainable products (see our 2023 Sustainability Report for further detail).</p>	✓	✓	
<b>Transition — Market</b>						
✓		Consumer preferences could affect our mix of product sales and revenue.	Customer surveys suggest a growing momentum towards less carbon intensive products and more diverse protein options. This implies a need to decarbonise across all products, starting with high emissions livestock-based commodities. While there is currently a difference between stated preferences and sales data, we continue to monitor evolving trends globally, and are working on how to both better communicate the emissions footprint of our products and to ensure we provide a product mix that aligns to consumer preferences across emissions and other sustainability indicators. We will continue to improve our animal welfare practices.	✓	✓	



IN WHICH SCENARIO IS THE RISK MOST MATERIAL	RISK	MITIGATION AND OPPORTUNITY	TIME HORIZON		
<p>Lower 1.5°C</p> <p>Higher 4.5°C</p>			 <b>Short</b> now-2025	 <b>Medium</b> 2026-2030	 <b>Long</b> 2031-2050
Food security					
	<p><input checked="" type="checkbox"/></p> <p>Food security represents the most material and uncertain risk for the Australian grocery sector. Our prices are tightly linked with global markets. The agricultural system will likely evolve into one where the areas harvested increase, but yields decrease due to climate-related factors.</p> <p>While we will be able to maintain our existing product range, if not managed proactively, this could result in lower productivity, and potentially higher costs to us and our customers.</p>	<p>The more specific commodity insights we gained will help us prioritise where to focus our sourcing efforts to mitigate climate-related risks.</p> <p>Rapid decarbonisation of the food supply chain is needed, through a combination of supply and demand-side initiatives. Nature-based solutions that simultaneously contribute to carbon sequestration as well as improve agricultural productivity will play a big part, such as tree planting to provide shelterbelts and incorporation of perennial pastures in livestock production.</p> <p>As food security is such a broad challenge, there is an opportunity to partner across industry and government to achieve the most effective outcome. By proactively identifying where we can take action to strengthen the resilience of our supply chain, both through agricultural productivity as well as diversity of supply, we can continue to provide value to our customers over the long term.</p>			<p><input checked="" type="checkbox"/></p>

**Methodology for scenario analysis**

Our key policy and development assumptions are drawn from the Shared Socioeconomic Pathways (SSPs) used in the IPCC Sixth Assessment Report, and adapted to Australian trajectories where possible. These adaptations include the latest Australian Energy Market Operator (AEMO) Integrated Service Plan 2022 for local insights about grid electricity emissions. We drew further national parameters from the CSIRO’s Australian National Outlook. Climate scenario analysis before 2022 considered varied population metrics according to the SSPs. This variation dominated all financial modelling because population heavily influences the Group’s financial outcomes. Because of that, we have retained a consistent population forecast across all scenarios. Woolworths Group-specific inputs were standard across all scenarios. Material inputs included applying our current climate and nature strategy, a consistent market share, store growth and store mix forecasts. Costs of store-closure impacts relating to previous weather events were extrapolated for the different scenarios. This year, a significant addition included our transition to zero-emissions transport, guided by our recently endorsed transport decarbonisation strategy, rather than relying on national assumptions.

SCENARIO	1.5°C SCENARIO	2.0°C SCENARIO	2.7°C SCENARIO	4.5°C SCENARIO
<b>IPCC reference and socioeconomic pathway</b>	SSP1-1.9 Sustainability	SSP1-2.6 Sustainability	SSP2-4.5 Middle of the Road	SSP5-8.5 Fossil-fuelled Development
<b>Population growth</b>	SSP2			
<b>AEMO (2022 Integrated System Plan)</b>	Step change	Progressive change	Slow change	Slow change
<b>Australian National Outlook (CSIRO)</b>	Green and Gold	Thriving Australia	Slow Decline	Slow Decline
<b>Woolworths Group inputs</b>	As these relate to business strategy they are the same across all scenarios: <ul style="list-style-type: none"> <li>Existing emissions transition plans (e.g. green electricity, lower emissions refrigerants, Group transport decarbonisation)</li> <li>Store growth as well as product mix integrated with business forecasts</li> <li>Consistent market share</li> <li>Revenue impacts to stores based on extreme weather-related closures</li> </ul>			

# Way forward in F24

## Governance

With the launch of the ISSB Climate-related disclosure framework, we are preparing for how we best report against this whilst also aiming to align with the TNFD. We will assess climate and nature risks, potential impacts and controls as part of the Group's material risks.

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## Strategy

The scope 3 value chain emissions pilot has provided many learnings and insights that will inform the development of a scope 3 emissions reduction strategy that integrates climate and nature. This strategy will set out how we work across our value chain to enable the implementation of emissions reduction solutions, including those that have co-benefits in nature.

Commencing in F24, we will also pilot shadow carbon pricing across critical business areas to accelerate our decarbonisation journey beyond the goods we sell.

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## Risk management

The development of climate change resilience plans for our physical assets and logistics network will continue with mandated resilience measures for new builds and renewals. We will track site-level progress to demonstrate our physical assets' growing resilience.

In the coming year, we will use the insights from our climate scenario modelling, and findings from TNFD and natural capital pilots, to explore opportunities offered by nature-based solutions. These learnings can enable us to report on nature-related risks and opportunities.

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## Metrics and targets

SBTi's recent release of guidance for forestry, land and agriculture sector (FLAG) organisations requires us to reset our baseline and targets. We anticipate finalising the process in F24. This will see our scope 3 emissions align to a 1.5°C reduction pathway.





# Our material risks

We continue to operate in a challenging macroeconomic environment characterised by elevated inflation, global supply chain disruptions, severe weather events and regulatory reform. A key challenge in F23 was rising cost-of-living pressures which impacted our customers and communities, and resulted in increased levels of theft and violence towards our team.

As recent events have shown, sophisticated cyber attacks and data breaches have added layers of complexity to our risk landscape and, as a result, there has been a heightening of our data management and privacy risk. We continue to monitor evolving threats and refine our processes and controls as the digital environment grows.

Our risks are becoming increasingly interconnected and complex, requiring a practical and straightforward risk management approach that is consistently reviewed, assessed, and where necessary, adjusted through the appropriate governance forums. Our risk management framework guides our approach to managing risks and we continue to refine by listening and learning to our customers, team, and communities.

As the shape of our Group continues to change, we have embedded our risk management approach within each of our businesses and throughout the acquisition lifecycle.

We are focused on equipping our teams with practical tools and frameworks that allow them to confidently make risk-informed choices, leading to better outcomes for our customers, teams, shareholders, and communities.

This year we updated our Board approved risk appetite statements to better align to our strategy, operational environment and our purpose and ways-of-working. Each risk appetite statement has a Group executive sponsor (RAS Lead) who determines whether we are meeting our risk objective.

We think about our risks in the following way:

- Operational – risks we manage as part of our daily business activities
- Strategic – risks that should they materialise could impact our ability to deliver our strategic goals
- Emerging – risks that could materialise over time that we would need to respond to

Our most significant risks, those that if not managed effectively would have material consequences, form our material risks. For our material risks, we have taken a consistent approach to how we implement, monitor and test the effectiveness of controls, including response plans. These risks are monitored formally by one of our governance committees. For other risks, our response is determined by our risk appetite posture, taking into consideration the changing shape of the internal and external environment.

Our risk approach and material risks reported have not changed compared with our disclosures contained within the 2022 Annual Report; however, there has been a heightening of our outlook with regards to data management and privacy, commensurate with the increasing reliance on technology and the digitisation of our operations. The material risks faced by our Group and the risk management approach to each of them are outlined on [pages 62 to 65](#).

➔ **Further information in relation to risk management can be found throughout the Annual Report and in the [Corporate Governance Statement](#).**

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## Macro risk factors

Macro risk factors are attributes, characteristics or exposures that increase the likelihood of a risk occurring. These are closely monitored as they are a cause of many of our material risks, examples include:

### Climate

The material risks impacted by climate include: strategy and transformation; customer; legal, regulatory and governance; product safety; supply chain and operational resilience; and sustainability.

### Cyber

The material risks impacted by cyber include: technology; customer; supply chain and operational resilience; privacy and data management; financial; legal, regulatory and governance; and safety, health and wellbeing.



## Risk management oversight

Below is an overview of Woolworths Group's risk governance and management. This also includes the key responsibilities of the Board and Board Committees, the Group Executive Committee, the risk community, internal audit and business leaders. The Group applies a three lines of accountability model approach to managing risk and compliance obligations.

### RISK LEADERSHIP

#### The Board of Directors

(with input from Audit and Finance Committee, People Committee, Risk Committee, Sustainability Committee and Nomination Committee)

Sets and communicates expectations for risk management

Approves Woolworths Group ways-of-working, core values and code of conduct to underpin the desired culture

Satisfies itself that Woolworths Group has in place an appropriate risk management framework

Sets risk appetite and provides oversight of material risk exposures and risk-taking

Monitors the effectiveness of Woolworths Group governance practices

#### Group Executive Committee

Sets business direction and resolves significant enterprise risk issues

Provides recommendations to the Board on risk policy, frameworks and risk practices

Manages material risks and reporting on material risk matters

Implements effective risk management in the business units

### THREE LINES OF ACCOUNTABILITY

#### 1<sup>ST</sup> LINE OF ACCOUNTABILITY

Business

Owns and manages risk

Group businesses  
Group platforms

#### 2<sup>ND</sup> LINE OF ACCOUNTABILITY

Oversight functions

Oversees and sets frameworks and standards. Independently monitors and provides analysis and reporting on risks and controls

Group Risk Enablement  
People team  
Group Safety, Health & Wellbeing  
Group Legal & Compliance  
Group Finance  
Group Sustainability

#### 3<sup>RD</sup> LINE OF ACCOUNTABILITY

Independent assurance

Provides independent assurance of frameworks and controls effectiveness

Internal Audit  
External Audit



## Product safety

Risk movement: ↔

We consider the safety of our customers to be paramount. Unsafe products may result in injury, harm or illness to our customers. If we are unable to meet the requirements of our product safety frameworks, we will be subject to regulatory impacts, claims, and reputational damage.

### Our risk management approach includes:

- dedicated product and food safety teams across the Group who lead our response to customer complaints and the withdrawal or recall of products when required
- clear end-to-end procedures and processes for managing product safety in our supply chain from design, manufacturing, transport, and storage to customer purchase
- ongoing review and monitoring of controls throughout the product lifecycle to confirm compliance with mandatory and internal safety requirements
- using diverse data sources and analytics to identify product safety issues.

Committee: **B R G**

RAS Lead: Managing Director,  
Woolworths  
Food Company



## Pay and entitlements

Risk movement: ✓

Paying our team correctly and rewarding them fairly is critical to maintaining trust, team member engagement, reputation and living our values of caring deeply and doing the right thing. We acknowledge our historical challenges in this area. We remain focused on repaying pay shortfalls, while bolstering our internal processes and governance so we are confident we are paying our team correctly.

### Our risk management approach includes:

- clear leadership and accountability for our pay program across the Group
- significant focus and investment in understanding our obligations and enhancing our pay processes
- ongoing review and monitoring of controls across our end-to-end pay processes, including changes to our business, systems, and external environment
- proactive reviews of our industrial instruments (including over 30 enterprise and collective agreements in Australia and New Zealand) to confirm appropriate system configuration
- continuing our remediation programs, including making repayments to current and former team members
- a range of governance and oversight mechanisms, including specific management forums and regular reporting.

Committee: **B P G**

RAS Lead: Chief People Officer



## People

Risk movement: ↔

Our team is critical to our success. We must attract, retain, and develop team members with diverse skills, capabilities and backgrounds. We know that building a great team experience is core to achieving this goal.

### Our risk management approach includes:

- attracting and retaining a diverse workforce that reflects the communities in which we operate, with clear targets and inclusive hiring program striving for an inclusive, safe, and caring work environment through deliberate steps to address bullying, harassment and discrimination
- building a Customer 1st, Team 1st culture which aims to provide a sense of belonging and inclusion, giving everyone an equal opportunity for growth and development
- investment in dedicated people risk management initiatives to understand and build confidence across a range of team-related risks (including pay, resourcing, conduct and behaviour, industrial action, data, privacy, and safety, health and wellbeing)
- listening to our team members through Voice of Team surveys and other mechanisms to adapt and refine our existing people strategies and continuously improve team experience
- embracing agile and flexible working, including refreshed physical spaces in many of our support offices and a 'work from anywhere' policy (including internationally) within certain guardrails
- focused attention on proactive talent management and strategic workforce planning to confirm that we have the skills we need today and for the future.

Committee: **B P G**

RAS Lead: Chief People Officer

### Committee:

- |                                      |                                   |
|--------------------------------------|-----------------------------------|
| <b>A</b> Audit and Finance Committee | <b>P</b> People Committee         |
| <b>B</b> Board                       | <b>R</b> Risk Committee           |
| <b>G</b> Group Executive Committee   | <b>S</b> Sustainability Committee |

### Risk movement:

- Increase
 Decrease
 No change



## Safety, health and wellbeing

**Risk movement:** ↔

Providing a safe and healthy workplace for our teams (including contractors) and customers is one of our foundational objectives, ensuring all return home safely, every day. We maintain high standards of control to reduce the likelihood of serious injury and fatality risk. Along with physical health and safety, we are committed to managing the risk of psychosocial hazards in the workplace, which could cause harm to our teams' mental health and wellbeing, such as bullying, harassment (including sexual harassment, workplace violence, aggression, and mental stress).

### Our risk management approach includes:

- ensuring all leaders are accountable and provide active leadership, along with their teams, for creating a safe and healthy workplace
- a dedicated safety, health and wellbeing team who provide technical expertise and support; regular safety, health and wellbeing training provided to all team
- an independently verified safety management system that proactively manages both occupational injury and illness; along with material events that may lead to serious harm
- ongoing review and monitoring of controls, supported by independent assurance activities to assess their effectiveness
- Board, management and business-unit specific health and safety governance to oversee the key metrics and monitor the effectiveness of related controls
- offering Good Shepherd, a financial wellbeing program, to provide support and solutions for team members
- utilising Sonder proactive wellbeing, alongside support during challenging times or after an incident.

**Committee:** B P G

**RAS Lead:** Chief People Officer



## Privacy and data management

**Risk movement:** ▲

Quality data is one of our most important organisational assets which positively impacts how we make investment, strategic, and operational decisions. The misuse of customer and team data has the potential to result in significant brand and reputational damage, adverse regulatory outcomes, financial impacts, and loss of customer trust.

### Our risk management approach includes:

- dedicated privacy, data ethics, data stewards and risk experts embedded across the business to provide specialist support
- the establishment of a comprehensive set of frameworks to manage privacy, data ethics, and data management risk
- regular training and awareness programs to provide our teams with an understanding of privacy and data management commensurate to their role and responsibilities
- launching the Woolworths Group Privacy Centre to provide increased transparency to our customers on how we manage their personal information
- the Woolworths Group Data Governance Council establishes best practices on how data is managed across our business
- processes to respond to data or privacy-related incidents or complaints should they occur.

**Committee:** B R G

**RAS Lead:** Managing Director, WooliesX; Chief Information Officer & Director, Group Enablement



## Customer

**Risk movement:** ↔

Changing customer expectations requires us to continually evolve our business model to meet their needs and preferences, with impacts to brand, reputation and market share if not managed effectively. Our ability to respond to our customers' needs and expectations has been particularly important in the context of rising cost-of-living pressures in Australia and New Zealand caused by a high-inflationary environment and rising interest rates.

### Our risk management approach includes:

- dedicated customer strategy, marketing, and insight teams working closely together to monitor trends and developments both locally and globally to assist in a cross-functional and holistic response to our customer propositions across the Group
- listening and engaging with our customers through Voice of Customer surveys and adopting learnings into existing strategies
- sharing qualitative and quantitative customer feedback from our stores, customer hub, and online channels with our teams to improve our customer proposition in our stores and online.

**Committee:** B G

**RAS Lead:** Chief Transformation Officer; Chief Marketing Officer; Director of Government Relations and Industry Affairs





## Sustainability

**Risk movement:** ↔

Our commitment to sustainability is a core part of living our purpose, values, and ways-of-working. We are also committed to protecting the rights of workers across our global supply chain. By focusing on how we manage our environmental impacts, our contribution to a healthier and more inclusive society, how we source our products, and how we protect the rights of workers; we will maintain our position as a responsible and trusted retailer.

Climate change-related risks such as transition risk, physical infrastructure risk, and food security risk could impact our business operations and fall short of stakeholder and societal expectations if not managed appropriately.

### Our risk management approach includes:

- monitoring our commitments within our Group Sustainability Plan 2025 and reporting our progress to our governance forums to demonstrate that we are accountable, maintaining our leadership intent and effectively integrating sustainability across our businesses and platforms
- annual review of the human rights program, including assessment against key external benchmarks and stakeholder feedback for continuous program improvement and refinement of our controls. Our programs include due diligence requirements for specific suppliers, plus self-assessments, audits, and contractual requirements
- assessment and modelling of climate change scenarios which feeds into our operational resilience planning and decision making.

Further detail on our material sustainability-related risks can be found on pages 42 to 59 as well as our [Sustainability Report](#).

**Committee:** B S G

**RAS Lead:** Chief Sustainability Officer



## Technology

**Risk movement:** ↔

Our technology footprint continues to grow in size and complexity due to changing business or regulatory requirements. Associated with this is the increasing threat of cyber and risk. As a result, we continue to evolve our cyber and risk related capabilities to strengthen operational and data security.

### Our risk management approach includes:

- continually enhancing our critical technology processes, and cyber control frameworks and standards supported by investment in technologies, systems, infrastructure, and capabilities to provide secure, stable and available platforms
- regular review and monitoring of our information technology infrastructure and applications to assess security threats, supported by full incident response and management programs
- engagement of independent parties to provide assurance over the adequacy and strength of our cyber and security processes and controls
- replacing obsolete technology assets and/or keeping our technology assets current
- ongoing review and monitoring of controls, supported by independent assurance activities to assess their effectiveness
- governance and oversight mechanisms to adapt to the ever-changing threats and regulatory requirements that support decisions and investment towards technology enablement, system availability, and information security.

**Committee:** B R G

**RAS Lead:** Chief Information Officer & Director, Group Enablement



## Supply chain and operational resilience

**Risk movement:** ↔

Minimising interruption in our international and domestic supply chain means that we are able to maintain the availability of products and services to the customers and communities we serve. This includes understanding the physical impacts of climate change on our assets and operations. Over the past 12 months the resilience of our supply chain has been tested as we responded to post pandemic-related absenteeism, extreme weather events, and geopolitical tensions.

### Our risk management approach includes:

- review and approval of the Group's supply chain strategy and network plans by the Board with capital investment to build network resilience by optimising our distribution and customer fulfilment centres, transport operations, and last-mile deliveries
- business resilience frameworks, standards and tools to provide guidance on how we prevent, prepare, respond to, and recover from key events
- maintaining our critical infrastructure risk management program to meet our requirements under the SOCI Act
- monitoring and responding to key events that threaten the continuity of our operations through crisis and emergency management teams and protocols
- working closely with our supply chain and transport partners to respond to changes in our environment internally and externally, including the impacts of climate change
- forward-looking scenario and business continuity planning to manage the flow and distribution of product and maintain operations for natural disasters or pandemic-related events.

**Committee:** B G

**RAS Lead:** Managing Director, Primary Connect & Chief Supply Chain Officer; Chief Information Officer & Director, Group Enablement



## Financial

**Risk movement:** ↔

We are committed to providing accurate, timely and transparent financial disclosures whilst building financial strength and optimising our financial performance. We are exposed to adverse movements in foreign exchange, interest and inflation rates that could impact profitability and the availability of liquidity. Liquidity management, including making timely payments to team members and suppliers, is an important operational requirement and necessary to support growth initiatives.

### Our risk management approach includes:

- managing specific treasury risks, interest rates, foreign currency, and counterparty risks in line with our treasury policy
- regular monitoring of financial performance, including key performance metrics, and revision to short-term and longer-term financial targets to incorporate changes to the external market. Results are subject to external audits
- conducting sensitivity analysis and scenario planning to assess the adequacy of our funding and long-term liquidity position, including our ability to deliver strategic initiatives
- establishing dedicated cross-functional working groups to monitor and respond to areas of emerging risk. For example, the impact of inflationary pressures
- an insurance program that protects us against accidents, natural disasters, and other events. We have a range of externally placed insurance policies and self-insured programs which we monitor to help us manage our risk exposure. We consider our insurance program to be sufficient in the context of the nature and scale of our business
- ongoing monitoring of new accounting, financial and tax regulations and implementing required changes to enable compliance.

**Committee:** B A G

**RAS Lead:** Chief Financial Officer



## Strategy and transformation

**Risk movement:** ↔

We aspire to create better experiences for our customers, teams, communities, and other stakeholders. Our Group businesses and platforms come together to deliver on our purpose and strategic objectives in a competitive retail environment.

Failure to execute our strategy may impact our ability to remain competitive and deliver our growth plans. As such, we manage strategy and transformation risks by working with agility and end-to-end as one team.

### Our risk management approach includes:

- dedicated strategy teams, transformation teams and change management capabilities that partner with the business to assist with evaluating and mitigating the impact of continued and significant change on our operations and our team
- considering risks in the operational and strategic planning rhythms, quarterly delivery cycles, and through our M&A activities. Review and approval of our strategies by the Board and regular updates on progress against agreed metrics
- consideration of risks when developing significant projects through our project risk framework
- assigning accountability of our strategic objectives to key management in the annual strategy and quarterly delivery cycles
- key management and governance forums to review and analyse key metrics and trends with regards to customer buying patterns, supplier metrics, team results, the competitive landscape, regulatory changes, future sales propositions, promotions, and marketing activities to monitor and adjust priorities.

**Committee:** B G

**RAS Lead:** Chief Executive Officer;  
Chief Transformation Officer



## Legal, regulatory and governance

**Risk movement:** ↔

We are subject to a wide range of legal and regulatory requirements, in relation to health and safety, product safety, employment, competition and consumer, and corporate regulation.

Failure to comply with any legal and regulatory requirements could negatively impact our team, customers, operations, shareholders and reputation, and expose the Group to investigations, litigation or prosecution which may adversely impact our financial performance and licence to operate.

### Our risk management approach includes:

- dedicated legal compliance and risk teams who partner with our businesses and other operations to advise on and monitor legal, regulatory, and public policy changes and issues and support innovative opportunities
- our code of conduct which provides clear guidance to all of the Woolworths Group team on our compliance and behavioural expectations, and includes a clear statement of our core values
- having a compliance risk framework, business-specific operational compliance plans, and assurance programs, which support effective operations and identifying any emerging or changing regulatory impact
- new starter and annual compliance training programs which are required to be completed by all team members
- our ethics reporting service (Speak Up), which encompasses a formal whistleblowing process through which we actively encourage current and former team members, suppliers, and their families to report, anonymously or otherwise, any wrongdoing or breaches of the law.

**Committee:** B R G

**RAS Lead:** Chief Legal Officer



# Governance

Our purpose of creating better experiences together for a better tomorrow guides us to better meet the needs of our customers, teams, shareholders, and other key stakeholders. Woolworths Group is committed to a high standard of corporate governance. Good governance goes beyond legal compliance; we see it as central to our approach to creating sustainable growth and enhancing long-term shareholder value.

The Board program is formulated each year to achieve an appropriate balance between governance and oversight, continuous learning focused on relevant industry developments, awareness of emerging risks, and market conditions. The program comprises formal meetings, business briefings, presentations from internal and external specialists and advisors, site visits, engagement with team, and meetings with key stakeholders.

Board meetings are structured to balance recurring items, such as strategy, team, customer and community, business performance, financial and other reporting, sustainability, financial and non-financial risks, legal, regulatory, government and policy developments, with other material matters arising from time to time. The Board actively monitors performance against our strategic priorities, our purpose and our values.

The Board Committees have an annual program of deep dives, with 14 topics considered across F23.

Business engagement beyond formal meetings included showcases on topics such as health, logistics and store operations, and site visits in various locations across the east coast of Australia and the North Island of New Zealand.

Woolworths Group has also followed each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) throughout the reporting period. Further details of the key corporate governance policies and practices of Woolworths Group during the year are set out in the Corporate Governance Statement, which is available on the Woolworths Group website: [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au).

The members of the Board of Directors and the current composition of the Board Committees are set out in the Board of Directors section.



→ Further information about their skills and experience is set out on [pages 67 to 70](#).



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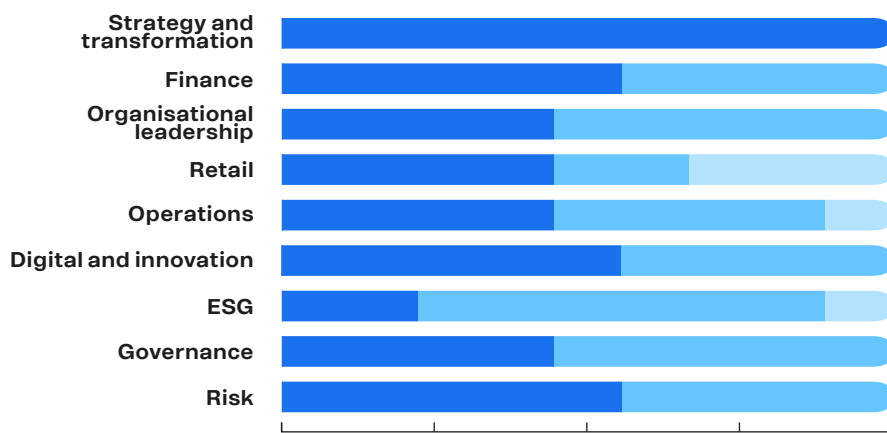
## Board capability, composition and tenure

The Board is composed of a majority of independent non-executive directors with the skills and capabilities to fulfil their duty to act in the best interests of Woolworths Group. The effective application of those skills and capabilities enables the Board's contribution to the decision making and governance of the Group. The Board is comprised of individuals with both relevant skills and capabilities, and diversity of thinking. When combined with management, this leads to Woolworths Group fulfilling its potential through living its purpose, observing its values and executing on its strategy.

As part of the ongoing succession planning for the Board, the Nomination Committee reviewed the Board capability matrix, which took into consideration the skills and capabilities that the Board currently requires, together with those needed in the future. An assessment of the optimum mix of these capabilities takes place at least once a year. This also informs the identification and assessment of suitable future candidates for the Board.

A summary of the key skills and capabilities of directors is set out below:

### Capability



Key: ● Extensive ● Practiced ● Low

**Strategy and transformation:** Identifying and critically assessing strategic opportunities and threats and associated business plans; overseeing successful transformation execution in large, complex organisations to create sustained, resilient business outcomes.

**Finance:** Effective oversight of capital, financial accounting and corporate reporting, including understanding key business financial drivers and the ability to evaluate the adequacies of internal financial controls and systems.

**Organisational leadership (including people):** Developing and assessing organisational structures and culture and its adherence to the Woolworths Group core values; people management and succession planning; setting strategy linked remuneration frameworks; and promoting inclusion and belonging.

**Retail:** Implementing customer-led transformation in the food, drinks or general merchandise sectors in large complex organisations, including global experience.

**Operations (including supply chain and property):** Overseeing physical and digital operations in large, complex organisations.

**Digital and innovation:** Evaluating and implementing new digital and physical technologies, including in depth understanding of the use of data and data analytics to continue to accelerate business transformation and meet evolving customer needs and expectations.

**Environmental sustainability and governance:** Developing and overseeing environmental sustainability and governance initiatives and strategies, including climate change, nature, carbon emissions reduction, human rights and responsible sourcing.

**Governance (including regulatory and public policy):** Identifying and managing governance, legal, regulatory, public policy and corporate affairs issues, including experience working or interacting with government and regulators.

**Risk:** Anticipating, identifying and managing key risks, including, financial, non-financial and emerging risks; monitoring the appropriateness and effectiveness of risk management frameworks and controls.

### Board gender diversity



● Female 56%  
● Male 44%

### Board tenure



● 0-3 years 44%  
● 3-6 years 12%  
● 6-10 years 44%



# Board of Directors



**Scott Perkins** BCom, LLB (Hons)

INDEPENDENT CHAIR

**Background and experience:** Scott is an experienced public company director and has extensive Australian and international experience as a leading corporate advisor on strategy, mergers and acquisitions, and capital market matters. He held senior executive leadership positions at Deutsche Bank from 1999 to 2013, including; Managing Director and Head of Corporate Finance for Australia and New Zealand, membership of the Asia Pacific Corporate and Investment Bank Management Committee and Chief Executive Officer of Deutsche Bank New Zealand.

**Other roles:** Chair of Origin Energy since October 2020 (Director since September 2015) and Director of Brambles (since June 2015).

**Appointed Chair:** 26 October 2022 **Appointed Director:** 1 September 2014

**Committees:** A R P S N



**Brad Banducci** MBA, LLB, BComm (Acc)

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

**Background and experience:** Brad was appointed Managing Director and Chief Executive Officer in February 2016. Prior to this appointment, Brad was Managing Director of Woolworths Food Group from March 2015, and was Director of the Group's Drinks business between 2012 and 2015. Brad joined the Group in 2011 following the acquisition of the Cellarmasters Group, where he was Chief Executive Officer of Cellarmasters from 2007 to 2011. Prior to this, he was the Chief Financial Officer and Director at Tyro Payments and a Vice President and Director with The Boston Consulting Group, where he was a core member of their retail practice for 15 years.

**Appointed:** 26 February 2016



**Warwick Bray** BSci (Hons), MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Background and experience:** Warwick has extensive finance and strategy expertise, bringing decades of experience from the international telecommunications, technology and media sectors. He was the former Chief Financial Officer of Telstra, and held various senior roles at Telstra, including Group Managing Director Mobile and Wireline Products, and Executive Director, Head of Corporate Strategy. Earlier in his career he was a Partner with McKinsey in Europe and was Managing Director and Head of Telecommunications Equity Research with JP Morgan and Dresdner Kleinwort Wasserstein.

**Other roles:** Non-executive director of Spark New Zealand Limited since 2019.

**Appointed:** 1 March 2023 **Committees:** A N

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**Key:** A Audit and Finance Committee

R Risk Committee

P People Committee

S Sustainability Committee

N Nomination Committee

● Denotes Chair of Board/Committee

● Denotes member of Board/Committee



**Maxine Brenner** BA, LLB

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Background and experience:** Maxine has extensive corporate advisory experience, particularly in mergers and acquisitions and corporate restructures. She is a former Managing Director of Investment Banking at Investec Bank Limited Australia. She also practised as a corporate lawyer with Freehill Hollingdale & Page (now Herbert Smith Freehills) and spent several years as a lecturer in the Faculty of Law at both the University of NSW and the University of Sydney. She was previously a Director of Orica Limited (April 2013 to December 2022) and Growthpoint Properties Australia Limited (March 2012 to November 2020).

**Other roles:** Director of Qantas Airways Limited (since August 2013), Origin Energy (since November 2013), Telstra Group Limited (since February 2023) and a member of the University of NSW Council.

**Appointed:** 1 December 2020 **Committees:** A R P N



**Jennifer Carr-Smith** BA Economics, MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Background and experience:** Jennifer is a seasoned board director and online retail executive with experience across organisations undergoing rapid growth and transformation in a number of sectors, including consumer packaged goods, apparel and grocery. Jennifer has over 25 years' experience with diverse organisations from start-ups to large global companies. She is currently Chief Operating Officer of Athena Consumer Acquisition Corporation. She has previously held roles as Senior Vice President, General Manager of North America Local at Groupon, President and CEO of Peapod, an online grocery delivery service and director of Full Harvest (January 2020 to December 2022).

**Other roles:** Chair of Blue Apron since September 2021 (Director since October 2020), Local Bounty Corporation (since April 2023) and Perdue Farms (since February 2019).

**Appointed:** 17 May 2019 **Committees:** R S N



**Philip Chronican** BCom (Hons), MBA (Dist), GAICD, SF Fin

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Background and experience:** Philip has extensive strategic, financial and management expertise. He was responsible for the Retail and Commercial business of the Australia and New Zealand Banking Group Limited (ANZ) in Australia. Prior to joining ANZ, Mr Chronican had a long career at Westpac Banking Corporation (Westpac), including the roles of Group CFO of Westpac and Group Executive of its institutional business consecutively. He also served as NAB Interim Group CEO from March to November 2019. Philip also has broad experience in M&A activity and post-merger integration, and has taken an active and public role in advocating for greater transparency and ethics in banking and promoting workforce diversity.

**Other roles:** Chair of NAB since November 2019 (Director since May 2016).

**Appointed:** 1 October 2021 **Committees:** A R N



## Board of Directors



Tracey Fellows BEc

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Background and experience:** Tracey is an experienced global technology and digital media executive. She was previously President of Global Digital Real Estate for News Corp, responsible for driving the strategy and growth of News Corp's digital real estate interests, and Chief Executive Officer of REA Group for over four years leading its growth within Australia and expansion into southeast Asia and India. Prior to this, Tracey was Executive General Manager of Australia Post leading transformation and integration for delivery of physical and digital mail for customers, President of Microsoft Asia Pacific, and CEO of Microsoft Australia.

**Other roles:** Director of REA Group Ltd (since August 2014) and Hemnet Group AB (since November 2020).

**Appointed:** 1 March 2023 **Committees:** P N



Holly Kramer BA (Hons), MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Background and experience:** Holly is an experienced non-executive director and chief executive with extensive experience in retail and consumer markets across a range of industries. She is the former CEO of Australian retailer, Best & Less, and has more than 25 years' experience in general management, marketing and sales, including roles at the Ford Motor Company (in the US and Australia), Telstra Corporation and Pacific Brands. Holly was previously Deputy Chair of Australia Post, Chair of Lendi Group and director of Abacus Property Group (2018 to 2022) and AMP Limited. In her role as Chair of the Board Sustainability Committee, Holly is engaged with numerous sustainability activities. Holly is a director of agtech start-up Nbryo Pty Ltd, the Goodes-O'Loughlin Foundation and a Senior Advisor to climate investment firm Pollination.

**Other roles:** Director of Fonterra Co-operative Group Limited (since May 2020), ANZ Group Holdings Limited (since 1 August 2023), Endeavour Group Limited (since June 2021 retiring on 30 August 2023), and Pro Chancellor of Western Sydney University.

**Appointed:** 8 February 2016 **Committees:** R S N



Kathryn (Kathee) Tesija BSRMM (Fashion Merchandising) INDEPENDENT NON-EXECUTIVE DIRECTOR

**Background and experience:** Kathee has extensive retailing experience in the US market, particularly in merchandising and supply chain management. During a 30-year executive career with Target Corporation in the US, she served as Chief Merchandising and Supply Chain Officer and Executive Vice President. Kathee continued her involvement in Target as a Strategic Advisor until 2016. Ms Tesija was previously a Director of Verizon Communications, Inc.

**Other roles:** Director of the Clorox Company (since May 2020) and a senior advisor and consultant for Simptacful, a retail consulting agency in the US.

**Appointed:** 9 May 2016 **Committees:** P S N

# Group Executive Committee



**Brad Banducci** MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Biography available in Board of Directors, refer to [page 68](#).



**Amanda Bardwell** MANAGING DIRECTOR, WOOLIESX

Amanda was appointed Managing Director of WooliesX in May 2017. Amanda joined the Group in 2011 and has held a number of roles across both the Food and Drinks businesses. Amanda holds an MBA from the University of New South Wales and a Bachelor of Business from the University of Technology, Queensland and is a member of Chief Executive Women.



**Guy Brent** MANAGING DIRECTOR, WOOLWORTHS FOOD COMPANY

Guy was appointed Managing Director, Woolworths Food Company in 2019. Prior to this, Guy was Director of BWS. Guy joined Woolworths Group in April 2011 after the acquisition of the Cellarmasters Group. Guy is a Chartered Accountant and has a BSC from the University of Bristol. Guy is also a non-executive director of OzHarvest.



**Jane Danziger** CHIEF TRANSFORMATION OFFICER

Jane was appointed Chief Transformation Officer in December 2022. Prior to joining Woolworths Group, Jane was a Partner and Managing Director at the Boston Consulting Group. Jane holds an MBA from Harvard Business School and a Bachelor of Engineering (Chemical) from the University of Sydney. Jane is also a member of Chief Executive Women.



**Natalie Davis** MANAGING DIRECTOR, WOOLWORTHS SUPERMARKETS

Natalie was appointed Managing Director, Woolworths Supermarkets in October 2020. Prior to this, Natalie was Managing Director, Woolworths New Zealand. Natalie joined the Group in 2015 as Director of Customer Transformation, Food Group. Prior to this, she was a Partner at McKinsey & Co. Natalie holds an MBA from INSEAD and a Bachelor of Commerce and Law degrees from the University of Sydney. She is also a member of Chief Executive Women.



**Dan Hake** MANAGING DIRECTOR, BIG W

Dan was appointed Managing Director, BIG W in November 2022. Prior to this, he held a number of senior roles within Woolworths Supermarkets and WooliesX. Prior to this, Dan joined the Group from the Boston Consulting Group. Dan holds a Master of Management Science from the Vienna University of Business and Economics.

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## Group Executive Committee



**Stephen Harrison** CHIEF FINANCIAL OFFICER

Stephen was appointed Chief Financial Officer in August 2019. Prior to his appointment, Stephen held the role of Finance Director for Australian Food from 2015. Prior to this, Stephen worked for a number of leading FMCG businesses in Australia and New Zealand and holds a Bachelor of Economics, Accounting and Finance from Macquarie University and is a Chartered Accountant.



**Andrew Hicks** CHIEF MARKETING OFFICER

Andrew was appointed Chief Marketing Officer in June 2019. Andrew joined Woolworths Group in 2008 and has held a number of leadership roles within the Food and Drinks businesses. Andrew has a Bachelor of Social Science and Marketing Honours degrees from the University of KwaZulu-Natal.



**Alex Holt** CHIEF SUSTAINABILITY OFFICER

Alex was appointed Chief Sustainability Officer in June 2021. Prior to this, Alex oversaw the Group's sustainability portfolio as General Manager of Sustainability, Health and Quality from 2016. Alex joined Woolworths Group in 2011 from Tesco and is also a non-executive director of Foodbank Australia.



**John Hunt** CHIEF INFORMATION AND REPLENISHMENT OFFICER

John was appointed Chief Information and Replenishment Officer in September 2021. An experienced retailer, prior to joining Woolworths Group in 2017 as Chief Information Officer, John spent over 25 years at Woolworths Holdings, South Africa, holding a number of senior positions including Senior Executive Replenishment Officer and Chief Information Officer.



**Von Ingram** MANAGING DIRECTOR, W LIVING

Von was appointed Managing Director, W Living in September 2022. Von joined Woolworths Group in July 2018 as Chief Transformation Officer. Prior to this, Von was Managing Director and Partner at The Boston Consulting Group. Von holds an MBA from Melbourne Business School and a Bachelor of Commerce from the University of Western Australia.



**Annette Karantoni** CHIEF SUPPLY CHAIN OFFICER AND MANAGING DIRECTOR, PRIMARY CONNECT

Annette was appointed Chief Supply Chain Officer and Managing Director, Primary Connect in February 2022. Prior to this, Annette was Director of the B2C eCommerce business within WooliesX and has held a number of leadership roles across the Group.



**Caryn Katsikogianis** CHIEF PEOPLE OFFICER

Caryn was appointed Chief People Officer in November 2016. Prior to this, Caryn held a number of leadership roles within People and Culture across the Group. Caryn holds a Bachelor of Commerce degree from the University of South Africa and is a member of Chief Executive Women.



**Jaimie Lovell** DIRECTOR OF GOVERNMENT RELATIONS AND INDUSTRY AFFAIRS

Jaimie was appointed Director of Government Relations and Industry Affairs in March 2023. Prior to joining the Group, Jaimie was at Westpac Group as the Head of Government Affairs and Public Policy. In addition to her corporate, industry and government experience, Jaimie holds a Ph.D. from the University of Sydney and is a graduate of the AICD.



**Amitabh Mall** CHIEF ANALYTICS OFFICER AND MANAGING DIRECTOR, WIQ

Amitabh was appointed Chief Analytics Officer in July 2021 and is the Managing Director of wiq. Prior to joining the Group, Amitabh was a Senior Partner & Managing Director at Boston Consulting Group. Amitabh holds an MBA from the Indian Institute of Management, Bangalore and a Bachelor of Commerce from Osmania University.



**Rob McCartney** MANAGING DIRECTOR, WOOLWORTHS 360

Rob was appointed Managing Director of Woolworths 360 in July 2020. Prior to this, Rob held the role of Format Development Director for Australian Food. Rob is an experienced retailer and has held a number of leadership roles within 7-Eleven, Coles and Target prior to joining Woolworths Group in 2015.



**Bill Reid** CHIEF LEGAL OFFICER

Bill joined Woolworths Group as Chief Legal Officer in October 2019. Prior to his appointment, Bill was a Senior Partner at Ashurst, leading the firm's Competition team. Bill holds an MBA from Melbourne Business School and a Bachelor of Laws from the University of Adelaide.



**David Walker** CHIEF RISK OFFICER

David was appointed Chief Risk Officer in November 2020 and is also the Chair of the Woolworths Group First Nations Advisory Board. Prior to this he was the Managing Director, BIG W from 2016. David is a member of Chartered Accountants Australia and New Zealand.



**Spencer Sonn** MANAGING DIRECTOR, WOOLWORTHS NEW ZEALAND

Spencer was appointed Managing Director, Woolworths New Zealand in March 2021. Prior to this, Spencer held the role of Managing Director, Food at Woolworths Holdings Limited, South Africa. Spencer completed the General Management Program at Harvard Business School in 2015.



## Directors' Statutory Report

This is the report of the directors of Woolworths Group Limited (the Company) in respect of the Company and the entities it controlled at the end of, or during, the financial period ended 25 June 2023 (together referred to as the Group).

### Principal activities

The Group operates primarily in Australia and New Zealand, with 1,463 stores (F22: 1,453 stores) and approximately 200,000 employees at year-end. The principal activities of the Group during the year were as follows:

- **Australian Food:** procurement of food and related products for resale and provision of services to retail customers in Australia, operating 1,095 Woolworths Supermarkets and Metro Food Stores.
- **Australian B2B:** procurement and distribution of food and related products for resale to other businesses and provision of supply chain services to business customers in Australia.
- **New Zealand Food:** procurement of food and drinks for resale and provision of services to retail customers in New Zealand, operating 191 Countdown Supermarkets.
- **BIG W and speciality:** procurement of discount general merchandise products for resale to retail customers in Australia, operating 177 BIG W stores.
- The Group also has online operations for its primary trading divisions, including data analytics and consulting services.

The Group has a wholesale operation which supplies a further 292 wholesale customer stores, comprising 220 stores relating to Statewide Independent Wholesalers (SIW) and 72 stores relating to SuperValue and FreshChoice in New Zealand.

### Meetings of directors

The table below sets out the directors of the Company and their attendance at Board and Committee meetings during the financial period ended 25 June 2023.

DIRECTOR	BOARD MEETINGS		AUDIT & FINANCE COMMITTEE		PEOPLE COMMITTEE		RISK COMMITTEE		SUSTAINABILITY COMMITTEE		NOMINATION COMMITTEE	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
<b>Non-executive Directors</b>												
S Perkins	11	11	4	4	2	2	3	3	3	3	5	5
W Bray <sup>1</sup>	3	3	1	1	-	-	-	-	-	-	-	-
M Brenner	11	11	4	4	2	2	3	3	-	-	5	5
J Carr-Smith	11	11	-	-	3	3	1	1	3	3	5	5
P Chronican	11	11	4	4	3	3	3	3	-	-	5	5
T Fellows <sup>2</sup>	3	3	-	-	2	2	-	-	-	-	-	-
H Kramer	11	11	-	-	-	-	3	2	3	3	5	5
K Tesija	11	11	-	-	5	5	-	-	3	3	5	5
<b>Executive Director</b>												
B Banducci	11	11	-	-	-	-	-	-	-	-	-	-
<b>Former Directors</b>												
G Cairns <sup>3</sup>	4	4	1	1	3	3	1	1	2	2	2	2
S McKenna <sup>3</sup>	4	4	1	1	3	3	-	-	-	-	2	2

(A) Number of scheduled meetings held during the time the director was a member of the Board or Board Committee.

(B) Number of scheduled Board or Committee meetings that the director attended as a member.

1 Warwick Bray was appointed as a director and Chair of the Audit and Finance Committee on 1 March 2023.

2 Tracey Fellows was appointed as a director and a member of the People Committee on 1 March 2023.

3 Gordon Cairns and Siobhan McKenna retired as directors on 26 October 2022 following the conclusion of the 2022 Annual General Meeting.

In addition to these formal meetings of the Board and its Committees, 13 further unscheduled or special purpose Board Sub-Committee meetings were held during the financial period ended 25 June 2023. Directors also attend meetings of Committees of which they are not a member. This is not reflected in the attendance table above.

Details of director experience, qualifications, and other listed company directorships are set out on [pages 68 to 70](#).

### Company secretaries

Kate Eastoe and Michelle Hall were appointed as Company Secretaries in November 2020. Together, Ms Eastoe and Ms Hall act as Company Secretaries of the Board and its Committees.

Prior to being appointed as Group Company Secretary and Group Counsel, Ms Eastoe was General Counsel for Woolworths' Australian Food Group, since 2018. She has over 20 years' experience in senior leadership positions in legal and governance roles across media, FMCG and manufacturing industries in Australia, New Zealand and Asia-Pacific. Ms Eastoe holds a Bachelor of Arts and a Bachelor of Laws, and a Graduate Diploma in Legal Practice. She is a Graduate of the Australian Institute of Company Directors. Ms Eastoe is also a non-executive director of Australian Network on Disability Limited.

Ms Hall has over 15 years' experience in legal, governance and compliance roles, including as company secretary of a number of ASX listed entities across financial services, property and retail industries. Ms Hall holds a Bachelor of Business, a Bachelor of Laws, and Graduate Diplomas in Legal Practice and Applied Corporate Governance. She is a fellow of the Governance Institute of Australia.

## Environmental regulation

The Group's operations are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its states and territories. The Group is also subject to various state and local government food licensing requirements, and may be subject to environmental and town planning regulations incidental to the development of shopping centre sites. The Group has not incurred any significant liabilities under any environmental legislation.

## Directors' and officers' indemnity/insurance

- (i) The Constitution of the Company provides that the Company will indemnify to the maximum extent permitted by law, any current or former director, secretary or other officer of the Company or a wholly owned subsidiary of the Company against:
  - (a) Any liability incurred by the person in that capacity (except a liability for legal costs);
  - (b) Legal costs incurred in defending or resisting, or otherwise in connection with proceedings, whether civil, criminal or of an administrative or investigatory nature in which the person becomes involved because of that capacity; and
  - (c) Legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of the Company or a wholly owned subsidiary, if the expenditure has been approved in accordance with the Company's policy.
- (ii) Directors and officers of Woolworths Group Limited and certain subsidiaries have entered into a Deed of Access, Insurance and Indemnity that provides for indemnity against liability as a director or officer, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the director or officer to access company documents and records, subject to undertakings as to confidentiality, and to receive directors' and officers' insurance cover paid for by the Company.
- (iii) During or since the end of the financial period, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring directors and officers, and any persons who will insure these in the future, and employees of the Company and its subsidiaries, against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

## Non-audit services

During the period, Deloitte Touche Tohmatsu Australia, the Company's auditor, has performed certain other services in addition to their statutory duties. The Board is satisfied that the provision of those non-audit services during the period by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) or as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks or rewards.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 6.4 to the financial statements.

## Other information

The following information, contained in other sections of this Annual Report, forms part of this Directors' Report:

- Operating and Financial Review (Performance Highlights and Business Review) details on [pages 2 to 65](#) inclusive in the Annual Report.
- Details of dividends, including the Dividend Reinvestment Plan (DRP) and shares issued as a result of the DRP, as outlined in Note 4.2 and Note 4.3 to the financial statements.
- Matters subsequent to the end of the financial period as outlined in Note 6.5 to the financial statements.
- Directors' interests in shares and performance rights as set out in Sections 5.2 and 5.3 of the Remuneration Report. These remain unchanged as at 23 August 2023.
- Performance rights granted during the financial period as outlined in Note 6.2 to the financial statements.
- Remuneration Report from [pages 76 to 99](#).
- Auditor's Independence Declaration on [page 100](#).

This Report is made in accordance with a Resolution of the Directors of the Company and is dated 23 August 2023.



**Scott Perkins**  
Chair



**Brad Banducci**  
Managing Director and Chief Executive Officer





# Remuneration Report

## Dear Shareholders,

On behalf of the Board, I am pleased to present my first Remuneration Report as the Chair of the People Committee, and look forward to engaging with shareholders over the coming months.

Tragically, during the year, there were two fatalities in our business, involving a team member and a contractor of Woolworths. The Board and team are deeply saddened by these events and our thoughts are with those affected.

Following a number of years of COVID-related disruption, Woolworths Group delivered a strong F23 operating result. This reflected the hard work of our teams in supporting our customers and communities, and restoring the Group's operating rhythm. Our Customer Care scores remained high across the Group as the team responded with care to the escalating cost of living pressures for our customers.

Our remuneration framework is based on market competitive fixed pay, a balanced scorecard for short-term incentives (STI) to drive improvement across customer, team, financial and operating performance, and a long-term incentive (LTI) that aligns pay with disciplined financial management, strengthening the Group's reputation and shareholder returns. As outlined below and reflected in actions relating to this year's STI, the Board retains discretion on all STI and LTI outcomes.

### F23 Reward Outcome: STI

A priority for F23 has been delivering everyday value for customers facing cost of living pressures. At the same time we have demonstrated progress on our strategic agenda by delivering better E2E customer experiences, growing our B2B offer and scaling our retail platforms and Group capabilities. Particularly pleasing was the growing contribution made to the Group results by the businesses we acquired in F22. We see further growth potential through our recent acquisition of the MILKRUN brand and proposed majority acquisition of Pet Stock, which will provide more convenience to our customers.

A more stable operating environment supported strong sales and EBIT performance with both measures achieving results ahead of targets set for F23. These measures were offset by Working Capital Days which was below target, reflecting intentional investment in inventory to secure supply and improve availability for customers. Whilst our Voice of Customer NPS scores remained strong in absolute terms, the results were below the threshold performance level set.

These results need to be considered in the tragic context of the fatalities during the year. Keeping our team safe when they come to work is core to who we are and what we do. Investigations into both matters are ongoing. In these circumstances, the Board has determined that there should be a 10% point reduction in F23 incentive outcomes for all salaried team members aligned to the Group scorecard. The Board will consider whether any further action is appropriate as we learn more from the current investigations.

Following the adjustment described above the overall scorecard result was reduced from 89.8% to 79.8% of Target (53.2% of Maximum).

### F23 Reward Outcome: LTI

The F21–23 Woolworths Group Incentive Share Plan (WISP) achieved an aggregate outcome of 49.9% of the maximum performance rights vesting.

Sales per square metre continued to perform well and Return on Funds Employed also improved in the context of a stabilising operating environment resulting in both measures achieving an outcome slightly ahead of Target. Despite a strong absolute Total Shareholder Return performance of 32.0% over the plan period, the Relative Total Shareholder Return metric was below Entry, as other companies in the comparator group benefited from cyclical market conditions.

### F24 Outlook

After reviewing pay and fees compared to the market the Board approved some moderate increases to executive fixed remuneration and director fees for the year ahead. Details are included in this Report and increases are lower, on average, than those awarded to our teams.

The Board does not intend to make any substantive changes to STI and LTI plans in F24. It is the Committee's intention to review the remuneration framework next year to test its ongoing effectiveness in supporting the Group's overall strategy.

### In Summary

The remuneration outcomes for F23 appropriately reflect the underlying performance and collective contribution of hardworking teams who are well regarded in their industry and in the wider market. While the overall result was appropriately moderated by the impact of the workplace fatalities, Woolworths Group ends the year in a strong position. Our positive momentum will enable us to create value for shareholders and customers, committed to the safety and wellbeing of our teams and doing the best for the communities we serve.



**Maxine Brenner**  
Chair – People Committee



# Remuneration Report 2023

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The report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (Cth).

### Who is covered by this report?

This report outlines Woolworths Group's remuneration framework and the outcomes for the year ended 25 June 2023 for Key Management Personnel (KMP). KMP have the authority and responsibility for planning, directing and controlling the activities of Woolworths Group. F23 KMP are:

	NAME	POSITION	APPOINTED	PEOPLE COMMITTEE
Non-executive KMP	Scott Perkins <sup>1</sup>	Chair	26 October 2022	☑
	Warwick Bray <sup>2</sup>	Non-executive director	1 March 2023	-
	Maxine Brenner	Non-executive director	1 December 2020	Chair
	Jennifer Carr-Smith	Non-executive director	17 May 2019	-
	Philip Chronican	Non-executive director	1 October 2021	-
	Tracey Fellows <sup>2</sup>	Non-executive director	1 March 2023	☑
	Holly Kramer	Non-executive director	8 February 2016	-
Executive KMP	Kathryn Tesija	Non-executive director	9 May 2016	☑
	Brad Banducci	Managing Director & CEO	26 February 2016	
	Amanda Bardwell <sup>3</sup>	Managing Director, WooliesX	26 June 2017	
	Natalie Davis	Managing Director, Woolworths Supermarkets	1 October 2020	
Former KMP	Stephen Harrison	Chief Financial Officer	1 August 2019	
	Gordon Cairns <sup>1</sup>	Chair	1 September 2015 to 26 October 2022	☑
	Siobhan McKenna <sup>2</sup>	Non-executive director	8 February 2016 to 26 October 2022	☑

1 Mr Perkins was appointed as Chair following Mr Cairns' retirement from the Board on 26 October 2022. Mr Perkins was appointed to the Board on 1 September 2014.

2 Mr Bray and Ms Fellows were appointed to the Board on 1 March 2023. Ms McKenna retired from the Board on 26 October 2022.

3 Ms Bardwell became KMP on 28 June 2021.

## 1 F23 Remuneration at a glance

### 1.1 Alignment of remuneration framework to our strategic priorities

Our remuneration framework is designed to support Woolworths Group's strategic priorities. Clear principles guide our remuneration decisions and design. As we operate in a dynamic and rapidly evolving market, we review our approach to remuneration on a regular basis so that we remain aligned to market expectations and business objectives.

#### Strategic priorities

Our purpose: We create better experiences together for a better tomorrow



##### Living our purpose

Build a better and safer tomorrow for our customers and team

**Leverage Everyday Rewards** to unlock more value for our members



##### Delivering compelling customer propositions

**Woolworths Retail:** help all customers find their Woolies worth

**Woolworths Food Company:** grow brands, products and capabilities unique to Woolworths

**BIG W and Speciality (W Living):** help our customers find real value and easy everyday solutions



##### Strengthening our foundations

**Retail Platforms:** scale value delivery in our Group businesses and directly with third parties

**Group Platforms:** support Group priorities and focus on E2E productivity

#### Remuneration principles

Objective: Support our strategic priorities



Reinforce our purpose, customer 1st team 1st strategy and ways of working



Build the retailer of the future by attracting, retaining and motivating team members with diverse skills, capabilities and backgrounds



Encourage our team members to think and behave like owners



Drive short and long-term performance consistent with our risk appetite



Be simple and easily understood

#### Remuneration governance

In delivering remuneration outcomes to team members, the Board may apply discretion to deliver appropriate outcomes for our shareholders, customers and team. The Board reviews People Committee (PC) recommendations based on the CEO's proposals for Group and individual performance and incentive outcomes. This review incorporates advice from the Chief Legal Officer, Chief Risk Officer, Chief People Officer and Head of Internal Audit, as well as consultation with committee chairs and all directors.



1.1 Alignment of remuneration framework to our strategic priorities (continued)

F23 remuneration framework

Our remuneration framework supports the Group strategy

Total Fixed Remuneration (TFR)

TFR consists of base salary, superannuation and car allowance.

TFR is set in relation to the external market and considers:

- strategic value of the role
- size and complexity of the role
- individual responsibilities
- experience and skills.

TFR is positioned so that total target remuneration (TTR) is around the median of our comparator group, which includes the ASX25 plus additional reference to major national and international retailers as required. Generally, an executive who is new to a role will start on a TTR package below the median and as they develop skills and experience in the role their pay may progress beyond the median position.

Short-Term Incentive (STI)

50% of the STI is delivered in cash and the remaining 50% is deferred as share rights for two years.

Business performance is measured through a balanced STI scorecard, with 60% weighted on financial objectives and 40% on non-financial objectives:

- Sales (20%)
- Earnings Before Interest and Tax (EBIT), before significant items (20%)
- Working Capital Days (20%)
- Customer Satisfaction (20%)
- Safety (20%).

Individual performance includes assessment against business, strategic and ways of working goals and core values.

Long-Term Incentive (LTI)

Performance rights vesting subject to performance progress over three years.

The LTI aligns executives to overall company performance through three measures focused on strategic business drivers and long-term shareholder return:

- Relative Total Shareholder Return (rTSR) – 40% weighting
- Return on Funds Employed (ROFE) – 40% weighting
- Reputation – 20% weighting.

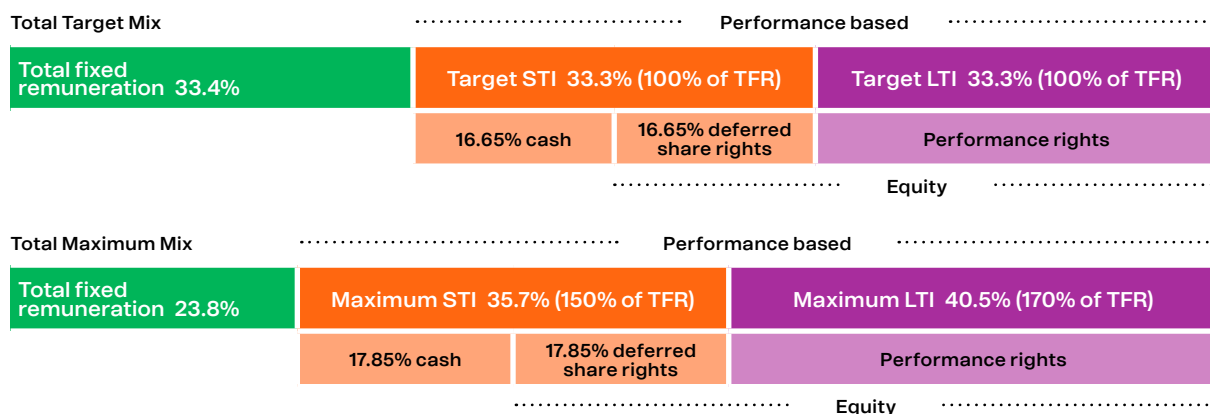
The Reputation measure replaced the Sales per square metre measure for LTI plans vesting from F24.

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1.2 F23 executive KMP remuneration mix

What is the remuneration mix for executive KMP?

A consistent remuneration mix applies for all executive KMP. It is strongly weighted towards variable remuneration, with performance-based pay contributing 67% of total target mix, and 50% of total target reward delivered in deferred equity.



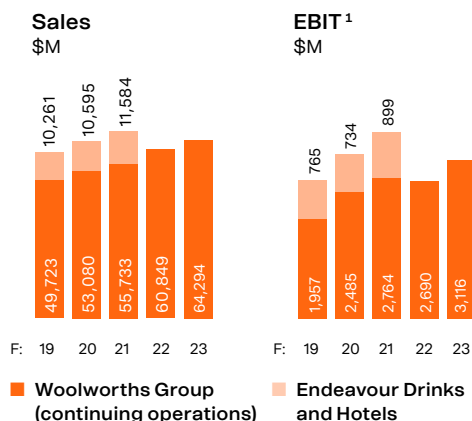
## Remuneration Report

### 1.3 Link between performance and remuneration received

#### Group five-year performance summary

The remuneration outcomes for our executive KMP are aligned to short-term and long-term performance outcomes. The graphs and table below show executive KMP remuneration outcomes and the Group's core financial performance measures over the past five years.

#### Short-term measures



#### Long-term measures



#### STI and LTI outcomes

	F19	F20	F21	F22	F23
STI (% of Maximum)	45.4	46.7 <sup>4</sup>	77.0	46.7 <sup>5</sup>	53.2 <sup>6</sup>
STI (% of Target)	68.1	70.0 <sup>4</sup>	115.5	70.0 <sup>5</sup>	79.8 <sup>6</sup>
LTI (% of Maximum)	78.4	64.3	77.5	66.7	49.9
Woolworths Group ordinary share price closing (\$) <sup>7</sup>	28.15	30.83	36.78	35.46	39.86
Woolworths Group dividend (cents per share) <sup>8</sup>	102	94	108	92	104

1 EBIT from continuing operations before significant items. For F23, significant items from continuing operations was a net loss before tax of \$117 million. Details of significant items are included in the 2023 Financial Report.

2 Annual TSR is point to point TSR for the financial year. For F21, annual TSR includes the value of Endeavour Group shares distributed on demerger.

3 ROFE is defined on page 83.

4 The F20 STI scorecard outcome of 104% of Target was capped at 70% of Target (or 46.7% of Maximum) for the Group Executive Committee. Mr Banducci waived his F20 STI.

5 Adjusted scorecard outcome. The F22 STI scorecard was adjusted after the Board exercised its discretion to set the Working Capital Days metric to Entry.

6 Adjusted scorecard outcome. Further details relating to the adjustment are outlined on page 82.

7 Closing Woolworths Group share price on the last trading day of Woolworths Group's financial year, adjusted to exclude Endeavour Group. Source: FactSet.

8 Interim and final dividends paid in relation to the financial year.

#### F23 executive KMP remuneration received

The table below presents the remuneration actually paid during, or vesting at the conclusion of F23, for executive KMP.

This differs from the executive KMP statutory disclosures on page 95, which presents remuneration in accordance with statutory obligations and accounting standards. Total remuneration received was higher in F23 than in F22 primarily due to comparatively higher vested DSTI from F21 for all executive KMP. No vested DSTI was reported in F22 for Mr Banducci as he waived his F20 STI.

EXECUTIVE KMP	TOTAL FIXED REMUNERATION \$	OTHER BENEFITS <sup>1</sup> \$	F23 CASH STI \$	VESTED F21 DSTI <sup>2</sup> \$	VESTED F21-23 LTI <sup>2</sup> \$	TOTAL \$
<b>Brad Banducci</b>						
Managing Director & CEO	2,600,000	3,905	1,193,010	1,837,569	3,011,418	8,645,902
<b>Amanda Bardwell</b>						
Managing Director, WooliesX	1,056,666	3,905	471,818	665,984	1,013,385	3,211,758
<b>Natalie Davis</b>						
Managing Director, Woolworths Supermarkets	1,056,666	3,905	471,818	604,931	1,009,927	3,147,247
<b>Stephen Harrison</b>						
Chief Financial Officer	970,833	3,905	393,015	578,220	1,042,362	2,988,335

1 Other benefits represents the deemed premium in respect of Directors' and Officers' Indemnity insurance.

2 Vested F21 Deferred STI and vested F21-23 LTI is based on the five-day volume weighted average price (VWAP) of Woolworths Group shares up to and including 1 July 2023 (\$39.7484).



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## 2 Executive KMP remuneration

### 2.1 Short-term incentive

#### Our approach and rationale: F23 short-term incentive

We believe that alignment of our STI arrangements from the CEO through to our store teams is an important recognition of the shared accountability for performance at Woolworths Group. Individual STI outcomes reflect business performance against the STI scorecard, individual contribution to these results, ways of working and core values. The Board also reviews executive behaviour and any malus policy considerations when determining STI outcomes for executive KMP. All measures and targets are reviewed annually so that STI drives the right outcomes each year.

#### Assessing business performance:

The STI balanced scorecard includes a mix of metrics, with 60% weighting on financial metrics and 40% weighting on non-financial metrics. Five equally weighted business scorecard measures drive outcomes for shareholders, customers and our team:



#### Sales, EBIT<sup>1</sup> and Working Capital Days

It is critical for the sustainability of our business to constantly work towards improving all elements of our financial performance, including the productivity of store selling space, the efficiency of our stores, supply chain and overall management of costs and the effective management of working capital, including inventory. Sales, EBIT<sup>1</sup> and Working Capital Days performance are all key financial performance metrics used to measure the value creation for our shareholders.

1 Before significant items.

#### Customer Satisfaction

Our strategy is underpinned by customer experiences and success is dependent on delivering convenient ways to shop and competitive prices for customers so they continue to choose us over our competitors. Our online platforms are key to delivering new and improved ways customers can shop with us. Customer feedback is measured using Voice of Customer Net Promoter Score (VOC NPS), based on 12-month rolling average outcomes. Outcomes are weighted 30% to eCommerce customers and 70% to in-store customers. Scores reflect outcomes across the Group, weighted 75% to Australian Food, 15% to New Zealand Food and 10% to BIG W.

#### Safety

We are a people business and the safety of our team and customers is of great importance. Safety performance is measured by the Severity Rate, which is a blended measure that includes all team and customer injuries/illnesses and their severity. The higher the severity of an incident (actual or potential), the higher its severity score. The total of all severity scores is then divided by the event count to determine the Severity Rate.

#### Assessing individual performance:

Two equally-weighted categories of goals are used to review performance:

- business strategy and performance goals that capture individual contributions to performance during the year
- ways of working and people goals that capture how leaders have delivered goals and set their teams up for success.

The Board also has discretion to adjust STI or deferred STI (DSTI) for individuals (see malus policy outlined in Section 3.4).

#### Executive KMP STI outcomes:

Depending on performance:

- zero for below Entry performance
- 50% of Target for Entry performance
- 100% of Target for Target performance
- 150% of Target for Stretch performance.

The Board has discretion to vary STI outcomes beyond these performance measures so that rewards appropriately reflect complete performance. In F23, the Board exercised this discretion (see [page 82](#) for further details).

$$\begin{array}{c}
 \text{TFR} \times \text{Target STI} \times \text{STI Scorecard} \times \text{Individual Modifier} \\
 = \\
 \text{STI Outcome}
 \end{array}$$

#### Delivering STI outcomes:

Executive KMP STI awards are delivered:

- 50% as cash
- 50% deferred as share rights for two years.

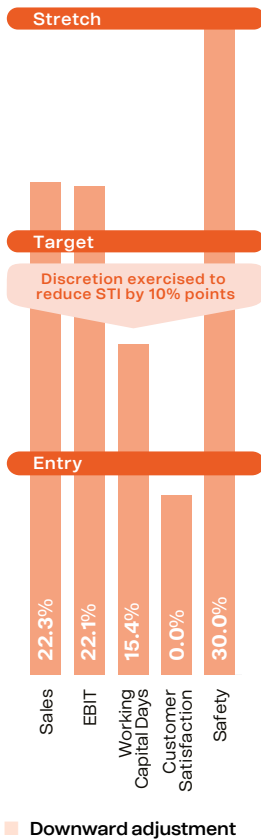
## 2.1 Short term incentive (continued)

## Performance against: F23 STI measures

Our focus on progressing the strategic agenda and consistently delivering a better Customer experience has continued through F23, with a particular focus on delivering everyday value for customers facing cost of living pressures. The F23 STI metric outcomes benefited from a more stable operating environment than recent years, with strong sales growth and an improvement in EBIT following a challenging F22. These metrics were offset by Working Capital Days which was below Target due to intentional investment in inventory to secure supply and improve availability. Customer Satisfaction was below Entry with customer experience impacted by inflation and stock availability through the year. The F23 STI calculated scorecard outcome of 89.8% reflects each of these factors. In finalising the F23 outcome the Board considered the tragic context that a team member and a contractor each lost their lives at work during the year. The Board determined that there should be a 10% point reduction in the Group STI scorecard outcome from 89.8% to 79.8% of Target. The circumstances of both fatalities are the subject of investigation which will, in due course, further inform the Board's discretion on this matter.

**F23 performance against the STI scorecard was 89.8% of Target (59.9% of Maximum). Discretion exercised to reduce the outcome to 79.8% of Target (53.2% of Maximum).**

F23 STI MEASURE OUTCOMES (% OF TARGET)



Total (% of Target)	89.8%
Board Discretion	(10.0%)
<b>Adjusted (% of Target)</b>	<b>79.8%</b>
<b>Adjusted (% of Max)</b>	<b>53.2%</b>

Sales<sup>1</sup>

Sales from continuing operations were \$64,294 million, up 5.7% on F22. Sales were strong across the Group, with PFD performance a highlight. In Australian Food, elevated inflation was experienced through the year, with item growth stabilising in H2 and eCommerce returning to growth having cycled the significant prior year impacts of COVID in H1.

ENTRY: \$62.9BN    TARGET: \$64.0BN    STRETCH: \$65.2BN    ACTUAL F23: \$64.3BN

1 Sales is income from the sale of goods and services, excluding other income.

## Earnings Before Interest and Tax

EBIT from continuing operations before significant items<sup>2</sup> was \$3,116 million, up 15.8% on F22. EBIT growth was driven by strong sales growth, a focus on returning to historic levels of productivity and the removal of COVID costs incurred in the prior year. EBIT growth in Australian Food, Australian B2B and BIG W was offset by a decline in New Zealand Food.

ENTRY: \$2.97BN    TARGET: \$3.09BN    STRETCH: \$3.21BN    ACTUAL F23: \$3.12BN

2 Significant items for F23 was a net loss of \$117 million before tax. Refer to 2023 Financial Report for details.

## Working Capital Days

Average Working Capital Days were -2.7 days, a reduction of 1.8 days compared to F22, reflecting both incremental investment in inventory to improve availability and mitigate the risk of further supply chain disruption, and increased receivables driven by growth in non-Retail business.

ENTRY: (2.1) DAYS    TARGET: (3.3) DAYS    STRETCH: (4.5) DAYS    ACTUAL F23: (2.7) DAYS<sup>3</sup>

3 The Group has recognised the costs of running its distribution centres within cost of sales (refer to Note 1.1.1 of the 2023 Financial Report for further details, including the reclassification of F22 comparatives). However, for the purposes of determining the F23 outcome, distribution centre costs were reclassified from cost of sales to branch and administration expenses, which is consistent with the basis used in setting the metric targets.

## Customer Satisfaction

Group VOC NPS was in line with F22 as ongoing stock availability challenges and the impact of inflation on value for money perception impacted customer experience during the year. Despite being below aspiration, VOC NPS remains at a strong level in absolute terms.

ENTRY: 49.0    TARGET: 50.0    STRETCH: 52.0    ACTUAL F23: 48.3

## Safety

The Safety Severity metric improved on the prior year with an outcome of 1.52, with significantly improved reporting and transparency of incidents across the Group, and focus on high potential events.

ENTRY: 1.72    TARGET: 1.69    STRETCH: 1.65    ACTUAL F23: 1.52



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## 2.2 Long-term incentive

### Our approach and rationale: long-term incentive

The Group's LTI plan is called the Woolworths Incentive Share Plan (WISP). The plan is designed to align executives to overall company performance by delivering on the Group's strategic priorities and long-term shareholder returns. The LTI measures represent financial and non-financial metrics. Reputation was introduced as an LTI metric to replace Sales per square metre for the F22–24 plan onwards. Sales per square metre was applicable to the F21–23 plan which is reflected in the performance against LTI measures described on page 84. LTI vesting for executive KMP is subject to Board discretion over and above meeting performance hurdles. This includes consideration under the malus policy. Measures and targets are reviewed annually.

#### Assessing business performance:

The LTI rewards executives subject to performance against three measures over a three-year performance period:



- Relative TSR – 40% weighting
- Return on Funds Employed – 40% weighting
- Reputation – 20% weighting

#### Relative TSR

Relative TSR (rTSR) is used as a measure in our LTI plan to align executive outcomes with long-term shareholder value creation. The peer group is the top 30 ASX companies, excluding metals and mining companies<sup>1</sup>. Vesting of 50% is achieved when our peer group ranking is at the median and vesting of 100% is achieved at the 75<sup>th</sup> percentile or higher. Between the median and the 75<sup>th</sup> percentile there is straight-line vesting from 50% to 100%. Peer group ranking below the median results in zero vesting. rTSR outcomes are calculated by an external provider.

#### Return on Funds Employed

ROFE is an important measure to drive behaviours consistent with the delivery of long-term shareholder value. ROFE improvements can be delivered through earnings growth as well as the disciplined allocation of capital and management of assets and working capital. ROFE is defined as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed.

#### Reputation

Reputation plays a key role in the extent to which customers choose to engage with Woolworths Group. It represents delivery against our purpose, commitments – including our response to climate change – and evolving expectations of our customers and stakeholders. Reputation is measured using data from RepTrak, and measures brand reputation across four key metrics: trust, admiration, positive feeling and esteem. The score is calculated as the average of the previous 12 months rolling 12-month scores in the final year of the plan compared to baseline. Reputation was introduced as an LTI metric to replace Sales per square metre for the F22–24 plan onwards.

#### Vesting Schedule

The vesting schedule for these measures is:

	rTSR <sup>1,2</sup>	ROFE	Reputation	TOTAL % MAX
Entry	20%	8%	4%	32%
Target	n/a	24%	12%	
Stretch	40%	40%	20%	100%

1 The F23–25 rTSR peer group comprises the following ASX companies (ASX Code): ALL, AMC, ANZ, APA, ASX, BXB, CBA, COH, COL, CPU, CSL, EDV, GMG, JHX, MQG, NAB, QBE, RHC, RMD, SCG, SHL, STO, SUN, TCL, TLS, WBC, WDS, WES, WOW and XRO.

2 Consistent with market practice, 50% of the rTSR tranche vests at the 50<sup>th</sup> percentile, the entry point for vesting to occur, with stretch achieved at the 75<sup>th</sup> percentile.

#### Assessing individual performance:

The Board has discretion to adjust the vesting outcome for individuals where it is appropriate to do so (see malus policy as outlined in Section 3.4).

#### Delivering LTI outcomes:

Executive KMP are awarded a maximum value of 170% of TFR at the beginning of the three-year performance period. Awards of performance rights are made at face value based on the five-day VWAP up to and including 1 July at the beginning of the performance period. Dividends that would have been earned and reinvested over the performance period vest in the form of additional shares subject to the performance conditions. The deferred nature of LTI arrangements supports retention and also provides a risk management lever to facilitate malus policy application during the performance period.



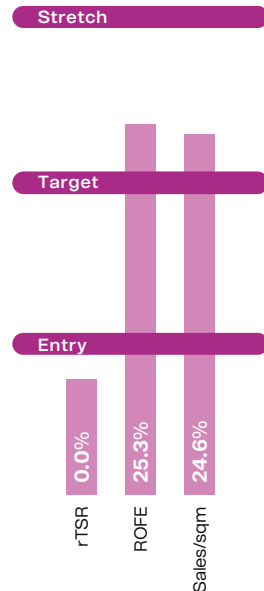
## 2.2 Long term incentive (continued)

## Performance against: F21-23 LTI measures

The F21-23 WISP was granted effective July 2020, with challenging performance targets and demanding stretch objectives to reach maximum outcomes. For the F21-23 WISP, performance was assessed against three equally-weighted measures, Relative TSR, ROFE and Sales per square metre and an overall outcome of 49.9% of the maximum award was achieved.

The F21-23 Award achieved 49.9% of Maximum (84.9% of Target).

F21-23 LTI MEASURE OUTCOMES (% OF MAXIMUM)



Total (% of Max)	49.9%
Total (% of Target)	84.9%

## Relative Total Shareholder Return

Woolworths Group's TSR for the F21-23 WISP plan period was 32% (9.7% CAGR). Strong shareholder return was driven by share price appreciation over the plan period reflecting the Group's financial performance and a consistent dividend payout ratio of 70-75%. Despite positive absolute TSR, the performance was below the peer group median.

ENTRY: 50TH PERCENTILE	TARGET: N/A	STRETCH: 75TH PERCENTILE	ACTUAL RESULT: 36TH PERCENTILE
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Return on Funds Employed<sup>1</sup>

ROFE for F23 was 14.9% as a result of higher EBIT in F23 due to higher sales, an improved operating rhythm, the absence of COVID costs, and the benefits of ongoing investment in recent years.

ENTRY: 14.0%	TARGET: 14.6%	STRETCH: 15.5%	ACTUAL RESULT: 14.9%
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<sup>1</sup> ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed.

Sales per square metre<sup>2</sup>

Net Sales per square metre for F23 was \$17,626, below F22 due to inclusion in the F21-23 metric of BIG W, which has a significantly lower Sales per square metre than Australian or NZ Food. Each business unit grew Sales per square metre materially through the plan period, with an overall CAGR of 4.2% in sales and 1.3% in space delivering a 2.2% compound increase in Sales per square metre.

ENTRY: \$16,643	TARGET: \$17,248	STRETCH: \$18,288	ACTUAL RESULT: \$17,626
-----------------	------------------	-------------------	-------------------------

<sup>2</sup> Sales per square metre is calculated as annual reported turnover for Australian Food, New Zealand Food, and BIG W divided by average trading square metres (based on market reported trading square metres).

### 2.3 What we paid executive KMP in F23 and their current shareholdings

The following pages compare actual, target, and maximum remuneration received during F23 for the executive KMP. Amounts include:

- TFR received (including base salary, superannuation, and car allowance)
- other benefits received, including the deemed premium in respect of Directors' and Officers' Indemnity insurance
- cash STI received for business and individual performance in F23
- equity that vested or which has been performance tested as the end of F23 for the prior year plans
- equity granted in F23 and all unvested equity awards (share rights for DSTI and performance rights for LTI).

Following market benchmarking completed by PwC, to maintain market competitiveness, it was determined that TFR increases were warranted in F23 for the executive KMP other than the CEO. These increases, effective 1 September 2022 and the first in four years, were outlined in the F22 Remuneration Report.

The F21 DSTI plan vested on 1 July 2023, being the 50% portion of the F21 STI award that was deferred as share rights. The F21 STI outcome was 115.5% of Target, higher than in F23.

At the conclusion of F23, performance was tested for the F21–23 WISP and the number of performance rights that convert to shares was determined for the executive KMP. The disclosed value of the awards was determined using the Woolworths Group five-day VWAP up to and including 1 July 2023.

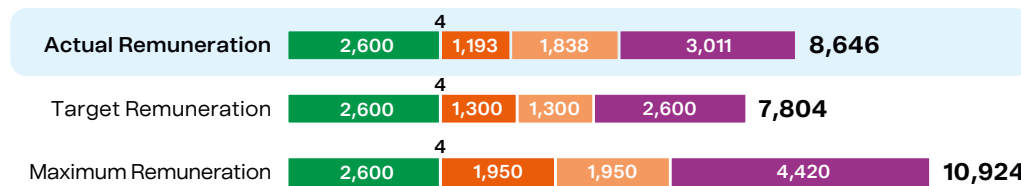
For F21 DSTI and F21–23 WISP, both the increase in share price and the accumulated dividends that would have been earned and reinvested over the period in the form of additional rights are contributing factors to the final value received at vesting by the executive KMP. Additional rights are referred to as Dividend Equivalent Rights (DERs).

The individual tables on pages 85–87 also show progress against the minimum shareholding requirements (MSR) as at 1 July 2023. The aggregate value of current shareholdings and unvested DSTI awards are used to determine progress against MSR. Further detail on the MSR are included in Section 3.4. Each remuneration component in the tables below has been rounded to the nearest thousand.

#### Brad Banducci Managing Director & CEO

Term as KMP: Full Year

##### Actual remuneration received for F23 v Target and Maximum (\$000)



##### Progress on MSR as at 1 July 2023 (\$000)

Target	5,200
Actual	15,538
Shares	9,841
F21 DSTI	1,838
F21–23 WISP	3,011
F22 DSTI	848
<b>Total</b>	<b>15,538</b>

##### Equity granted (\$000)

F23 DSTI	1,193
F23–25 WISP	4,890
<b>Total</b>	<b>6,083</b>

##### Unvested LTI and STI awards (\$000)

F22 DSTI	848
F22–24 WISP	4,672
F23 DSTI	1,193
F23–25 WISP	4,890
<b>Total</b>	<b>11,603</b>

##### Vested LTI and STI awards (\$000) including share price uplift and DERs

F21 DSTI	1,838
F21–23 WISP	3,011
<b>Total</b>	<b>4,849</b>

#### LEGEND

- TFR
- Other benefits
- Cash STI
- Vested DSTI
- Vested LTI



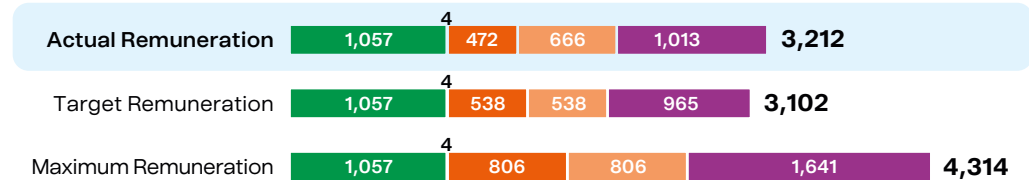
## Remuneration Report

## 2.3 What we paid executive KMP in F23 and their current shareholdings (continued)

**Amanda Bardwell** Managing Director, WooliesX

Term as KMP: Full Year

## Actual remuneration received for F23 v Target and Maximum (\$000)

Progress on MSR  
as at 1 July 2023 (\$000)

Target 1,075

Actual 2,595

Shares	583
F21 DSTI	666
F21-23 WISP	1,013
F22 DSTI	333
<b>Total</b>	<b>2,595</b>

Equity granted  
(\$000)

F23 DSTI	472
F23-25 WISP	1,815
<b>Total</b>	<b>2,287</b>

Unvested LTI and STI  
awards (\$000)

F22 DSTI	333
F22-24 WISP	1,734
F23 DSTI	472
F23-25 WISP	1,815
<b>Total</b>	<b>4,354</b>

Vested LTI and STI  
awards (\$000)

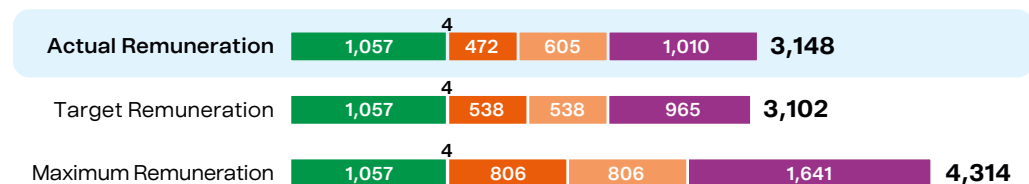
including share price uplift and DERs

F21 DSTI	666
F21-23 WISP	1,013
<b>Total</b>	<b>1,679</b>

**Natalie Davis** Managing Director, Woolworths Supermarkets

Term as KMP: Full Year

## Actual remuneration received for F23 v Target and Maximum (\$000)

Progress on MSR  
as at 1 July 2023 (\$000)

Target 1,075

Actual 6,914

Shares	4,973
F21 DSTI	605
F21-23 WISP	1,010
F22 DSTI	326
<b>Total</b>	<b>6,914</b>

Equity granted  
(\$000)

F23 DSTI	472
F23-25 WISP	1,815
<b>Total</b>	<b>2,287</b>

Unvested LTI and STI  
awards (\$000)

F22 DSTI	326
F22-24 WISP	1,734
F23 DSTI	472
F23-25 WISP	1,815
<b>Total</b>	<b>4,347</b>

Vested LTI and STI  
awards (\$000)

including share price uplift and DERs

F21 DSTI	605
F21-23 WISP	1,010
<b>Total</b>	<b>1,615</b>

## LEGEND

■ TFR

■ Other benefits

■ Cash STI

■ Vested DSTI

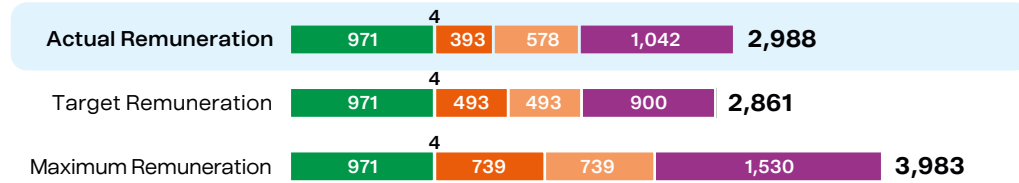
■ Vested LTI

2.3 What we paid executive KMP in F23 and their current shareholdings (continued)

**Stephen Harrison** Chief Financial Officer

Term as KMP: Full Year

Actual remuneration received for F23 v Target and Maximum (\$000)



Progress on MSR as at 1 July 2023 (\$000)

Target	985
Actual	3,268
Shares	1,356
F21 DSTI	578
F21-23 WISP	1,042
F22 DSTI	292
<b>Total</b>	<b>3,268</b>

Equity granted (\$000)

F23 DSTI	393
F23-25 WISP	1,693
<b>Total</b>	<b>2,086</b>

Unvested LTI and STI awards (\$000)

F22 DSTI	292
F22-24 WISP	1,617
F23 DSTI	393
F23-25 WISP	1,693
<b>Total</b>	<b>3,995</b>

Vested LTI and STI awards (\$000) including share price uplift and DERs

F21 DSTI	578
F21-23 WISP	1,042
<b>Total</b>	<b>1,620</b>

LEGEND

- TFR
- Other benefits
- Cash STI
- Vested DSTI
- Vested LTI

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## Remuneration Report

### 2.4 Terms of executive KMP service agreements

All executive KMP are employed on service agreements that detail the components of remuneration paid but do not prescribe how remuneration levels are to be modified from year to year. The agreements do not provide for a fixed term, although the service agreements may be terminated on specified notice. The notice period is 12 months for the Managing Director & CEO and 6 months for all other executive KMP. Below is a summary of the termination provisions for executive KMP.

#### Termination by Woolworths Group

**Where the notice period is worked:**

- TFR is paid in respect of and for the duration of the notice period.

**Where the notice period is paid in lieu:**

- TFR in respect of the notice period (and, if appropriate, a reasonable estimate of STI) is paid as a lump sum.

**In both circumstances:**

- the extent to which STI, DSTI and LTI arrangements remain in place will be treated in accordance with the relevant rules for the award, including any exercise of discretion by the Board. Refer to Section 3.3 for further details.

**If termination is for cause:**

- only accrued leave and unpaid total fixed remuneration for days worked is paid
- STI, DSTI and LTI are forfeited.

#### Termination by executive KMP

**Where the notice period is worked:**

- TFR is paid in respect of and for the duration of the notice period.

**Where the notice period is paid in lieu:**

- TFR in respect of the notice period is paid as a lump sum.

**In both circumstances:**

- the extent to which STI is payable will be treated in accordance with the relevant rules for the award, including any exercise of discretion by the Board
- unvested DSTI and LTI are treated in accordance with the relevant rules for the award and at the discretion of the Board. Refer to Section 3.3 for further details.

In addition, and upon further payment (where required), the Company may invoke a restraint period of up to 12 months following separation, preventing executive KMP from engaging in any business activity with competitors.



## 2.5 F24 outlook

Each year the Board reviews measures that are used in the STI and LTI plans to assess their relevance and alignment to the Group's strategic objectives. The Board does not intend to make any substantive changes to STI and LTI plans in F24. It is the Committee's intention to review the remuneration framework next year to test its ongoing effectiveness in supporting the Group's overall strategy.

### Macroeconomic outlook and target setting

As operating conditions stabilise, the outlook for Woolworths Group for F24 continues to be shaped by the uncertain domestic and international macroeconomic environment with generationally high levels of inflation and cost of living pressure on our customers and team. F24 plans have been set cognisant of this ongoing uncertainty. Our focus will be delivering the underlying plan while retaining the flexibility to respond to evolving customer behaviours and conditions. Consistent with prior years, the Board will continue to monitor performance and may apply discretion to outcomes should there be a significant divergence from the macro assumption underlying the plan.

### F24 remuneration changes

The Board reviews the remuneration for executive KMP each year to test alignment to the remuneration framework outlined in section 1.1. Following market benchmarking completed by PwC, in order to maintain market competitiveness of total target reward packages, the Board has approved the following increases, effective 1 September 2023:

- Ms Bardwell's TFR will increase by 2.3% to \$1,100,000
- Ms Davis' TFR will increase by 2.3% to \$1,100,000
- Mr Harrison's TFR will increase by 2.5% to \$1,010,000.

The Board determined that there will be no increase for Mr Banducci in F24.

## 3 Governance

### 3.1 Role of the Board

The Board reviews, challenges, applies judgement and, as appropriate, approves the People Committee's (PC) recommendations relating to the remuneration of executive KMP and of non-executive directors and the policies and frameworks that govern both.

When reviewing performance and determining incentive outcomes, the Board starts from the presumption that performance outcomes that determine incentive awards should align with market-reported outcomes, management activity and shareholder outcomes. To achieve this alignment, the Board retains discretion over final performance and incentive outcomes, and recognises that there are cases where adjustments should be made. The Board considers PC recommendations and consequences of risk-related matters, including whether malus should be applied in the process of finalising incentive and reward outcomes. In determining reward outcomes, the Board will also pay specific attention to items that are:

- outside of the control of management
- the result of portfolio/strategy changes implemented but not envisaged in the original performance targets
- due to significant change in asset valuations outside the normal course of business
- significant risk management and compliance matters.

### 3.2 Role of the People Committee (PC)

The PC operates under its own Charter and reports to the Board. The role of the PC is to provide advice and assistance to the Board in relation to people management and remuneration policies, so that remuneration outcomes for senior executives are appropriate and aligned to company performance and shareholder expectations.

The PC reviews the CEO's proposal for performance and incentive outcomes with a risk lens. This incorporates advice from the Chief Legal Officer, Chief Risk Officer, Chief People Officer and Head of Internal Audit, as well as consultation with committee chairs and all directors to help inform its recommendations to the Board on the consequence of risk-related matters on variable remuneration of the CEO and his direct reports, and overall Group STI and LTI outcomes. All directors attend this meeting. The People Committee finalises its recommendations to the Board in a discussion where no member of the management is present. The CEO is not present when his individual performance or remuneration is discussed.

A copy of the PC Charter is available on the website: <https://www.woolworthsgroup.com.au/au/en/about-us/our-leadership-team/board-committees.html>.

The Chair of the Board and the Chair of the PC regularly engage with external stakeholders on remuneration arrangements.

#### Independent Remuneration Advisors

Where appropriate, the Board and the PC consult external remuneration advisors. When such external remuneration advisors are selected, the Board considers potential conflicts of interest. Advisors' terms of engagement regulate their access to, and (where required) set out their independence from, members of Woolworths Group management.

The requirement for external remuneration advisor services is assessed in the context of matters the PC needs to address. External advice is used as a guide, and does not serve as a substitute for directors' thorough consideration of the relevant matters.

The Board and PC engaged PwC as its independent remuneration advisor in F23 to provide market benchmarking reports. No remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by PwC in F23.

### 3.3 Treatment of unvested equity awards upon exit

For the DSTI and LTI plans, the Board has overriding discretion over the treatment of awards when an executive ceases employment. At the 2020 AGM, shareholders again approved providing the Board with discretion to determine how unvested share rights awards will be treated when an executive ceases employment. Shareholders will be asked to consider renewing this approach at the 2023 AGM.

The approach the Board would expect to take when exercising this discretion is:

REASON FOR LEAVING	DEFERRED STI	UNVESTED LTI
Genuine retirement	Remain on foot until the end of the deferral period and vest at that time	Award pro-rated for portion of the performance period participant has worked and remains 'on foot' until the end of the performance period
Death, illness and incapacity		
Termination for cause/gross misconduct/poor performance	Award forfeited	Award forfeited
Resignation	Award forfeited	Award forfeited
Mutual separation, redundancy, or other reasons as determined by the Board	The Board will determine the treatment considering the circumstances on a case by case basis	

In cases of resignation, the Board will consider the circumstances surrounding each case. For instance, where the executive is not resigning to join a direct competitor and all reasonable steps have been taken to continue to support the success of the business through to their final date of employment, the Board may consider it appropriate to allow some incentive awards to remain on foot.

In any case, where an award remains on foot post employment, the Board retains absolute discretion under the various plan rules as to the final vesting outcome. The Board will continue to monitor the executive post employment and if they do not meet their post-employment obligations, the Board may lapse any remaining awards. For example, in cases where:

- the executive resigns to join a competitor organisation, or in the Board's opinion the executive does not support the business to their final day of employment, any unvested DSTI and LTI will generally lapse
- the executive retires from Woolworths, but then at a later date (and prior to vesting of awards) undertakes actions inconsistent with retirement, it may result in the Board reconsidering the treatment of any unvested awards.

The Board will disclose any exercise of discretion in relation to executive KMP in the Remuneration Report. No such discretion was exercised in F23.





### 3.4 Other governance requirements

<b>Hedging policy</b>	Under the securities trading policy, senior executives and other specified team members (Specified Persons) may not enter into any derivative (including hedging) transaction that will protect the value of either unvested securities or vested securities that are subject to a disposal restriction, issued as part of our share plans. Compliance with the policy is a condition of participation in the plans.
<b>Malus policy</b>	The executive KMP STI and LTI arrangements are subject to malus provisions that enable the Board to adjust unpaid and/or unvested awards (including to reduce to zero) where it is appropriate to do so. The Board may determine that any unpaid cash STI or unvested DSTI or LTI awards will be forfeited in the event of wilful misconduct, dishonesty or severe breach of our Code of Conduct by the executive. The Board may also adjust these awards in cases of unexpected or unforeseen events impacting performance outcomes, performance with regard to non-financial risk, an outcome which would cause significant reputational damage to the Woolworths Group brand, or a broader assessment of performance indicating there should be an adjustment.
<b>Minimum shareholding requirements (MSR)</b>	<ul style="list-style-type: none"> <li>• CEO: 200% of TFR</li> <li>• Other executive KMP: 100% of TFR</li> <li>• Compliance is required within five years of appointment (increased from four to five years for CEO in F23)</li> <li>• MSR includes the aggregate value of current shareholdings and unvested DSTI awards for executive KMP.</li> </ul>
<b>Dividends</b>	Shares equivalent to the value of dividends that would have been earned and reinvested over the performance period are provided at the time of vesting. No dividend equivalent shares will be provided on awards (or portions thereof) that do not vest.
<b>Blackout periods</b>	<p>Under the securities trading policy, Specified Persons and their closely related parties must not deal in Woolworths Group securities during a blackout period. Blackout periods operate in the lead up to certain key announcements, namely:</p> <ul style="list-style-type: none"> <li>• quarter 1 sales results and Woolworths Group Annual General Meeting</li> <li>• quarter 3 sales results</li> <li>• half and full year results.</li> </ul> <p>The Chair, on recommendation of the Chief Legal Officer and Company Secretary, may vary or impose a restriction during other periods where deemed appropriate. Woolworths Group team members, including Specified Persons and their closely related parties, must also not deal in securities if they possess inside information, whether or not a blackout period applies to them.</p>



## 4 Non-executive directors' arrangements

### 4.1 Non-executive directors' remuneration policy and structure

Non-executive director fees are paid from an aggregate annual fee pool of \$4,000,000, as approved by shareholders at the AGM on 18 November 2010. Total Board and Committee fees paid during F23 were \$3,131,170 (refer to Section 5.1 for individual details).

Non-executive directors do not receive variable pay and no directors' fees are paid to executive directors.

As outlined in the last year's remuneration report, following a review of Board and Committee fees against the market, the Board determined to increase the Board Chair fee to \$825,000 (inclusive of superannuation) from 1 July 2022. This is the first increase to the Board Chair's fees since September 2017. Based on a further review conducted in F23, Board member fees will increase by 3% to \$262,640 inclusive of superannuation, effective September 2023. This is the first increase to these fees since F19. No other changes are being made to non-executive director fees.

The table below provides a summary of the F23 Board and Committee fees:

BOARD AND COMMITTEE FEES (\$)	CHAIR	MEMBER
	F23 FEE INCL. SUPER	F23 FEE INCL. SUPER
Woolworths Group Board	825,000	254,990
Audit and Finance Committee	65,000	32,500
People Committee	65,000	32,500
Risk Committee	65,000	32,500
Sustainability Committee	65,000	32,500
Nomination Committee	Nil	Nil

### 4.2 Non-executive directors' minimum shareholding requirement

Non-executive directors are required to hold a minimum number of shares for alignment with other shareholders. The MSR is:

- Chair – 200% of the annual Chair fee within five years of appointment.
- Other non-executive directors – 100% of the annual base fee within three years of appointment.

The shares or share instruments may be held personally, by a close family member, within a self-managed superannuation fund, or by a family trust or private company.

Details of the current shareholdings for non-executive directors as at 25 June 2023 are provided in Section 5.3.

### 4.3 Non-executive directors' equity plan

The Non-Executive Director Equity Plan (NEDP) was introduced to encourage and facilitate share ownership. The NEDP provides a pre-set automated mechanism for participants to acquire shares, recognising that non-executive directors can often be limited in their ability to purchase shares because of Australian insider trading laws. Non-executive director share rights are allocated quarterly at the same time as the underlying shares are issued to the plan's trustee. For Australian-based directors, these rights convert into ordinary shares each half year; and for US-based directors, these rights convert into shares at the end of the director's tenure or other prescribed events (with additional shares equivalent to the dividends that would have been earned and reinvested on those rights), subject to compliance with the securities trading policy.

The NEDP supports the minimum shareholding requirement for Board members as it allows non-executive directors to reach the minimum shareholding requirements more quickly, as shares are acquired on a pre-tax basis. Details of the share rights allocated to non-executive directors are set out in Section 5.2.

The Group intends seeking shareholder approval to renew authorisation for the NEDP at the 2023 AGM.

## 5 KMP statutory disclosures

### 5.1 KMP remuneration

The table below sets out the remuneration of non-executive directors of Woolworths Group Limited. Amounts represent the payments relating to the period during which the individuals were KMP.

		SHORT-TERM BENEFITS				
		DIRECTOR FEES	FEES SACRIFICED UNDER NEDP <sup>1</sup>	NON-MONETARY AND OTHER BENEFITS <sup>2</sup>	POST EMPLOYMENT BENEFITS <sup>3</sup>	TOTAL
		\$	\$	\$	\$	\$
<b>Non-executive directors</b>						
S R Perkins <sup>4</sup>	F23	684,244	-	3,905	-	688,149
	F22	363,296	-	4,734	23,568	391,598
W Bray <sup>5</sup>	F23	87,816	10,385	1,255	8,431	107,887
M N Brenner	F23	349,301	-	3,905	25,292	378,498
	F22	330,796	-	4,734	23,568	359,098
J C Carr-Smith <sup>6</sup>	F23	174,990	174,998	12,141	-	362,129
	F22	241,864	100,013	4,734	-	346,611
P W Chronican <sup>7</sup>	F23	349,738	-	3,905	25,292	378,935
	F22	259,881	-	3,499	5,892	269,272
T Fellows <sup>8</sup>	F23	87,399	-	1,255	8,431	97,085
H S Kramer	F23	261,758	65,433	3,905	25,292	356,388
	F22	264,637	66,162	4,734	23,568	359,101
K A Tesija <sup>6</sup>	F23	369,990	-	12,141	-	382,131
	F22	341,864	-	4,734	-	346,598
G M Cairns <sup>4</sup>	F23	255,820	-	1,309	8,431	265,560
	F22	768,837	-	4,734	23,568	797,139
S L McKenna <sup>9</sup>	F23	106,776	-	1,309	6,323	114,408
	F22	330,796	-	4,734	23,568	359,098

1 Fees sacrificed under NEDP represent non-executive directors' fees sacrificed in the current period to purchase share rights under the NEDP plus amounts sacrificed in previous periods but used to purchase share rights in the current period. Refer to Section 4.3 for further details.

2 Non-monetary and other benefits include the deemed premium in respect of the Directors' and Officers' Indemnity insurance and, where applicable, travel benefits and associated fringe benefits tax.

3 Post employment benefits represent superannuation paid directly to the non-executive director's nominated superannuation fund. If the Group is not required to pay superannuation, the payment may be made as cash and included in director fees.

4 Mr Perkins was appointed as Chair, following the retirement of Mr Cairns as Chair, on 26 October 2022.

5 Mr Bray was appointed as a non-executive director on 1 March 2023.

6 Ms Carr-Smith's and Ms Tesija's director fees include an overseas director's allowance of \$10,000 per eligible flight taken during the current and prior period.

7 During F22, Mr Chronican was appointed as a non-executive director on 1 October 2021.

8 Ms Fellows was appointed as a non-executive director on 1 March 2023.

9 Ms McKenna ceased being a non-executive director on 26 October 2022.



## 5.1 KMP remuneration (continued)

The table below sets out the remuneration of executive KMP of Woolworths Group Limited. Amounts represent the payments relating to the period during which the individuals were KMP.

		SHORT-TERM BENEFITS			POST EMPLOYMENT BENEFITS <sup>4</sup>	OTHER LONG- TERM BENEFITS <sup>5</sup>	SHARE-BASED PAYMENTS <sup>6</sup>		TOTAL	
		SALARY <sup>1</sup>	CASH INCENTIVE <sup>2</sup>	NON- MONETARY AND OTHER BENEFITS <sup>3</sup>			EQUITY GRANTS AT RISK <sup>7</sup>	OTHER EQUITY GRANTS <sup>8</sup>		
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>Executive KMP</b>										
B L Banducci	F23	2,561,222	1,193,010	3,905	27,500	36,160	2,650,623	1,239,075	7,711,495	
	F22	2,633,419	766,627	4,734	27,500	36,490	3,227,557	861,130	7,557,457	
A Bardwell	F23	969,722	471,818	3,905	97,841	47,767	1,041,036	460,180	3,092,269	
	F22	932,202	300,967	4,734	85,273	60,158	1,047,193	312,095	2,742,622	
N Davis	F23	1,037,622	471,818	3,905	27,500	26,583	970,204	428,321	2,965,953	
	F22	947,280	294,850	4,734	27,500	13,785	931,687	283,488	2,503,324	
S Harrison	F23	933,365	393,015	3,905	27,500	25,394	945,385	400,840	2,729,404	
	F22	887,665	263,985	4,734	27,500	12,708	1,018,755	270,978	2,486,325	

- Salary includes the net change in accrued annual leave within the period and a car allowance.
- Cash incentive represents the cash component of the F23 STI, which was 50% of the total STI award. The remaining 50% is deferred as share rights for two years.
- Non-monetary and other benefits include the deemed premium in respect of the Directors' and Officers' Indemnity insurance and, where applicable, relocation benefits and associated fringe benefits tax.
- Post employment benefits represent superannuation paid directly to the executive KMP's nominated superannuation fund. If the Group is not required to pay superannuation, the payment may be made as cash and included in salary.
- Other long-term benefits represents the net change in accrued long service leave within the period.
- Share-based payments represent the portion of the fair value of share rights expected to vest and is recognised as an expense over the vesting period. The amount recognised is adjusted to reflect the expected number of instruments that will vest for non-market based performance conditions, including ROFE, sales per square metre and reputation. The reputation non-market based performance condition is applicable to the F22 and F23 LTI plans, and measures brand reputation across four key metrics. No adjustment for non-vesting is made for failure to achieve the relative TSR performance hurdle, as this is taken into account in the fair value at grant date.
- For equity grants at risk, the fair value of share rights subject to the relative TSR performance measure is calculated at the date of grant using a Monte Carlo simulation model, whilst the fair value of other share rights is calculated using a Black-Scholes option pricing model.
- Other equity grants are grants which are not subject to any further performance conditions except continuous employment, subject to the operation of the Group's malus policy.

## Remuneration Report

## 5.2 KMP share right movements

The tables below summarise the movements in holdings of share right interests in Woolworths Group Limited relating to the period during which individuals were KMP. A share right entitles the holder to one fully paid ordinary Woolworths Group Limited share, and are subject to applicable performance and vesting conditions for executive KMPs.

		OPENING BALANCE NO.	SHARE RIGHTS GRANTED UNDER THE NEDP		SHARE RIGHTS VESTED		CLOSING BALANCE NO.
			NO.	\$ <sup>1</sup>	NO.	\$ <sup>2</sup>	
<b>Non-executive directors</b>							
S R Perkins	F23	-	-	-	-	-	-
	F22	-	-	-	-	-	-
W Bray	F23	-	285	10,385	-	-	285
M N Brenner	F23	-	-	-	-	-	-
	F22	-	-	-	-	-	-
J C Carr-Smith	F23	5,082	4,834	174,998	-	-	9,916
	F22	2,275	2,807	100,013	-	-	5,082
P W Chronican	F23	-	-	-	-	-	-
	F22	-	-	-	-	-	-
T Fellows	F23	-	-	-	-	-	-
H S Kramer	F23	951	1,816	65,433	(1,889)	69,865	878
	F22	873	1,810	66,162	(1,732)	66,539	951
K A Tesija	F23	-	-	-	-	-	-
	F22	-	-	-	-	-	-
G M Cairns	F23	-	-	-	-	-	-
	F22	1,275	-	-	(1,275)	52,466	-
S L McKenna	F23	-	-	-	-	-	-
	F22	-	-	-	-	-	-

		OPENING BALANCE NO.	SHARE RIGHTS GRANTED		SHARE RIGHTS VESTED		SHARE RIGHTS LAPSED <sup>6</sup> NO.	CLOSING BALANCE NO.
			NO. <sup>3</sup>	\$ <sup>4</sup>	NO.	\$ <sup>5</sup>		
<b>Executive KMP</b>								
B L Banducci	F23	480,989	152,828	4,005,508	(111,849)	(4,138,413)	(55,842)	466,126
	F22	522,659	173,138	5,627,445	(174,586)	(7,171,993)	(40,222)	480,989
A Bardwell <sup>7</sup>	F23	172,608	57,031	1,682,929	(44,655)	(1,652,235)	(17,183)	167,801
	F22	173,524	63,733	2,026,147	(52,711)	(2,165,368)	(11,938)	172,608
N Davis	F23	175,551	56,816	1,676,952	(47,718)	(1,765,566)	(18,729)	165,920
	F22	187,644	62,347	1,968,317	(60,410)	(2,481,643)	(14,030)	175,551
S Harrison	F23	174,733	52,823	1,553,209	(48,371)	(1,789,727)	(19,330)	159,855
	F22	159,017	58,751	1,848,930	(33,351)	(1,370,059)	(9,684)	174,733

1 Amounts represent non-executive directors' fees sacrificed in the current period to purchase share rights under the NEDP plus amounts sacrificed in previous periods but used to purchase share rights in the current period.

2 The value of share rights vested under the NEDP during the period is calculated based on the VWAP of Woolworths Group Limited shares traded in the five days prior to and including the date of vesting.

3 The number of share rights granted during the period includes those share rights granted in accordance with the period's LTI and DSTI awards. The holders of these share rights issued in accordance with the Group's LTI and DSTI awards are entitled to dividends that would have been paid on the underlying award over the vesting period, which are received as additional share rights (Dividend Equivalent Rights (DERs)) on vesting of the award and as such, are included in the number of share rights granted.

4 The value of share rights granted is the total fair value of share rights granted during the period determined by an independent actuary. This is recognised in employee benefits expense over the vesting period of the share right, in accordance with Australian Accounting Standards.

5 The value of share rights vested during the period is calculated based on the VWAP of Woolworths Group Limited shares traded in the five days prior to and including the date of vesting.

6 The number of share rights which lapsed as a result of failure to meet performance hurdles relates to the F20 LTI plans (F22: F19 LTI plans).

7 Ms Bardwell's F22 opening balance is as at 28 June 2021, the date on which Ms Bardwell became an executive KMP, and includes awards granted prior to the period during which Ms Bardwell was an executive KMP.



### 5.3 KMP share movements

The table below summarises the movements of interests in shares of Woolworths Group Limited relating to the period during which individuals were KMP.

		OPENING BALANCE NO.	SHARES ISSUED UNDER DRP NO.	SHARES RECEIVED ON VESTING OF SHARE RIGHTS NO.	NET SHARES PURCHASED/ (DISPOSED) NO.	CLOSING BALANCE NO.
<b>Non-executive directors</b>						
S R Perkins	F23	17,473	-	-	28,500	45,973
	F22	17,473	-	-	-	17,473
W Bray	F23	-	-	-	-	-
M N Brenner	F23	4,040	-	-	2,700	6,740
	F22	2,731	-	-	1,309	4,040
J C Carr-Smith <sup>1</sup>	F23	-	-	-	-	-
	F22	-	-	-	-	-
P W Chronican	F23	7,000	-	-	5,000	12,000
	F22	-	-	-	7,000	7,000
T Fellows <sup>2</sup>	F23	193	-	-	2,513	2,706
H S Kramer	F23	15,007	-	1,889	-	16,896
	F22	13,275	-	1,732	-	15,007
K A Tesija	F23	8,980	-	-	-	8,980
	F22	8,980	-	-	-	8,980
G M Cairns	F23	39,956	-	-	-	39,956
	F22	38,681	-	1,275	-	39,956
S L McKenna	F23	10,897	48	-	-	10,945
	F22	10,815	82	-	-	10,897
<b>Executive KMP</b>						
B L Banducci	F23	365,729	-	111,849	(230,000)	247,578
	F22	332,643	-	174,586	(141,500)	365,729
A Bardwell <sup>3</sup>	F23	-	-	44,655	(30,000)	14,655
	F22	8,166	-	52,711	(60,877)	-
N Davis	F23	159,387	-	47,718	(82,000)	125,105
	F22	98,977	-	60,410	-	159,387
S Harrison	F23	37,752	-	48,371	(52,000)	34,123
	F22	58,401	-	33,351	(54,000)	37,752

1 The terms of the NEDP applying to US directors provide that share rights received, following salary sacrifice of NED fees, must not vest and convert into shares before the cessation of their service as a director, or a number of other prescribed occurrences under US securities laws. Ms Carr-Smith currently holds the equivalent of 9,916 Woolworths Group shares as set out in Section 5.2.

2 Ms Fellows' opening balance is as at 1 March 2023, the date on which Ms Fellows became a non-executive director, and includes shares acquired prior to the period during which Ms Fellows was a non-executive director.

3 Ms Bardwell's F22 opening balance is as at 28 June 2021, the date on which Ms Bardwell became an executive KMP, and includes shares acquired prior to the period during which Ms Bardwell was an executive KMP.

## Remuneration Report

## 5.4 Share rights outstanding for executive KMP

The table below sets out the grants and outstanding number of share rights for current executive KMP. No amounts were paid or are payable by the recipient on receipt of the share rights and there are no outstanding vested share rights as at 25 June 2023.

	AWARD	GRANT DATE <sup>1</sup>	PERFORMANCE PERIOD START DATE	PERFORMANCE PERIOD END DATE <sup>2</sup>	NO. OF RIGHTS EXCLUDING DERS AS AT 25 JUNE 2023
<b>Executive KMP</b>					
B L Banducci	F21 WISP	12/11/20	01/07/20	01/07/23	140,485
	F21 DSTI	23/09/21	01/07/21	01/07/23	43,918
	F22 WISP	27/10/21	01/07/21	01/07/24	117,531
	F22 DSTI	21/09/22	01/07/22	01/07/24	21,336
	F23 WISP <sup>5</sup>	26/10/22	01/07/22	01/07/25	123,013
					<b>446,283</b>
A Bardwell	F21 WISP	01/07/20	01/07/20	01/07/23	47,278
	F21 DSTI	23/09/21	01/07/21	01/07/23	15,917
	F22 WISP	01/07/21	01/07/21	01/07/24	43,622
	F22 DSTI	21/09/22	01/07/22	01/07/24	8,376
	F23 WISP	01/07/22	01/07/22	01/07/25	45,657
					<b>160,850</b>
N Davis	F21 WISP	01/07/20	01/07/20	01/07/23	47,116
	F21 DSTI	23/09/21	01/07/21	01/07/23	14,458
	F22 WISP	01/07/21	01/07/21	01/07/24	43,622
	F22 DSTI	21/09/22	01/07/22	01/07/24	8,206
	F23 WISP	01/07/22	01/07/22	01/07/25	45,657
					<b>159,059</b>
S Harrison	F21 WISP	01/07/20	01/07/20	01/07/23	48,629
	F21 DSTI	23/09/21	01/07/21	01/07/23	13,820
	F22 WISP	01/07/21	01/07/21	01/07/24	40,684
	F22 DSTI	21/09/22	01/07/22	01/07/24	7,347
	F23 WISP	01/07/22	01/07/22	01/07/25	42,581
					<b>153,061</b>

GRANT DATE FAIR VALUE OF PERFORMANCE SHARE RIGHT<sup>6</sup>

	CEO			OTHER KMP		
	TSR	REPUTATION, ROFE, AND SALES PER SQM	DSTI	TSR	REPUTATION, ROFE, AND SALES PER SQM	DSTI
F21 WISP	\$22.13	\$38.88	-	\$21.07	\$36.90	-
F21 DSTI	-	-	\$39.76	-	-	\$39.76
F22 WISP	\$19.37	\$39.85	-	\$20.80	\$37.51	-
F22 DSTI	-	-	\$35.16	-	-	\$35.16
F23 WISP	\$13.47	\$32.96	-	\$19.77	\$35.73	-

The minimum value of share rights is assessed as nil and has not been specifically detailed in the table above on the basis that no share rights will vest unless the performance or vesting criteria are satisfied.

- Grant date is the date on which there is a shared understanding of the terms and conditions of the share-based payment arrangement.
- Exercise of share rights will occur the day after the full year results are announced to the market.
- For awards commencing prior to 1 July 2022, DERS are allocated following each dividend payment and actual vesting is in line with the vesting of the underlying share rights. For awards commencing on or after 1 July 2022, DERS will be delivered as additional shares at the time of vesting on the share rights that actually vest.
- The maximum value of award to vest represents the total maximum value of employee benefits expense, as based on the value at grant date that would be recorded if all share rights which remain outstanding at 25 June 2023 satisfied all relevant vesting conditions.



NO. OF DERS AS AT 25 JUNE 2023 <sup>3</sup>	TOTAL NO. OF RIGHTS AS AT 25 JUNE 2023	MAXIMUM VALUE OF AWARD TO VEST \$ <sup>4</sup>
11,344	151,829	4,654,831
2,312	46,230	1,746,180
6,187	123,718	3,881,265
-	21,336	750,174
-	123,013	3,255,334
<b>19,843</b>	<b>466,126</b>	<b>14,287,784</b>
3,817	51,095	1,498,620
838	16,755	632,860
2,296	45,918	1,393,287
-	8,376	294,500
-	45,657	1,388,429
<b>6,951</b>	<b>167,801</b>	<b>5,207,696</b>
3,804	50,920	1,493,484
761	15,219	574,850
2,296	45,918	1,393,287
-	8,206	288,523
-	45,657	1,388,429
<b>6,861</b>	<b>165,920</b>	<b>5,138,573</b>
3,926	52,555	1,541,444
727	14,547	549,483
2,141	42,825	1,299,447
-	7,347	258,321
-	42,581	1,294,888
<b>6,794</b>	<b>159,855</b>	<b>4,943,583</b>
<b>MODIFIED FAIR VALUE OF PERFORMANCE SHARE RIGHT<sup>6</sup></b>		
<b>ALL KMP</b>		
	<b>SALES PER TRADING SQM AND ROFE</b>	<b>DSTI</b>
<b>TSR</b>		
\$18.01	\$39.22	-
-	-	-
-	-	-
-	-	-
-	-	-

- 5 The F23 WISP grant to Mr Banducci was approved by shareholders at the 2022 AGM held on 26 October 2022 in accordance with listing rule 10.14.
- 6 The fair value of share rights with the relative TSR performance measure is calculated at the date of grant using a Monte Carlo simulation model, taking into account the impact of the relative TSR condition whilst the fair value of other share rights are calculated using a Black-Scholes option pricing model. The value disclosed is an input to the calculation of the grant date fair value of the share rights recognised as an expense in each reporting period. No performance conditions, other than ongoing employment, are attached to deferred STI share rights awards, subject to the operation of the Group's malus policy.
- 7 At the end of F21, the demerger of Endeavour Group (ASX: EDV) had an impact on the operation of Woolworths Group's share plans. Unvested share rights or performance rights did not receive Endeavour Group shares upon demerger. This reduced the value of these rights after Woolworths share price traded lower to reflect the demerger of Endeavour. To maintain the award values, executive KMP received an adjustment increasing the number of share rights in the on foot plans as at 24 June 2021, being the date the team members received an adjustment. The relative TSR performance measure is calculated using a Monte Carlo simulation model, taking into account the impact of the relative TSR condition whilst the fair value of other share rights are calculated using a Black-Scholes option pricing model. The value disclosed is an input to the calculation of the value of the share rights recognised as an expense in each reporting period.

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# Auditor's Independence Declaration

# Deloitte.

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23 August 2023

Board of Directors  
Woolworths Group Limited  
1 Woolworths Way  
Bella Vista NSW 2153

Dear Directors

## Auditor's Independence Declaration to Woolworths Group Limited

In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the Board of Directors of Woolworths Group Limited.

As lead audit partners for the audit of the financial report of Woolworths Group Limited for the 52-week period ended 25 June 2023, we declare that to the best of our knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Tom Imbesi  
Partner  
Chartered Accountants  
Sydney, 23 August 2023



Travis Simkin  
Partner  
Chartered Accountants  
Sydney, 23 August 2023



# 2023 Financial Report

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## \$64,294M

Revenue, representing an increase of 5.7% from the prior year.

See [page 111](#) ►



## Acquisition of subsidiaries

During the period, the Group acquired 100% of Shopper Media Group Holdings Pty Ltd and 80.2% of online marketplace, MyDeal.com.au Pty Limited.

See [page 156](#) ►



## 58 cents per share

Final dividend declared, representing an increase of 9.4% compared to the prior year.

See [page 142](#) ►

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## Consolidated Statement of Profit or Loss

	NOTE	2023 \$M	RESTATED <sup>1</sup> 2022 \$M
<b>Continuing operations</b>			
Revenue	2.1	64,294	60,849
Cost of sales		(47,118)	(44,878)
<b>Gross profit</b>		<b>17,176</b>	15,971
Other income	2.1	277	297
Branch expenses	2.3	(10,770)	(10,388)
Administration expenses	2.3	(3,684)	(3,189)
<b>Earnings before interest and tax</b>		<b>2,999</b>	2,691
Net finance costs	2.5	(677)	(600)
<b>Profit before income tax</b>		<b>2,322</b>	2,091
Income tax expense	3.11.1	(693)	(534)
<b>Profit for the period from continuing operations</b>		<b>1,629</b>	1,557
<b>Discontinued operations</b>			
Profit for the period from discontinued operations, after tax		-	6,387
<b>Profit for the period</b>		<b>1,629</b>	7,944
<b>Profit for the period attributable to:</b>			
Equity holders of the parent entity		1,618	7,934
Non-controlling interests		11	10
		<b>1,629</b>	7,944
<b>Profit for the period attributable to equity holders of the parent entity related to:</b>			
Profit from continuing operations		1,618	1,547
Profit from discontinued operations		-	6,387
		<b>1,618</b>	7,934
		<b>CENTS</b>	<b>CENTS</b>
<b>Earnings per share (EPS) attributable to equity holders of the parent entity</b>			
Basic EPS	4.1	133.3	649.6
Diluted EPS	4.1	132.3	644.8
<b>EPS attributable to equity holders of the parent entity from continuing operations</b>			
Basic EPS	4.1	133.3	126.7
Diluted EPS	4.1	132.3	125.7

1 Refer to Note 1.1.1 for further details.

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.



# Consolidated Statement of Other Comprehensive Income

	2023 \$M	2022 \$M
<b>Profit for the period</b>	<b>1,629</b>	<b>7,944</b>
<b>Other comprehensive income</b>		
<i>Items that may be subsequently reclassified to profit or loss, net of tax</i>		
Effective portion of changes in the fair value of cash flow hedges	(80)	98
Foreign currency translation of foreign operations	14	(53)
Share of other comprehensive income of associates, net of derecognition on partial disposal	1	2
<i>Items that will not be subsequently reclassified to profit or loss, net of tax</i>		
Fair value (loss)/gain on equity investments designated as at fair value through other comprehensive income	(6)	19
Actuarial (loss)/gain on defined benefit superannuation plans	(2)	1
<b>Other comprehensive (loss)/income for the period</b>	<b>(73)</b>	<b>67</b>
<b>Total comprehensive income for the period</b>	<b>1,556</b>	<b>8,011</b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the parent entity	1,545	8,001
Non-controlling interests	11	10
	<b>1,556</b>	<b>8,011</b>
<b>Total comprehensive income for the period from continuing operations attributable to:</b>		
Equity holders of the parent entity	1,545	1,614
Non-controlling interests	11	10
	<b>1,556</b>	<b>1,624</b>

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

## Consolidated Statement of Financial Position

	NOTE	2023 \$M	2022 \$M
<b>Current assets</b>			
Cash and cash equivalents		1,135	1,032
Trade and other receivables	3.1	1,016	856
Inventories	3.2	3,698	3,593
Other financial assets	3.3	51	106
Other assets	3.4	225	236
		<b>6,125</b>	<b>5,823</b>
Assets held for sale		250	287
<b>Total current assets</b>		<b>6,375</b>	<b>6,110</b>
<b>Non-current assets</b>			
Trade and other receivables	3.1	132	159
Other financial assets	3.3	140	95
Lease assets	3.5.1	9,467	9,995
Property, plant and equipment	3.6	8,881	8,231
Intangible assets	3.8	5,693	5,278
Investments accounted for using the equity method	3.9.1	1,123	1,691
Deferred tax assets	3.11.3	1,478	1,337
Other assets	3.4	359	377
<b>Total non-current assets</b>		<b>27,273</b>	<b>27,163</b>
<b>Total assets</b>		<b>33,648</b>	<b>33,273</b>
<b>Current liabilities</b>			
Trade and other payables	3.12	7,623	7,002
Lease liabilities	3.5.2	1,637	1,572
Borrowings	4.6.3	466	354
Current tax payable		230	12
Other financial liabilities	3.3	269	109
Provisions	3.13	1,640	1,680
Other current liabilities		21	-
		<b>11,886</b>	<b>10,729</b>
Liabilities associated with assets held for sale		-	21
<b>Total current liabilities</b>		<b>11,886</b>	<b>10,750</b>
<b>Non-current liabilities</b>			
Lease liabilities	3.5.2	10,343	10,899
Borrowings	4.6.3	3,289	3,938
Other financial liabilities	3.3	669	690
Provisions	3.13	857	846
Other non-current liabilities		39	46
<b>Total non-current liabilities</b>		<b>15,197</b>	<b>16,419</b>
<b>Total liabilities</b>		<b>27,083</b>	<b>27,169</b>
<b>Net assets</b>		<b>6,565</b>	<b>6,104</b>
<b>Equity</b>			
Contributed equity	4.3	5,406	5,207
Reserves	4.4	(7,567)	(7,400)
Retained earnings		8,586	8,173
<b>Equity attributable to equity holders of the parent entity</b>		<b>6,425</b>	<b>5,980</b>
Non-controlling interests	5.2.3	140	124
<b>Total equity</b>		<b>6,565</b>	<b>6,104</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity

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2023	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY						NON-CONTROLLING INTERESTS \$M	TOTAL EQUITY \$M
	SHARE CAPITAL \$M	SHARES HELD IN TRUST \$M	RESERVES \$M	RETAINED EARNINGS \$M	TOTAL \$M			
<b>Balance at 26 June 2022</b>	5,379	(172)	(7,400)	8,173	5,980	124	6,104	
Profit for the period	-	-	-	1,618	1,618	11	1,629	
Other comprehensive loss for the period	-	-	(71)	(2)	(73)	-	(73)	
<b>Total comprehensive (loss)/income for the period</b>	-	-	(71)	1,616	1,545	11	1,556	
Dividends paid	-	-	-	(1,203)	(1,203)	(5)	(1,208)	
Issue/(transfer) of shares to satisfy employee long-term incentive plans	-	132	(132)	-	-	-	-	
Issue of shares to satisfy the dividend reinvestment plan	177	-	-	-	177	-	177	
Purchase of shares by the Woolworths Employee Share Trust	-	(110)	-	-	(110)	-	(110)	
Deconsolidation of controlled entity	-	-	3	-	3	-	3	
Recognition of non-controlling interest from acquisition of subsidiary	-	-	-	-	-	9	9	
Recognition of put option liability over non-controlling interest	-	-	(79)	-	(79)	-	(79)	
Share-based payments expense	-	-	112	-	112	1	113	
<b>Balance at 25 June 2023</b>	5,556	(150)	(7,567)	8,586	6,425	140	6,565	

2022	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY						NON-CONTROLLING INTERESTS \$M	TOTAL EQUITY \$M
	SHARE CAPITAL \$M	SHARES HELD IN TRUST \$M	RESERVES \$M	RETAINED EARNINGS \$M	TOTAL \$M			
<b>Balance at 27 June 2021</b>	5,466	(213)	(6,989)	3,115	1,379	360	1,739	
Profit for the period	-	-	-	7,934	7,934	10	7,944	
Other comprehensive income for the period	-	-	66	1	67	-	67	
<b>Total comprehensive income for the period</b>	-	-	66	7,935	8,001	10	8,011	
Dividends paid	-	-	-	(1,170)	(1,170)	(5)	(1,175)	
Share buy-back	(250)	-	-	(1,750)	(2,000)	-	(2,000)	
Demerger of Endeavour Group	-	-	(43)	43	-	(282)	(282)	
Issue/(transfer) of shares to satisfy employee long-term incentive plans	-	166	(166)	-	-	-	-	
Issue of shares to satisfy the dividend reinvestment plan	163	-	-	-	163	-	163	
Purchase of shares by the Woolworths Employee Share Trust	-	(125)	-	-	(125)	-	(125)	
Recognition of non-controlling interest from acquisition of subsidiary	-	-	-	-	-	45	45	
Recognition of put option liability over non-controlling interest	-	-	(411)	-	(411)	-	(411)	
Purchase of additional shares from non-controlling interest	-	-	4	-	4	(4)	-	
Share-based payments expense	-	-	139	-	139	-	139	
<b>Balance at 26 June 2022</b>	5,379	(172)	(7,400)	8,173	5,980	124	6,104	

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.



## Consolidated Statement of Cash Flows

	NOTE	2023 \$M	2022 \$M
<b>Cash flows from operating activities</b>			
Receipts from customers		68,275	64,538
Payments to suppliers and employees		(62,259)	(59,721)
Payments for the interest component of lease liabilities	3.5.2	(542)	(542)
Finance costs paid on borrowings		(133)	(59)
Income tax paid		(587)	(838)
<b>Net cash provided by operating activities</b>	4.5	<b>4,754</b>	<b>3,378</b>
<b>Cash flows from investing activities</b>			
Proceeds and advances from the sale of property, plant and equipment		361	332
Payments for property, plant and equipment and intangible assets		(2,519)	(2,416)
Proceeds from the sale of subsidiaries and investments, net of cash disposed		659	53
Payments for the purchase of businesses, net of cash acquired		(373)	(425)
Payments for the purchase of investments		(30)	(32)
Net proceeds from/(advances to) related parties		15	(20)
Dividends received		43	51
<b>Net cash used in investing activities</b>		<b>(1,844)</b>	<b>(2,457)</b>
<b>Cash flows from financing activities</b>			
Repayment of principal component of lease liabilities	3.5.2	(1,067)	(1,019)
Proceeds from borrowings	4.6.4	351	2,513
Repayment of borrowings	4.6.4	(952)	(969)
Proceeds from loan to related party		-	1,712
Distribution to related party		-	(437)
Payments for share buy-back		-	(2,000)
Dividends paid	4.2	(1,026)	(1,007)
Dividends paid to non-controlling interests		(5)	(5)
Payments for shares held in trust		(110)	(125)
<b>Net cash used in financing activities</b>		<b>(2,809)</b>	<b>(1,337)</b>
Net increase/(decrease) in cash and cash equivalents		101	(416)
Effects of exchange rate changes on cash and cash equivalents		2	2
Cash and cash equivalents at start of period		1,032	1,446
<b>Cash and cash equivalents at end of period<sup>1</sup></b>		<b>1,135</b>	<b>1,032</b>

1 Included in cash and cash equivalents is \$665 million (2022: \$633 million) relating to receivables from credit card merchants for electronic funds transfers, credit card and debit card point of sale transactions, of which \$92 million (2022: \$90 million) is relating to payables to Endeavour Group Limited.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements for the period ended 25 June 2023

## 1 General information

### 1.1 Basis of preparation



This section describes the financial reporting framework within which the Consolidated Financial Statements are prepared.

Woolworths Group Limited (the Company) is a for-profit company which is incorporated and domiciled in Australia. The Financial Report of the Company is for the 52-week period ended 25 June 2023 and comprises the Company and its subsidiaries (together referred to as the Group). The comparative period is for the 52-week period ended 26 June 2022.

The Consolidated Financial Statements are presented in Australian dollars and amounts have been rounded to the nearest million dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

The Financial Report was authorised for issue by the directors on 23 August 2023.

#### 1.1.1 Basis of accounting

The Consolidated Financial Statements of the Group are general purpose financial statements, which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards ensures that the Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The Consolidated Financial Statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values as at the end of each reporting period, as explained in the accounting policies. The accounting policies have been applied consistently to all periods presented in the Consolidated Financial Statements, unless otherwise stated.

Certain comparative amounts have been reclassified to conform with the current period's presentation. This includes the reclassification of the costs of running the distribution centres from branch and administration expenses to cost of sales, which is consistent with the Group's current recognition of freight costs within cost of sales. This has resulted in better overall visibility of the margins of the products that the Group sells to enable appropriate accountability and support better end-to-end decision making. Separately, the Group has reclassified the presentation of its eCommerce overheads from cost of sales to branch and administration expenses to align with the current period's presentation of other similar costs, such as store labour in branch and administration expenses.

This has resulted in the following reclassifications for the comparative period within the Consolidated Statement of Profit or Loss:

2022	AS PREVIOUSLY REPORTED \$M	ADJUSTMENT \$M	RESTATED \$M
Revenue	60,849	-	60,849
Cost of sales	(42,807)	(2,071)	(44,878)
<b>Gross profit</b>	<b>18,042</b>	<b>(2,071)</b>	<b>15,971</b>
Other income	297	-	297
Branch and administration expenses	(15,648)	2,071	(13,577)
<b>Earnings before interest and tax</b>	<b>2,691</b>	<b>-</b>	<b>2,691</b>

For segment reporting purposes, the Australian Food segment now includes amounts relating to Woolworths at Work, the Group's B2B-focused eCommerce business, which was previously reported in Australian B2B. This better reflects the integrated nature of Woolworths at Work within Australian Food, in particular, the fulfilment of Woolworths at Work orders from supermarkets and customer fulfilment centres. As a result, the comparative amounts for both the Australian Food and Australian B2B reportable segments have been restated in Note 2.2.1 and Note 2.2.2.

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## Notes to the Consolidated Financial Statements

### 1.1 Basis of preparation (continued)

#### 1.1.2 Going concern

The directors have, at the time of approving the Financial Report, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has been determined after taking into consideration all available information at the time of approving the Financial Report.

Notwithstanding that the Group's working capital position is in a net current liability position as at 25 June 2023 of \$5,511 million (2022: net current liability position of \$4,640 million), the directors continually monitor the Group's working capital position, including forecast working capital requirements, and are satisfied that the Group's current cash reserves, expected cash flows from operations, and available facilities will enable the Group to pay its debts as and when they fall due. The net current liability position is principally due to the fast turning nature of inventories, the timing of payments to suppliers, the use of available funds to support investments that are classified as non-current assets, and the Group's current lease obligations.

#### 1.1.3 Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) during the period. Control is achieved when the Company:

- Has power over the investee;
- Is exposed to, or has rights to, variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of a subsidiary acquired or disposed of during the period is included in the Consolidated Statement of Profit or Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the Company and its subsidiaries are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the identifiable net assets. This election is made on an acquisition-by-acquisition basis. Subsequent to acquisition date, the carrying amounts of non-controlling interests are adjusted for the non-controlling interests' share of changes in equity.

### 1.2 Other significant accounting policies



**This section sets out the significant accounting policies upon which the Group's Consolidated Financial Statements are prepared as a whole, and that are not otherwise described in the Notes to the Consolidated Financial Statements. Where a significant accounting policy is specific to a note to the Consolidated Financial Statements, the policy is described within that note.**

#### 1.2.1 Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable, the asset is available for immediate sale in its present condition, and the sale is expected to occur within one year from the date of classification.

## 1.2 Other significant accounting policies (continued)

### 1.2.2 Foreign currency

#### (I) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in Australian dollars (AUD), which is the Company's functional currency.

#### (II) FOREIGN CURRENCY TRANSACTIONS (ENTITIES WITH A FUNCTIONAL CURRENCY OF AUD)

Foreign currency transactions are translated into AUD using the exchange rates at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to AUD at the reporting date at the following exchange rates:

FOREIGN CURRENCY AMOUNT	APPLICABLE EXCHANGE RATE
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities measured at historical cost	Date of transaction

Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit or Loss in the period in which they arise except:

- Exchange differences on transactions entered to hedge certain foreign currency risks (refer to Note 4.7); and
- Items noted within paragraph (iii).

#### (III) FOREIGN OPERATIONS (ENTITIES WITH A FUNCTIONAL CURRENCY OTHER THAN AUD)

The profit or loss and financial position of foreign operations are translated to AUD at the following exchange rates:

FOREIGN CURRENCY AMOUNT	APPLICABLE EXCHANGE RATE
Revenues and expenses	Average for the period
Assets and liabilities, including goodwill and fair value adjustments arising on consolidation	Reporting date
Equity items	Historical rates

The following foreign exchange differences are recognised in Consolidated Statement of Other Comprehensive Income:

- Foreign currency differences arising on translation of foreign operations; and
- Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future. These monetary items and related hedges form part of the net investment in a foreign operation, and are reclassified into the Consolidated Statement of Profit or Loss upon disposal of the net investment.

### 1.2.3 Goods and Services Tax (GST)

Revenue, expenses, and assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case, the GST is recognised as part of the expense or cost of the asset. Receivables and payables are stated with the amount of GST included. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or current liability in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to taxation authorities, are classified as operating cash flows.

### 1.2.4 New and amended standards that are effective for the current year

The Group has adopted all the new and amended standards and interpretations issued by the AASB, which are effective for annual reporting periods beginning on or after 27 June 2022. None of the new standards or amendments to the standards that are mandatory for the first time materially affected any of the amounts recognised in the current or prior period.

### 1.2.5 Issued standards and interpretations not early adopted

The AASB has issued a number of standards and interpretations, which are not effective until future reporting periods. Notwithstanding that the Group has not yet adopted these issued standards and interpretations, the impact on adoption is not expected to have a significant impact on the Consolidated Financial Statements.



## Notes to the Consolidated Financial Statements

### 1.2 Other significant accounting policies (continued)

#### SUSTAINABILITY DISCLOSURE STANDARDS

During the period, the International Sustainability Standards Board (ISSB) published the following sustainability reporting standards:

- IFRS S1 *General Requirements of Sustainability-related Financial Information*, which sets out the core content for a complete set of sustainability-related financial disclosures, thereby establishing a comprehensive baseline of sustainability-related financial information; and
- IFRS S2 *Climate-related Disclosures*, which will require the Group to provide information that enables the users of its financial statements to understand the Group's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

Notwithstanding that these standards are not mandatory for adoption for the financial period ended 25 June 2023, the Group acknowledges the growing importance of sustainability-related disclosures, and has considered the potential impacts of sustainability-related matters within the following notes:

- Note 3.6 – Property, plant and equipment;
- Note 3.10 – Impairment of non-financial assets;
- Note 3.13 – Provisions; and
- Note 4.6 – Borrowings.

These standards will be effective for the Group for the annual reporting period beginning on or after 1 July 2024.

#### AASB 17 INSURANCE CONTRACTS

AASB 17 *Insurance Contracts* (AASB 17) establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 *Insurance Contracts* (AASB 4).

The date of initial application of AASB 17 is for the annual reporting period beginning on or after 26 June 2023. The parent entity will be impacted by the application of AASB 17 as it is a licensed self-insurer for workers' compensation insurance in New South Wales, Queensland, Western Australia, South Australia, Tasmania and Northern Territory, and therefore provides insurance to its subsidiaries. The Group is currently determining the final impact on the parent entity disclosures.

### 1.3 Critical accounting estimates and judgements



**This section describes the critical accounting estimates and judgements that have been applied and may have a material impact on the Group's Consolidated Financial Statements.**

In applying the Group's accounting policies, the directors are required to make estimates, judgements, and assumptions that affect amounts reported in this Financial Report. The estimates, judgements, and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from these estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes:

- Note 3.3 – Other financial assets and liabilities;
- Note 3.5 – Leases;
- Note 3.10 – Impairment of non-financial assets; and
- Note 3.13 – Provisions.

Revisions to accounting estimates are recognised prospectively.

## 2 Group performance

### 2.1 Revenue and other income



Revenue primarily comprises the sale of goods in-store and online.

	2023 \$M	2022 \$M
<b>Revenue by category</b>		
Sale of goods in-store	52,615	49,856
Sale of goods online	6,592	6,542
Other revenue <sup>1</sup>	5,087	4,451
<b>Total revenue</b>	<b>64,294</b>	<b>60,849</b>
<b>Revenue by geographical location<sup>2</sup></b>		
Australia	57,054	53,757
New Zealand	7,240	7,092
<b>Total revenue</b>	<b>64,294</b>	<b>60,849</b>
<b>Other income</b>		
Share of profit of investments accounted for using the equity method	56	68
Other <sup>3</sup>	221	229
<b>Total other income</b>	<b>277</b>	<b>297</b>

- 1 Other revenue primarily comprises revenue from the distribution of food and related products for resale to other businesses, provision of supply chain services to business customers, revenue from the provision of financial services, consulting revenue, and revenue relating to the Endeavour Group Partnership Agreements.
- 2 Revenue by geographical location is allocated based on either the location in which the sales originated or location of the operation to which they relate.
- 3 Other income comprises operating lease rental income, income from non-operating activities across the Group, and other income earned from the Endeavour Group Partnership Agreements.



#### Significant Accounting Policies

##### Sale of goods in-store

Revenue from the sale of goods in-store is recognised when control of the goods is transferred to the customer. The amount recognised reflects the consideration to which the Group expects to be entitled in exchange for those goods.

##### Sale of goods online

Revenue from the sale of goods online is recognised when control of the goods passes to the customer, which is typically at the point the goods are delivered to, or collected by the customer. Where payment is received prior to the transfer of control to the customer, the revenue is deferred in contract liabilities within trade and other payables in the Consolidated Statement of Financial Position until the goods have been delivered to, or collected by the customer.

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## 2.2 Reportable segments



This section presents the financial performance of each reportable segment and other individually significant items.

### 2.2.1 Financial performance of the Group's reportable segments

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Chief Operating Decision Makers, in order to allocate resources to the segment and assess its performance. These reportable segments offer different products and services, or service different customer types, and are managed separately.

The Group's reportable segments are as follows:

- **Australian Food** – procurement of food and related products for resale and provision of services to retail customers in Australia;
- **Australian B2B** – procurement and distribution of food and related products for resale to other businesses and provision of supply chain services to business customers in Australia;
- **New Zealand Food** – procurement of food and drinks for resale and provision of services to retail and wholesale customers in New Zealand;
- **BIG W** – procurement of discount general merchandise products for resale to retail customers in Australia; and
- **Other** – comprises Quantum and MyDeal, which are not considered separately reportable segments, as well as various support functions, including property and Group overhead costs, the Group's share of profit or loss of investments accounted for using the equity method, and consolidation and elimination journals.

During the period, the Group restructured the way in which it reports Woolworths at Work, the Group's B2B-focused eCommerce business. Woolworths at Work is highly integrated with Australian Food through ranging and the fulfilment of orders from supermarkets and customer fulfilment centres. As a result, the Group has realigned and represented the reporting of Woolworths at Work from Australian B2B to Australian Food in the prior year. This also reflects the way in which information is provided to and regularly reviewed by the Group's Chief Operating Decision Makers.

The primary reporting measure of the reportable segments is earnings before interest, tax, and significant items which is consistent with the way management monitors and reports the performance of these segments. The following is an analysis of the Group's revenue and results by reportable segment.

2023	AUSTRALIAN FOOD \$M	AUSTRALIAN B2B \$M	NEW ZEALAND FOOD \$M	BIG W \$M	OTHER \$M	CONSOLIDATED CONTINUING OPERATIONS \$M
Revenue <sup>1</sup>	48,047	4,324	7,240	4,785	(102)	64,294
Other income	–	–	–	–	277	277
<b>Total revenue and other income</b>	<b>48,047</b>	<b>4,324</b>	<b>7,240</b>	<b>4,785</b>	<b>175</b>	<b>64,571</b>
<b>Earnings/(loss) before interest, tax, and significant items</b>	<b>2,865</b>	<b>63</b>	<b>228</b>	<b>145</b>	<b>(185)</b>	<b>3,116</b>
Significant items <sup>2</sup>						(117)
<b>Earnings before interest and tax</b>						<b>2,999</b>
Finance costs						(677)
<b>Profit before income tax</b>						<b>2,322</b>
Income tax expense						(693)
<b>Profit for the period from continuing operations</b>						<b>1,629</b>

1 Revenue in Australian B2B includes \$351 million of freight revenue for products sold by the Group. However, at a Group level, this is recognised as a reduction in cost of sales. As a result, a \$351 million reduction in revenue, with a corresponding reduction in cost of sales, has been recognised in the Other segment. At a Group level, this has not resulted in a change to earnings before interest and tax.

2 Refer to Note 2.2.3 for further details.

## 2.2 Reportable segments (continued)

2022	RESTATED <sup>1</sup> AUSTRALIAN FOOD \$M	RESTATED <sup>1</sup> AUSTRALIAN B2B \$M	NEW ZEALAND FOOD \$M	BIG W \$M	OTHER \$M	CONSOLIDATED CONTINUING OPERATIONS \$M
Revenue <sup>2</sup>	45,740	3,684	7,092	4,431	(98)	60,849
Other income	-	-	-	-	297	297
<b>Total revenue and other income</b>	<b>45,740</b>	<b>3,684</b>	<b>7,092</b>	<b>4,431</b>	<b>199</b>	<b>61,146</b>
<b>Earnings/(loss) before interest, tax, and significant items</b>	<b>2,406</b>	<b>56</b>	<b>296</b>	<b>55</b>	<b>(123)</b>	<b>2,690</b>
Significant items <sup>3</sup>						1
<b>Earnings before interest and tax</b>						<b>2,691</b>
Finance costs						(600)
<b>Profit before income tax</b>						<b>2,091</b>
Income tax expense						(534)
<b>Profit for the period from continuing operations</b>						<b>1,557</b>

- 1 Restated to conform with the current structure of the Group in which Woolworths at Work is included within the Australian Food reportable segment. Refer to Note 1.1.1 for further details.
- 2 Revenue in Australian B2B includes \$302 million of freight revenue for products sold by the Group. However, at a Group level, this is recognised as a reduction in cost of sales. As a result, a \$302 million reduction in revenue, with a corresponding reduction in cost of sales, has been recognised in the Other segment. At a Group level, this has not resulted in a change to earnings before interest and tax.
- 3 Refer to Note 2.2.3 for further details.

## 2.2.2 Other disclosures of the Group's reportable segments

2023	AUSTRALIAN FOOD \$M	AUSTRALIAN B2B \$M	NEW ZEALAND FOOD \$M	BIG W \$M	OTHER \$M	CONSOLIDATED CONTINUING OPERATIONS \$M
Depreciation – lease assets	727	60	129	99	51	1,066
Depreciation – property, plant and equipment	759	20	136	71	37	1,023
Amortisation – intangible assets	300	33	31	33	92	489
Capital expenditure <sup>1</sup>	1,162	58	255	135	872	2,482

2022	RESTATED <sup>2</sup> AUSTRALIAN FOOD \$M	RESTATED <sup>2</sup> AUSTRALIAN B2B \$M	NEW ZEALAND FOOD \$M	BIG W \$M	OTHER \$M	CONSOLIDATED CONTINUING OPERATIONS \$M
Depreciation – lease assets	703	58	122	105	51	1,039
Depreciation – property, plant and equipment	692	16	125	60	42	935
Amortisation – intangible assets	243	24	30	25	65	387
Capital expenditure <sup>1</sup>	1,331	70	274	148	584	2,407

- 1 Capital expenditure comprises the purchase of property, plant and equipment, and intangible assets.
- 2 Restated to conform with the current structure of the Group in which Woolworths at Work is included within the Australian Food reportable segment. Refer to Note 1.1.1 for further details.



## Notes to the Consolidated Financial Statements

### 2.2 Reportable segments (continued)

#### 2.2.3 Individually significant items

Individually significant items have been highlighted to help users of this Financial Report to understand the financial performance of the Group during the period. The significant items recognised in the Consolidated Statement of Profit or Loss are as follows:

	2023 \$M	2022 \$M
<b>Continuing operations</b>		
Supply chain network review	(32)	24
Exit of the Summergate business	(30)	-
End-to-end payroll review remediation	(61)	(165)
Revaluation of put option liabilities over non-controlling interests	(41)	164
BIG W network review	47	-
Other	-	(22)
<b>Total significant items before income tax from continuing operations</b>	<b>(117)</b>	<b>1</b>
Income tax benefit <sup>1</sup>	14	32
<b>Total significant items from continuing operations</b>	<b>(103)</b>	<b>33</b>
<b>Discontinued operations</b>		
Gain on demerger of Endeavour Group	-	6,387
<b>Total Group significant items</b>	<b>(103)</b>	<b>6,420</b>

<sup>1</sup> Comprises an income tax benefit of \$28 million relating to end-to-end payroll review remediation and supply chain network review, offset by an income tax expense of \$14 million relating to the BIG W network review (2022: income tax benefit of \$50 million relating to end-to-end payroll review remediation, offset by an income tax expense of \$7 million relating to supply chain network review and \$11 million of other).

The individually significant items of \$117 million recognised before income tax during the period, of which \$28 million and \$89 million was recognised in cost of sales and branch and administration expenses respectively, are as follows:

#### Supply chain network review

As part of the Group's ongoing supply chain network strategy and transformation, provisions for redundancy costs associated with the announced closure of four distribution centres in New South Wales and Victoria were recognised in prior periods. During the period, the Group reassessed the provision for redundancy costs and recognised an additional \$32 million predominantly relating to increases in wage rates and redundancy terms specific to the relevant Enterprise Agreements (EAs) for impacted team members, as agreed in EA negotiations during the period.

#### Exit of the Summergate business

During the period, the Group completed the sale of Summergate, the Group's alcoholic drinks distributor in China. The net assets and liabilities of the business were sold, with the purchaser assuming all ongoing trading liabilities of the business. This resulted in the Group recognising a net loss of \$30 million during the period, reflecting the write down of net assets, primarily inventory and receivables, as part of the exit process.

#### End-to-end payroll review remediation

As part of the Group's end-to-end payroll review remediation program, the Group completed its remaining compliance testing and finalised remediation estimates relating to its multi-year review program. The analysis included the Group's supply chain operations, which had not been previously reviewed. During the period, the Group recognised a significant item provision of \$61 million for prior period payment shortfalls due to non-compliance with EAs for hourly paid team members and other one-off remediation charges, such as interest and oncosts, predominantly across the Group's supply chain operations.

#### Revaluation of put option liabilities over non-controlling interests

The Group has recognised put option liabilities over its non-controlling interests of PFD, Quantum, and MyDeal. At each reporting period, the put option liabilities are reassessed to reflect the present value of the Group's best estimate of the amounts expected to be paid at the time of exercise. During the period, a net revaluation expense of \$41 million was recognised, primarily driven by higher than forecast earnings and reductions in forecast net debt.

#### BIG W network review

The Group previously announced the planned closure of certain BIG W stores and recognised onerous contract provisions relating to the anticipated costs of lease terminations. Ongoing negotiations with landlords resulted in a preferred strategy to exit these stores at the end of their current lease term. As a consequence, exit payments are no longer required, and therefore, the onerous contract provisions were reassessed and a \$47 million gain was recognised during the period.

## 2.3 Branch and administration expenses



Branch and administration expenses mainly include employee benefits expense, depreciation and amortisation expense, occupancy expenses, and contract labour costs.

	2023 \$M	RESTATED <sup>1</sup> 2022 \$M
Employee benefits expense	8,762	8,557
Depreciation and amortisation expense <sup>2</sup>	2,309	2,132
Occupancy expenses	611	624
Contract labour	832	745
Other <sup>3</sup>	1,940	1,519
<b>Total branch and administration expenses</b>	<b>14,454</b>	<b>13,577</b>
Branch expenses	10,770	10,388
Administration expenses	3,684	3,189
<b>Total branch and administration expenses</b>	<b>14,454</b>	<b>13,577</b>

1 Refer to Note 1.1.1 for further details.

2 Depreciation and amortisation expense included in cost of sales is \$269 million (2022: \$229 million).

3 Other primarily comprises light and power, IT and repairs and maintenance expenses.

## 2.4 Employee benefits expense



Employee benefits expense reflects employee entitlements recognised during the period in the Consolidated Statement of Profit or Loss.

	2023 \$M	2022 \$M
Remuneration and on-costs	9,125	8,812
Superannuation expense	749	687
Share-based payment expense	113	139
<b>Total employee benefits expense</b>	<b>9,987</b>	<b>9,638</b>
Cost of sales	1,225	1,081
Branch and administration expenses	8,762	8,557
<b>Total employee benefits expense</b>	<b>9,987</b>	<b>9,638</b>



### Significant Accounting Policies

#### Employee benefits expense

Remuneration, on-costs and superannuation costs are mainly expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Refer to Note 3.13, Note 6.2 and Note 6.3 for further details on employee provisions, share-based payment expense, and superannuation expense.





## Notes to the Consolidated Financial Statements

## 2.5 Net finance costs



Net finance costs mainly includes interest on borrowings, derivatives, and lease liabilities.

	2023 \$M	2022 \$M
Interest expense <sup>1</sup>	726	632
Less: interest capitalised <sup>2</sup>	(28)	(13)
Interest income <sup>3</sup>	(21)	(19)
<b>Total net finance costs</b>	<b>677</b>	<b>600</b>

1 Interest expense includes interest on leases of \$542 million (2022: \$542 million), interest on borrowings and derivatives of \$169 million (2022: \$77 million), and interest expense on put option liabilities of \$15 million (2022: \$13 million).

2 Weighted average capitalisation rate is 3.55% (2022: 2.02%).

3 Interest income recognised by the Group, in its capacity as a lessor, over the lease term. Refer to Note 3.4 for further details.



## Significant Accounting Policies

## Finance costs

Interest expense comprises interest on lease liabilities, which is calculated using the incremental borrowing rate and interest on borrowings, which is calculated using the effective interest method and interest on derivatives. Interest costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to complete and prepare the asset for its intended use or sale are capitalised into the initial cost of the asset.

Interest income and all other finance costs are recognised in the Consolidated Statement of Profit or Loss in the period in which they are incurred.

## 3 Assets and liabilities

## 3.1 Trade and other receivables



Trade and other receivables consist of amounts owed to the Group by customers for the sale of goods and services in the ordinary course of business.

	2023 \$M	2022 \$M
<b>Current</b>		
Trade receivables	395	278
Loss allowance	(4)	(5)
Trade receivables	391	273
Other receivables <sup>1</sup>	629	586
Loss allowance	(4)	(3)
Other receivables	625	583
<b>Total current trade and other receivables</b>	<b>1,016</b>	<b>856</b>
<b>Non-current</b>		
Trade and other receivables	132	159
<b>Total non-current trade and other receivables</b>	<b>132</b>	<b>159</b>
<b>Total trade and other receivables</b>	<b>1,148</b>	<b>1,015</b>

1 Includes supplier rebates of \$76 million (2022: \$82 million).

## 3.1 Trade and other receivables (continued)

**Significant Accounting Policies****Trade and other receivables**

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less a loss allowance. They generally have terms of up to 30 days.

**Impairment of trade and other receivables**

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis.

The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics are grouped together and then assessed for collectability as a whole.



## 3.2 Inventories



**Inventories primarily comprises finished goods.**

	2023 \$M	2022 \$M
Inventories	3,785	3,670
Provision for inventory obsolescence	(87)	(77)
<b>Total inventories</b>	<b>3,698</b>	<b>3,593</b>

Cost of inventories recognised as an expense within cost of sales during the period was \$46,057 million (2022: \$43,901 million).

**Significant Accounting Policies****Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price less all estimated costs of completion and all costs to be incurred in marketing, selling and distribution.

## Notes to the Consolidated Financial Statements

## 3.3 Other financial assets and liabilities



Other financial assets and liabilities mainly comprise derivatives, investments in unlisted equity securities, and put option liabilities over non-controlling interests.

	2023 \$M	2022 \$M
<b>Other financial assets</b>		
<b>Current</b>		
Derivatives	51	106
<b>Total current other financial assets</b>	<b>51</b>	<b>106</b>
<b>Non-current</b>		
Derivatives	62	17
Unlisted equity securities	75	60
Other	3	18
<b>Total non-current other financial assets</b>	<b>140</b>	<b>95</b>
<b>Total other financial assets</b>	<b>191</b>	<b>201</b>
<b>Other financial liabilities</b>		
<b>Current</b>		
Derivatives	97	34
Put option liabilities over non-controlling interests	172	75
<b>Total current other financial liabilities</b>	<b>269</b>	<b>109</b>
<b>Non-current</b>		
Derivatives	76	135
Put option liabilities over non-controlling interests	593	555
<b>Total non-current other financial liabilities</b>	<b>669</b>	<b>690</b>
<b>Total other financial liabilities</b>	<b>938</b>	<b>799</b>

**DERIVATIVES**

The Group uses various types of derivatives to hedge exposures to variability in both interest rates and foreign exchange rates. Refer to Note 4.7.4 for further details.

**UNLISTED EQUITY SECURITIES**

The Group has various investments in unlisted equity securities. Refer to Note 4.7.4 for further details.

**OTHER FINANCIAL ASSETS**

Other includes \$2 million (2022: \$5 million) of SAFE (Simple Agreement for Future Equity) notes and \$1 million (2022: \$7 million) of loan receivables. Included in prior year was \$6 million of convertible notes which were converted during the current period into additional preference shares.

## 3.3 Other financial assets and liabilities (continued)

## PUT OPTION LIABILITIES OVER NON-CONTROLLING INTERESTS

Put option liabilities over non-controlling interests were recognised for PFD, Quantum, and MyDeal based on the present value of the amounts expected to be paid at the time of exercise.

PUT OPTION LIABILITY	NON-CONTROLLING INTEREST	DATE EXERCISABLE FROM	PUT OPTION LIABILITY MECHANISM
Quantum	22.4%	30 June 2024	Calculated primarily based on a three-year revenue and EBITDA margin growth, which is applied to the Last Twelve Months (LTM) revenue at exercise date and is subject to a floor.
PFD	35.0%	30 June 2024	Calculated based on a LTM EBITDA multiple and is subject to a floor.
MyDeal	19.8%	30 September 2025	Primarily referenced to a Gross Transaction Value (GTV) multiple, where the exit enterprise value is calculated as the exit LTM GTV multiplied by an exit multiple which is adjusted for profitability factors, changes in working capital, and net debt to arrive at an equity value.

The value of put option liabilities over non-controlling interests are determined using various assumptions. Any reasonably possible changes to these inputs would result in a change to the valuation of these liabilities. Refer to Note 4.7.4 for details.



### Significant Accounting Policies

#### Derivatives

Refer to Note 4.7 for details of derivatives.

#### Unlisted equity securities

Investments in unlisted equity securities are initially designated as financial assets at fair value through profit or loss or as financial assets at fair value through other comprehensive income, where investments are not held for trading.

Investments are initially measured at fair value net of transaction costs, and are subsequently measured at fair value with any change recognised in profit or loss or other comprehensive income, depending on their initial designation.

Dividends received from unlisted equity securities are recognised in profit or loss.

#### Put option liabilities over non-controlling interests

Put option liabilities over non-controlling interests are initially recognised at the present value of the amounts expected to be paid at the time of exercise with a corresponding entry to other reserves.

At each reporting period, the put option liabilities over non-controlling interests are reassessed and any changes in the estimates of the amounts expected to be paid at the time of exercise are recognised in the Consolidated Statement of Profit or Loss and the interest discount is unwound in finance costs.





### Critical accounting estimates

#### Put option liabilities over non-controlling interests

The estimates and judgements applied in determining the Group's put option liabilities over non-controlling interests involve a high degree of complexity, as the amounts expected to be paid may differ from the actual amounts paid at the time that the option is exercised. The values of the put option liabilities over non-controlling interests have been determined as the present value of management's best estimate of the amounts expected to be paid at the time of exercise.

#### Amount expected to be paid at the time of exercise

In the determination of the amount expected to be paid at the time of exercise, the Group considers the key terms of the shareholders agreement and the business outlook. The valuations used to determine the carrying amounts of put option liabilities are based on forward-looking key assumptions that are, by nature, uncertain, and include estimations of future performance, such as growth in revenue, GTV, EBITDA, and forecast margins.

#### Discount rate

The amount expected to be paid at the time of exercise has been discounted using the Group's marginal cost of debt for borrowing over a similar term.

## 3.4 Other assets



Other assets primarily comprises lease receivables and amounts paid to suppliers in advance.

	2023 \$M	2022 \$M
<b>Current</b>		
Lease receivables	49	48
Prepayments	161	188
Other assets	15	-
<b>Total other current assets</b>	<b>225</b>	<b>236</b>
<b>Non-current</b>		
Lease receivables	349	377
Prepayments	10	-
<b>Total other non-current assets</b>	<b>359</b>	<b>377</b>
<b>Total other assets</b>	<b>584</b>	<b>613</b>



### Significant Accounting Policies

#### Lease receivables

Where the Group is a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor, the sublease classification is assessed with reference to the head lease asset.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to periods in order to reflect a constant periodic rate of return on the Group's net investment in the lease.

### 3.5 Leases



The Group leases various properties, including stores, support offices, distribution centres, warehouses, equipment, and vehicles.

#### 3.5.1 Lease assets

<b>2023</b>	PROPERTIES \$M	PLANT AND EQUIPMENT \$M	OTHER \$M	TOTAL \$M
Cost	19,474	335	53	19,862
Less: accumulated depreciation and impairment	(10,218)	(132)	(45)	(10,395)
<b>Carrying amount at end of period</b>	<b>9,256</b>	<b>203</b>	<b>8</b>	<b>9,467</b>
<b>Movement:</b>				
Carrying amount at start of period	9,801	178	16	9,995
Additions	263	87	5	355
Acquisition of businesses <sup>1</sup>	45	-	-	45
Terminations	(23)	-	(8)	(31)
Remeasurements	198	6	-	204
Depreciation expense	(1,000)	(61)	(5)	(1,066)
Impairment expense	(23)	-	-	(23)
Other	(5)	(7)	-	(12)
<b>Carrying amount at end of period</b>	<b>9,256</b>	<b>203</b>	<b>8</b>	<b>9,467</b>
<b>2022</b>				
	PROPERTIES \$M	PLANT AND EQUIPMENT \$M	OTHER \$M	TOTAL \$M
Cost	19,063	281	60	19,404
Less: accumulated depreciation and impairment	(9,262)	(103)	(44)	(9,409)
<b>Carrying amount at end of period</b>	<b>9,801</b>	<b>178</b>	<b>16</b>	<b>9,995</b>
<b>Movement:</b>				
Carrying amount at start of period	9,406	136	11	9,553
Additions	514	69	11	594
Acquisition of business <sup>1</sup>	330	39	-	369
Terminations	(48)	(4)	-	(52)
Remeasurements	603	(3)	1	601
Transfer of assets to held for sale	(6)	(1)	-	(7)
Depreciation expense	(972)	(60)	(7)	(1,039)
Other	(26)	2	-	(24)
<b>Carrying amount at end of period</b>	<b>9,801</b>	<b>178</b>	<b>16</b>	<b>9,995</b>

<sup>1</sup> Acquisition of businesses comprises \$44 million of lease assets relating to the acquisition of Shopper and \$1 million relating to other individually immaterial acquisitions (2022: Acquisition of PFD).



## Notes to the Consolidated Financial Statements

## 3.5 Leases (continued)

## 3.5.2 Lease liabilities

	2023 \$M	2022 \$M
<b>Movement:</b>		
Carrying amount at start of period	12,471	12,016
Additions	352	570
Acquisition of businesses <sup>1</sup>	45	369
Terminations	(26)	(44)
Remeasurements	204	616
Transfer of liabilities to held for sale	-	(8)
Interest expense	542	542
Payments for the interest component of lease liabilities	(542)	(542)
Repayment of the principal component of lease liabilities	(1,067)	(1,019)
Other	1	(29)
<b>Carrying amount at end of period</b>	<b>11,980</b>	<b>12,471</b>
Current	1,637	1,572
Non-current	10,343	10,899
<b>Carrying amount at end of period</b>	<b>11,980</b>	<b>12,471</b>

1 Acquisition of businesses comprises \$44 million of lease liabilities relating to the acquisition of Shopper and \$1 million relating to other individually immaterial acquisitions (2022: Acquisition of PFD).

MATURITY PROFILE OF CONTRACTUAL UNDISCOUNTED CASH FLOWS	2023 \$M	2022 \$M
One year or less	1,689	1,643
One year to two years	1,507	1,474
Two years to five years	3,051	3,014
Five years to 10 years	6,003	6,270
Over 10 years	2,704	3,456
<b>Total undiscounted lease liabilities</b>	<b>14,954</b>	<b>15,857</b>

## COMMITMENTS FOR LEASES NOT YET COMMENCED

As at 25 June 2023, the Group had committed to leases which had not yet commenced. Accordingly, these lease contracts are not included in the calculation of the Group's lease liabilities. The Group has estimated that the potential future lease payments for these lease contracts as at the end of the financial period, including the Group's contracts relating to its Moorebank National and Regional Distribution Centres, would result in an increase in undiscounted lease liabilities of \$1,623 million (2022: \$1,669 million).

## 3.5.3 Other amounts recognised

	2023 \$M	2022 \$M
<b>Consolidated Statement of Profit or Loss (included in branch and administration expenses)</b>		
Variable lease payments not included in the measurement of lease liabilities <sup>1</sup>	115	110
Expense relating to short-term leases	12	16
<b>Consolidated Statement of Cash Flows (included in payments to suppliers and employees)</b>		
Payments for short-term leases, service components of leases, and variable lease payments	723	625

1 Variable lease payments represent less than 5% of total lease payments (2022: less than 5% of total lease payments).

## 3.5 Leases (continued)

**Significant Accounting Policies**

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A lease conveys the right to direct the use of and obtain substantially all of the economic benefits from an identified asset for a period of time in exchange for consideration. A lease liability and corresponding lease asset are recognised at commencement of the lease.

**Lease liabilities**

Lease liabilities are measured at the present value of lease payments during the lease term that are not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, at the Group's incremental borrowing rate specific to the lease term. Lease payments (excluding non-lease components) include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the Group under residual value guarantees;
- Exercise price of a purchase option that the Group is reasonably certain to exercise; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. When there is a change in lease term or a change in future lease payments, lease liabilities are remeasured, with a corresponding adjustment to lease assets.

**Lease assets**

Lease assets are initially measured at cost comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs, and restoration costs. Lease assets are subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Lease assets are tested for impairment in accordance with the policy for impairment of non-financial assets as disclosed in Note 3.10.

**Short-term leases**

Short-term leases are those with a lease term of 12 months or less. The costs associated with these leases are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred.

**Holdover leases**

In assessing whether the Group is reasonably certain to extend or renew a lease in holdover, the Group considers all relevant facts and circumstances that create an economic incentive to remain in the leased premises and whether a lease asset and lease liability should be recognised.

**Variable lease payments**

The Group has some property leases, which contain variable payment terms that are linked to sales generated from a store and are recognised in the Consolidated Statement of Profit or Loss in the period in which it is incurred.

**Non-lease components**

The Group separates the non-lease components for property leases based on a residual method using property outgoings market data and separates the non-lease components for other leases based on the individual contract breakdown of these costs or otherwise best estimate of these costs.

Non-lease components of lease payments are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred and include items such as embedded property outgoings, repairs and maintenance.





## 3.5 Leases (continued)



### Critical accounting estimates

#### Determining the lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

The assessment is reviewed upon the occurrence of a significant event or change in circumstance. Extension options are most common for property leases.

At the end of the reporting period, the weighted average remaining lease terms for the portfolio of leases were:

	WEIGHTED AVERAGE LEASE TERM <sup>1</sup>		WEIGHTED AVERAGE LEASE EXPIRY <sup>2</sup>	
	2023 YEARS	2022 YEARS	2023 YEARS	2022 YEARS
Australian Food	9.0	9.9	7.8	8.2
Australian B2B	8.2	8.1	8.2	7.4
New Zealand Food	9.3	9.2	8.0	7.8
BIG W	8.8	9.4	6.7	6.7
Other	7.7	7.1	6.9	6.4
Group	9.0	9.6	7.7	7.6

1 Represents the weighted average number of years from the end of the reporting period to the end of the reasonably certain lease term.

2 Represents the weighted average number of years from the end of the reporting period to the contractual lease end date which has been disclosed for informative purposes.

During the current period, remeasurements include the impact of revising lease terms for reasonably certain options, which resulted in an increase in recognised lease liabilities and lease assets of \$66 million (2022: \$367 million).

#### Discount rates

In calculating the lease liability, the lease payments are discounted using the rate implicit in the lease or the Group's incremental borrowing rate.

Determining the incremental borrowing rate involves significant judgement and is derived from key external market-based rates and the Group's credit margin, whilst considering the type of asset being leased, and the length of the lease.

### 3.6 Property, plant and equipment



Property, plant and equipment represent the Group's investments in tangible assets, such as development properties, freehold land, warehouse, retail and other properties, store fit-outs, distribution infrastructure, and technology.

2023	DEVELOPMENT PROPERTIES \$M	FREEHOLD LAND, WAREHOUSE, RETAIL, AND OTHER PROPERTIES \$M	LEASEHOLD IMPROVEMENTS \$M	PLANT AND EQUIPMENT \$M	TOTAL \$M
Cost	1,640	927	4,013	11,021	17,601
Less: accumulated depreciation and impairment	(61)	(114)	(2,188)	(6,357)	(8,720)
<b>Carrying amount at end of period<sup>1</sup></b>	<b>1,579</b>	<b>813</b>	<b>1,825</b>	<b>4,664</b>	<b>8,881</b>
<b>Movement:</b>					
Carrying amount at start of period	1,303	808	1,712	4,408	8,231
Additions	570	32	347	1,009	1,958
Acquisition of businesses <sup>2</sup>	-	-	-	19	19
Disposals	(60)	(8)	(1)	(4)	(73)
Transfer to assets held for sale	(9)	(185)	-	(2)	(196)
Depreciation expense	-	(18)	(232)	(773)	(1,023)
Impairment (expense)/reversal	(19)	5	(4)	(23)	(41)
Transfers and other	(206)	177	2	27	-
Effect of movements in foreign exchange rates	-	2	1	3	6
<b>Carrying amount at end of period<sup>1</sup></b>	<b>1,579</b>	<b>813</b>	<b>1,825</b>	<b>4,664</b>	<b>8,881</b>
2022	DEVELOPMENT PROPERTIES \$M	FREEHOLD LAND, WAREHOUSE, RETAIL, AND OTHER PROPERTIES \$M	LEASEHOLD IMPROVEMENTS \$M	PLANT AND EQUIPMENT \$M	TOTAL \$M
Cost	1,369	924	3,716	10,188	16,197
Less: accumulated depreciation and impairment	(66)	(116)	(2,004)	(5,780)	(7,966)
<b>Carrying amount at end of period<sup>1</sup></b>	<b>1,303</b>	<b>808</b>	<b>1,712</b>	<b>4,408</b>	<b>8,231</b>
<b>Movement:</b>					
Carrying amount at start of period	1,025	864	1,657	3,931	7,477
Additions	418	71	264	1,194	1,947
Acquisition of business <sup>2</sup>	-	-	-	47	47
Disposals	(10)	(10)	(6)	(5)	(31)
Transfer to assets held for sale	(55)	(167)	-	(3)	(225)
Depreciation expense	-	(19)	(215)	(701)	(935)
Impairment (expense)/reversal	-	-	(11)	2	(9)
Transfers and other	(75)	76	27	(42)	(14)
Effect of movements in foreign exchange rates	-	(7)	(4)	(15)	(26)
<b>Carrying amount at end of period<sup>1</sup></b>	<b>1,303</b>	<b>808</b>	<b>1,712</b>	<b>4,408</b>	<b>8,231</b>

1 Carrying amount at the end of the period includes assets under construction of \$1,102 million (2022: \$974 million).

2 Acquisition of businesses comprises \$18 million of property, plant and equipment relating to the acquisitions of Shopper and MyDeal and \$1 million relating to other individually immaterial acquisitions (2022: Acquisition of PFD).



## 3.6 Property, plant and equipment (continued)



### Significant Accounting Policies

#### Carrying value

The Group's property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, and a proportion of overheads. The cost of development properties includes borrowing, holding, and development costs until the asset is complete.

#### Depreciation

Freehold land and development properties are not depreciated, while leasehold improvements are depreciated on a straight-line basis primarily over the shorter of the respective remaining lease term and the estimated useful life of the underlying lease asset. All other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives to their residual values.

Useful lives and residual values are reassessed at each reporting period following the Group's consideration of physical, economic and environmental factors, which includes, but is not limited to, asset condition, expected use, wear-and-tear, technology changes, and climate-related risks. Any changes to the estimate are accounted for on a prospective basis and where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets. The useful lives of the Group's property, plant and equipment are as follows:

Buildings	25–40 years
Plant and equipment	2.5–20 years
Leasehold improvements	Up to 25 years

#### Disposal of assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of the asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the Consolidated Statement of Profit or Loss.

#### Impairment

Property, plant and equipment are tested for impairment in accordance with the policy for impairment of non-financial assets as disclosed in Note 3.10.



### Financial reporting impacts of sustainability-related matters

The Group has identified climate-related physical risks to its assets and is currently working through actions to address these risks, including improving the resilience of its assets through the implementation of generators for areas exposed to a high risk of power outages, flood barriers, rainwater harvesting, and roof strengthening.

#### Useful lives

During the period, there were no changes to the useful lives of property, plant and equipment as a result of climate-related risks.

If in future reporting periods there are changes to the proposed useful lives and/or residual values due to climate-related risks, these changes will be accounted for on a prospective basis.

### 3.7 Commitments for capital expenditure



This section presents the Group's contractual obligation to make a payment in the future in relation to purchases of property, plant and equipment and intangible assets.

Capital expenditure commitments of the Group at the reporting date are as follows:

	2023 \$M	2022 \$M
<b>Estimated capital expenditure under firm contracts, payable:</b>		
Not later than one year	914	1,246
Later than one year, not later than two years	155	368
Later than two years, not later than five years	-	159
<b>Total capital expenditure commitments</b>	<b>1,069</b>	<b>1,773</b>

### 3.8 Intangible assets



Intangible assets mainly represent goodwill, brand names, software, and customer contracts and relationships.

2023	GOODWILL \$M	BRAND NAMES \$M	SOFTWARE <sup>1</sup> \$M	CUSTOMER CONTRACTS AND RELATIONSHIPS \$M	OTHER \$M	TOTAL \$M
Cost	3,581	322	3,515	265	132	7,815
Less: accumulated amortisation and impairment	(77)	(3)	(1,961)	(54)	(27)	(2,122)
<b>Carrying amount at end of period</b>	<b>3,504</b>	<b>319</b>	<b>1,554</b>	<b>211</b>	<b>105</b>	<b>5,693</b>
<b>Movement:</b>						
Carrying amount at start of period	3,198	305	1,484	224	67	5,278
Acquisition of businesses <sup>2</sup>	297	14	31	10	54	406
Additions	-	3	516	5	-	524
Disposals	-	-	(11)	-	-	(11)
Transfers	(1)	-	(20)	-	-	(21)
Amortisation expense	-	(3)	(443)	(28)	(15)	(489)
Impairment expense	-	-	(5)	-	(1)	(6)
Effect of movements in foreign exchange rates	10	-	2	-	-	12
<b>Carrying amount at end of period</b>	<b>3,504</b>	<b>319</b>	<b>1,554</b>	<b>211</b>	<b>105</b>	<b>5,693</b>

1 Carrying amount at the end of the period for software includes assets under development of \$507 million.

2 Acquisition of businesses comprises \$391 million of intangible assets relating to the acquisition of Shopper and MyDeal and \$15 million relating to other individually immaterial acquisitions.



## Notes to the Consolidated Financial Statements

## 3.8 Intangible assets (continued)

2022	GOODWILL \$M	BRAND NAMES \$M	SOFTWARE <sup>1</sup> \$M	CUSTOMER CONTRACTS AND RELATIONSHIPS \$M	OTHER \$M	TOTAL \$M
Cost	3,308	305	3,015	250	101	6,979
Less: accumulated amortisation and impairment	(110)	-	(1,531)	(26)	(34)	(1,701)
<b>Carrying amount at end of period</b>	<b>3,198</b>	<b>305</b>	<b>1,484</b>	<b>224</b>	<b>67</b>	<b>5,278</b>
<b>Movement:</b>						
Carrying amount at start of period	2,881	265	1,358	91	76	4,671
Acquisition of businesses <sup>2</sup>	384	43	4	168	2	601
Additions	-	-	460	-	-	460
Disposals	-	-	(2)	-	-	(2)
Transfers	(23)	-	14	(9)	-	(18)
Amortisation expense	-	-	(350)	(26)	(11)	(387)
Effect of movements in foreign exchange rates	(44)	(3)	-	-	-	(47)
<b>Carrying amount at end of period</b>	<b>3,198</b>	<b>305</b>	<b>1,484</b>	<b>224</b>	<b>67</b>	<b>5,278</b>

1 Carrying amount at the end of the period for software includes assets under development of \$433 million.

2 Acquisition of businesses primarily relates to the acquisition of PFD.



### Significant Accounting Policies

#### Carrying value

##### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment at least annually.

##### Brand names

Brand names with indefinite useful lives are not amortised but are reviewed for impairment at least annually, and are measured at cost less any accumulated impairment losses.

Brand names with finite useful lives are amortised and are subsequently carried at cost less accumulated amortisation and impairment losses.

##### Software assets

##### Acquired intangible assets

Software assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Assets that are acquired as part of a business combination are initially recognised at fair value less accumulated amortisation and impairment losses.

##### Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset.

## 3.8 Intangible assets (continued)

**Significant Accounting Policies (continued)****Carrying value (continued)***Internally-generated intangible assets (continued)*

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and impairment losses, on the same basis as intangible assets that are acquired separately. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

*Software as a service*

Software as a service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of a software code that enhances, modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets.

*Customer contracts and relationships*

Customer contracts and relationships are acquired through business combinations and are recognised at fair value at the acquisition date and are subsequently carried at cost less accumulated amortisation and impairment losses.

*Other intangible assets*

Other intangible assets mainly include intellectual property and algorithms, which are measured at cost less accumulated amortisation and impairment losses.

**Amortisation**

Goodwill and brand names with indefinite useful lives are not amortised however are reviewed for impairment at least annually.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. The useful lives of intangible assets have been assessed as follows:

Brand names with definite useful lives	One to five years
Core systems	Five to 10 years
Other software	Three to five years
Customer contracts and relationships	Three to 10 years
Other intangible assets	Nine years

Useful lives are reassessed annually and any changes to the estimate are accounted for on a prospective basis.

**Impairment**

Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets as disclosed in Note 3.10.



## Notes to the Consolidated Financial Statements

## 3.9 Investments accounted for using the equity method



Investments accounted for using the equity method represent the Group's investments in associates and joint ventures in which the Group has significant influence or joint control.

## 3.9.1 Details of investments accounted for using the equity method

	2023		2022	
	OWNERSHIP INTEREST %	\$M	OWNERSHIP INTEREST %	\$M
Endeavour Group Limited	9.1	1,046	14.6	1,646
Other individually immaterial investments in associates and joint ventures		77		45
		1,123		1,691

On 16 December 2022, the Group sold 5.5% of the issued share capital of Endeavour Group Limited, an ASX listed company, via a block trade at a price of \$6.46 per share for a total cash consideration of \$634 million (net of brokerage fees of \$2 million). Following the sale of shares during the period, the Group retains a 9.1% interest in Endeavour Group.

The Group therefore derecognised a portion of the carrying value of its investment of \$630 million to reflect the sale of 5.5% of the shares in Endeavour Group Limited. In addition, \$2 million representing a portion of the Group's share of the reserves of Endeavour Group Limited was derecognised, resulting in a total gain of \$6 million being recognised in the Consolidated Statement of Profit or Loss during the period.

Notwithstanding that the Group's ownership interest is less than 20%, the Group continues to exercise significant influence through its existing Partnership Agreements, and therefore continues to apply the equity method of accounting. The fair value of the Group's interest in Endeavour Group as at the reporting date was \$1,022 million (2022: \$1,951 million) based on the closing share price.

## 3.9.2 Results of investments accounted for using the equity method

The tables below present summarised financial information of the Group's material associate, Endeavour Group Limited, and aggregate information of individually immaterial investments in other associates and joint ventures.

2023	ENDEAVOUR GROUP LIMITED \$M	OTHER INVESTMENTS IN ASSOCIATES \$M	INVESTMENTS IN JOINT VENTURES \$M	TOTAL \$M
Revenue <sup>1</sup>	11,884	212	75	12,171
Profit/(loss) for the period, net of tax <sup>1</sup>	529	(10)	(20)	499
Other comprehensive income for the period, net of tax <sup>1</sup>	-	-	-	-
Total comprehensive income/(loss) for the period	529	(10)	(20)	499
Group's share of total comprehensive income/(loss) recognised for the period <sup>2</sup>	73	(4)	(10)	59

2022	ENDEAVOUR GROUP LIMITED \$M	OTHER INVESTMENTS IN ASSOCIATES \$M	INVESTMENTS IN JOINT VENTURES \$M	TOTAL \$M
Revenue <sup>1</sup>	11,597	199	45	11,841
Profit/(loss) for the period, net of tax <sup>1</sup>	495	2	(6)	491
Other comprehensive income for the period, net of tax <sup>1</sup>	34	-	-	34
Total comprehensive income/(loss) for the period	529	2	(6)	525
Group's share of total comprehensive income/(loss) recognised for the period <sup>2</sup>	74	-	(4)	70

1 Based on the latest available Financial Results or management accounts at the reporting date.

2 Based on consensus data for Endeavour Group Limited and the latest available management accounts for the Group's remaining investments at the reporting date.

## 3.9 Investments accounted for using the equity method (continued)

## 3.9.3 Movements in carrying amount of investments accounted for using the equity method

2023	ENDEAVOUR GROUP LIMITED \$M	OTHER INVESTMENTS IN ASSOCIATES \$M	INVESTMENTS IN JOINT VENTURES \$M	TOTAL \$M
Carrying amount at start of period	1,646	26	19	1,691
Additions	-	13	40	53
Disposals	(630)	-	-	(630)
Impairment expense	-	(6)	(1)	(7)
Share of net profit/(loss) for the period, net of tax	70	(4)	(10)	56
Share of other comprehensive income for the period, net of tax	3	-	-	3
Dividends received	(43)	-	-	(43)
<b>Carrying amount at end of period</b>	<b>1,046</b>	<b>29</b>	<b>48</b>	<b>1,123</b>

2022	ENDEAVOUR GROUP LIMITED \$M	OTHER INVESTMENTS IN ASSOCIATES \$M	INVESTMENTS IN JOINT VENTURES \$M	TOTAL \$M
Carrying amount at start of period	-	26	4	30
Additions	1,623	-	19	1,642
Share of net profit/(loss) for the period, net of tax	72	-	(4)	68
Share of other comprehensive income for the period, net of tax	2	-	-	2
Dividends received	(51)	-	-	(51)
<b>Carrying amount at end of period</b>	<b>1,646</b>	<b>26</b>	<b>19</b>	<b>1,691</b>

## 3.9.4 Summary financial position of investment in associate that is material to the Group

ENDEAVOUR GROUP LIMITED	2023 \$M	2022 \$M
Current assets	1,975	1,782
Non-current assets	9,696	9,081
<b>Total assets</b>	<b>11,671</b>	<b>10,863</b>
Current liabilities	2,137	2,193
Non-current liabilities	5,825	5,102
<b>Total liabilities</b>	<b>7,962</b>	<b>7,295</b>
<b>Net assets</b>	<b>3,709</b>	<b>3,568</b>
Group's share of net assets <sup>1</sup>	341	518
Fair value adjustment <sup>2</sup>	705	1,128
<b>Carrying amount at end of period</b>	<b>1,046</b>	<b>1,646</b>

1 Group's share of net assets is based on consensus data as at the reporting date.

2 Fair value adjustment represents the difference between (i) the Group's retained investment in Endeavour Group Limited measured at fair value following the loss of control on 28 June 2021 and the sale of 5.5% of the shares in Endeavour Group Limited during the current period, and (ii) the carrying value of the Group's investment as at the reporting date.





## 3.9 Investments accounted for using the equity method (continued)



## Significant Accounting Policies

## Investments accounted for using the equity method

Investments accounted for using the equity method comprise investments in associates and joint ventures. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments accounted for using the equity method are initially recognised at cost, and are subsequently accounted for using the equity method by including the Group's share of profit or loss and other comprehensive income or loss of the associate or joint venture in the carrying amount of the investment until the date on which significant influence or joint control ceases. Dividends received reduce the carrying amount of the investment in associate or joint venture.

## 3.10 Impairment of non-financial assets



## An impairment loss is incurred when the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount.

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any indication exists, the recoverable amount of the asset is estimated as the higher of fair value less costs of disposal (FVLCD) or value in use (VIU), and is determined for an individual asset where possible, otherwise, for the cash-generating unit (CGU) to which it belongs. An impairment loss is incurred when the carrying amount of an asset or a CGU exceeds its recoverable amount.

For the purposes of impairment testing, indefinite life intangible assets are allocated to each of the Group's CGUs that are expected to benefit from the synergies relating to the business combination, grouped at the lowest levels for which the assets are monitored for internal management purposes, as follows:

	2023		2022	
	GOODWILL <sup>1</sup> \$M	BRAND NAMES <sup>2</sup> \$M	GOODWILL \$M	BRAND NAMES \$M
Australian Food	866	3	627	3
New Zealand Food	2,077	240	2,067	240
BIG W	50	-	-	-
PFD	360	43	361	43
Quantium	143	19	143	19
MyDeal	8	-	-	-
<b>Carrying amount at end of period</b>	<b>3,504</b>	<b>305</b>	<b>3,198</b>	<b>305</b>

1 During the period, the Group finalised its acquisition accounting and its allocation of the \$182 million of goodwill relating to the acquisition of MyDeal. As a result, \$124 million and \$50 million was allocated to the Australian Food and BIG W reportable segments respectively, based on where the expected benefits from the MyDeal acquisition are expected to be earned. Also included in Australian Food is \$103 million of goodwill relating to the acquisition of Shopper during the period.

2 As at 25 June 2023, brand names includes \$305 million of brand names with indefinite useful lives and \$14 million with finite useful lives.

The recoverable amounts for all CGUs, which were determined based on VIU, exceeded their respective carrying amounts and as a result, no impairment loss was recognised during the period.

### 3.10 Impairment of non-financial assets (continued)

#### Sensitivity analysis

Sensitivity analysis is performed to determine the point at which the recoverable amount is equal to the carrying amount for each CGU. In addition, for all CGUs, other than New Zealand Food and MyDeal, the Group determined that based on current economic conditions and CGU performance, any reasonably possible changes to the key assumptions used in the determination of the recoverable amounts would not result in an impairment loss.

The Group assessed the recoverable amounts for both the New Zealand Food and MyDeal CGUs using VIU, which is primarily based on the most recent Board approved three-year business plan. Cash flows beyond the three years were extrapolated using a long-term growth rate.

#### NEW ZEALAND FOOD

Notwithstanding that the recoverable amount exceeded its carrying amount as at 25 June 2023, any reasonably possible changes, such as adverse trading conditions, increased competition, or challenges impacting the Group's ability to execute the three-year business plan, may result in a future impairment loss.

Assuming all other variables are held constant, either a 0.6% increase in discount rate or a 4.8% reduction in EBITDA within the terminal year, would result in the recoverable amount approximating its carrying amount.

#### MYDEAL

The acquisition of MyDeal continues to enhance the Group's Marketplace capabilities in furniture, homewares and everyday needs, and complements BIG W's existing general merchandise offer and Australian Food's 'Everyday Market' marketplace proposition. As MyDeal was recently acquired during the period, the estimated recoverable amount approximates its carrying amount as at 25 June 2023.

Any adverse changes to the discount rate applied or challenges in the achievement of the MyDeal strategic plan may lead to an impairment loss. Therefore, management has performed a sensitivity analysis and assuming all other variables are held constant, either a 1% increase in the discount rate or a 10% reduction in EBITDA within the terminal year, would result in an impairment loss of approximately \$16 million.



#### Significant Accounting Policies

##### Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal or value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is assessed at the CGU level, which is the smallest group of assets generating cash inflows independent of other CGUs that benefit from the use of the asset.

An impairment loss is recognised in the Consolidated Statement of Profit or Loss when the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses that are recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis.

##### Reversal of impairment

An impairment loss is reversed, other than for goodwill, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



## 3.10 Impairment of non-financial assets (continued)



### Critical accounting estimates

Key assumptions used in the determination of the recoverable amount of an asset or CGU include expected future cash flows, long-term growth rates, and discount rates.

#### Expected future cash flows

A discounted cash flow model is used to determine the recoverable amount under VIU.

VIU calculations represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset or CGU in its current condition. In assessing VIU, forecast future cash flows are based on the Group's most recent Board approved three-year plan and reflect management's best estimate of income, expenses, capital expenditure, and cash flows for each asset or CGU. Cash flows beyond the three years are extrapolated using a long-term growth rate.

#### Long-term growth rates

Long-term growth rates are based on past experience, expectations of external market operating conditions, and other assumptions which take into account the specific features of each business unit. The current long-term growth rate assumption is 2.5% (2022: 2.5%).

#### Discount rates

In the determination of the recoverable amount, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate, which reflects the current market assessments of the time value of money and risks specific to the asset or CGU. The pre-tax discount rates applied vary depending on the nature of the business and the country of operation, and are set out below:

	2023 %	2022 %
Australian Food	10.6	10.4
New Zealand Food	11.8	11.3
BIG W	12.9	12.4
PFD	11.7	11.4
Quantium	13.6	13.2
MyDeal	15.0	n/a



### Financial reporting impacts of sustainability-related matters

The Group continues to develop its assessment of the potential impacts of climate change on its impairment testing.

The Group has identified climate-related physical risks to its assets and is currently working through actions to address these risks. These actions include the replacement of its existing assets with more environmentally-friendly alternatives, such as refrigeration, solar and LED lighting, and converting the Group's home delivery fleet to zero emissions vehicles, as well as increasing the resilience of the Group's store and supply chain assets through the implementation of generators for areas exposed to a high risk of power outages. Furthermore, the Group incorporates the potential increase of future flood risk into its existing site selection and design procedures.

The Group performed a sensitivity analysis and determined that any reasonably possible changes in the key assumptions used in the determination of the recoverable amounts would not result in an impairment loss. However, should the impacts of climate change exceed the reasonably possible changes assumed, this could result in the recognition of an impairment loss at the CGU level.



### 3.11 Income taxes



This section presents the total income tax expense charged to the Group in respect of amounts currently owing for taxable profits and future income taxes recoverable or payable in respect of temporary differences.

#### 3.11.1 Income tax expense recognised in the Consolidated Statement of Profit or Loss

	2023 \$M	2022 \$M
<b>Income tax expense</b>		
Current tax expense	830	619
Adjustments recognised during the period in relation to the current tax of prior periods	(11)	(30)
Deferred tax relating to the origination and reversal of temporary differences	(126)	(55)
	<b>693</b>	<b>534</b>

#### 3.11.2 Reconciliation between profit before income tax and income tax expense

	2023 \$M	2022 \$M
Profit before income tax – continuing operations	2,322	2,091
Profit before income tax – discontinued operations	-	6,387
<b>Profit before income tax</b>	<b>2,322</b>	<b>8,478</b>
Income tax expense using the Australian corporate tax rate of 30%	697	2,543
<b>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</b>		
Non-deductible expenses	39	8
Non-assessable income <sup>1</sup>	(2)	(1,976)
Share of profits of investments accounted for using the equity method	(17)	(20)
Share-based payments expense	-	13
Unrecognised tax losses from the current period	3	4
Impact of differences in offshore tax rates	(1)	(2)
Other	(15)	(6)
	<b>704</b>	<b>564</b>
Adjustments relating to prior periods	(11)	(30)
<b>Income tax expense</b>	<b>693</b>	<b>534</b>

<sup>1</sup> In the prior period, non-assessable income included the \$1,916 million tax effect of the \$6,387 million gain recognised on demerger of the Endeavour Group. The demerger by the Group qualified for demerger capital gains tax relief, which resulted in none of the demerger gain being subject to Australian capital gains tax.

## Notes to the Consolidated Financial Statements

## 3.11 Income taxes (continued)

## 3.11.3 Deferred tax balances recognised in the Consolidated Statement of Financial Position

	OPENING BALANCE \$M	RECOGNISED IN PROFIT OR LOSS \$M	RECOGNISED IN OTHER COMPREHENSIVE INCOME \$M	ACQUISITIONS AND OTHER \$M	CLOSING BALANCE \$M
<b>2023</b>					
<b>Deferred tax assets</b>					
Property, plant and equipment	170	65	-	(4)	231
Revenue and capital losses	282	(77)	-	9	214
Lease liabilities	3,706	(64)	-	13	3,655
Provisions, accruals, and other liabilities	833	25	1	4	863
Cash flow and fair value hedges	13	(3)	34	-	44
<b>Total deferred tax assets</b>	<b>5,004</b>	<b>(54)</b>	<b>35</b>	<b>22</b>	<b>5,007</b>
<b>Deferred tax liabilities</b>					
Intangible assets	(175)	14	-	(28)	(189)
Unrealised exchange differences	(74)	3	(1)	-	(72)
Lease assets	(3,099)	92	-	(13)	(3,020)
Investments accounted for using the equity method	(278)	83	-	-	(195)
Prepayments	(2)	(4)	-	-	(6)
Other	(39)	(8)	1	(1)	(47)
<b>Total deferred tax liabilities</b>	<b>(3,667)</b>	<b>180</b>	<b>-</b>	<b>(42)</b>	<b>(3,529)</b>
<b>Net deferred tax asset/(liability)</b>	<b>1,337</b>	<b>126</b>	<b>35</b>	<b>(20)</b>	<b>1,478</b>
<b>2022</b>					
<b>Deferred tax assets</b>					
Property, plant and equipment	85	89	-	(4)	170
Revenue and capital losses	-	282	-	-	282
Lease liabilities	3,571	135	-	-	3,706
Provisions, accruals, and other liabilities	789	26	-	18	833
Cash flow and fair value hedges	5	49	(41)	-	13
<b>Total deferred tax assets</b>	<b>4,450</b>	<b>581</b>	<b>(41)</b>	<b>14</b>	<b>5,004</b>
<b>Deferred tax liabilities</b>					
Intangible assets	(122)	10	-	(63)	(175)
Unrealised exchange differences	(29)	(50)	5	-	(74)
Lease assets	(2,883)	(216)	-	-	(3,099)
Investments accounted for using the equity method	-	(278)	-	-	(278)
Prepayments	(5)	3	-	-	(2)
Other	(40)	5	(2)	(2)	(39)
<b>Total deferred tax liabilities</b>	<b>(3,079)</b>	<b>(526)</b>	<b>3</b>	<b>(65)</b>	<b>(3,667)</b>
<b>Net deferred tax asset/(liability)</b>	<b>1,371</b>	<b>55</b>	<b>(38)</b>	<b>(51)</b>	<b>1,337</b>

## UNRECOGNISED DEFERRED TAX ASSETS

At the reporting date, the Group has unused capital losses of \$166 million (2022: \$203 million) available for offset against future capital gains. A deferred tax asset has not been recognised in association with these capital losses as it is not probable that there will be sufficient capital gains available against which these capital losses can be utilised in the foreseeable future.

At the reporting date, there were no unused revenue losses (2022: \$65 million) as a result of the exit of the Summergate business during the period.

### 3.11 Income taxes (continued)

#### 3.11.4 Tax consolidation

The Company and its wholly-owned Australian resident entities formed a tax consolidated group with effect from 1 July 2002. Woolworths Group Limited is the head entity of the tax consolidated group and has assumed the current tax liabilities of the members in the tax consolidated group (the Woolworths tax group).

Income tax expense or benefit, deferred tax assets, and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised by each subsidiary where the subsidiary would have been able to recognise the deferred tax asset or deferred tax liability on a standalone basis.

The members of the tax consolidated group have entered into a tax funding agreement with the Company which sets out the funding obligations in respect of income tax amounts. The agreement requires payments by the subsidiary to the Company equal to the income tax liability assumed by the Company. The Company is required to make payment to the subsidiary equal to the current tax asset assumed by the Company.

In respect of carried forward tax losses brought into the group on consolidation by subsidiary members, the Company will pay the subsidiary member for such losses when these losses are transferred to the tax consolidated group, where the subsidiary member would have been entitled to recognise the benefit of these losses on a standalone basis.

Income tax expense of \$173 million (2022: \$163 million) was charged by the Company to subsidiaries during the period through at call intercompany accounts.



#### Significant Accounting Policies

Income tax expense in the Consolidated Statement of Profit or Loss for the period presented comprises current and deferred tax. Income tax is recognised in the Consolidated Statement of Profit or Loss except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax is also recognised in other comprehensive income, or directly in equity, respectively.

##### Current tax

Current tax payable represents the amount expected to be paid to taxation authorities on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods.

##### Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled, or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The benefits of intangible assets with indefinite useful lives will flow to the Group on an annual basis, therefore the carrying amount will be recovered through use.

## Notes to the Consolidated Financial Statements

## 3.12 Trade and other payables



Trade and other payables comprise amounts owing to the Group's suppliers that have been invoiced or accrued and contract liabilities.

	2023 \$M	2022 \$M
Trade payables	5,621	5,216
Accruals	1,511	1,350
Contract liabilities	491	436
<b>Total trade and other payables</b>	<b>7,623</b>	<b>7,002</b>



### Significant Accounting Policies

#### Contract liabilities

Contract liabilities represent consideration received for performance obligations not yet satisfied primarily relating to the Group's loyalty programs, gift cards, and the provision of data analytics and consulting services. Substantially all of the revenue deferred as at the end of the period will be recognised in the following period.

## 3.13 Provisions



The main provisions held by the Group are in relation to employee benefits, self-insured risks, restructuring, and onerous contracts.

	2023 \$M	2022 \$M
<b>Current</b>		
Employee benefits	1,386	1,445
Self-insured risks	193	177
Restructuring, onerous contracts, and other	61	58
<b>Total current provisions</b>	<b>1,640</b>	<b>1,680</b>
<b>Non-current</b>		
Employee benefits	130	121
Self-insured risks	470	451
Restructuring, onerous contracts, and other	257	274
<b>Total non-current provisions</b>	<b>857</b>	<b>846</b>
<b>Total provisions</b>	<b>2,497</b>	<b>2,526</b>

## 3.13.1 Team member remediation provisions

Included in the employee benefits provision is \$252 million (2022: \$291 million) relating to the team member remediation provisions, of which \$65 million (2022: \$90 million) relates to salaried team members and \$187 million (2022: \$201 million) relates to hourly paid team members.

## 3.13 Provisions (continued)

Movements in the team member remediation provisions during the period are as follows:

	2023	2022
	\$M	\$M
Balance at start of period	291	154
Cash payments	(124)	(64)
Additional provision	85	201
<b>Balance at end of period</b>	<b>252</b>	<b>291</b>

**END-TO-END PAYROLL REVIEW**

During the 2021 financial period, the Group established an end-to-end review across the Group's payroll systems and processes to test and ensure compliance with the Group's obligations under the General Retail Industry Award (GRIA) as well as other modern awards, EAs, and statutory entitlements for both salaried and hourly paid team members across the Group. As part of this review, certain areas of non-compliance were identified.

The Group has applied extensive resources to the review and analysis of its records, and the calculation of the likely remediation to affected team members. Notwithstanding this, uncertainty remains in relation to the Group's exposure as engagement with team members and the relevant regulators remains in progress.

During the period, the Group concluded its compliance testing and finalised remediation estimates relating to its multi-year review program across the relevant awards and EAs covering all employees, including the Group's supply chain operations which had not been previously reviewed. The provisions recognised as at 25 June 2023 represent the Group's best estimate of the remaining payroll remediation obligations. The provisions remain subject to verification, finalisation of payments to the respective team members, and the outcomes from any further interactions with the relevant regulatory bodies.

In August 2023, the Wage Inspectorate Victoria issued proceedings against Woolworths Group Limited and a subsidiary, alleging they had failed to pay over \$1 million in long service leave entitlements to 1,235 former employees. The proceedings seek penalties against each company. The proceedings follow on from the Group having identified underpayments in reviewing its long-service compliance, bringing those underpayments to the attention of Wage Inspectorate Victoria and other State regulators, and proactively making full remediation payments to the affected Woolworths team members. Uncertainty remains in relation to the Group's exposure as a result of these proceedings, as the Group continues to engage with external counsel and the relevant regulators. Based on the Group's initial assessment, any obligation is not expected to be material.

**Salaried team members**

On 30 October 2019, the Group disclosed that a number of salaried team members had not been paid in full compliance with the Group's obligations under the GRIA. The Group has provided in excess of \$500 million in relation to the remediation of salaried team members. The Group has remediated all current impacted salaried team members and continues to progress the payment of previously employed team members with \$482 million paid to date. In June 2021, the Fair Work Ombudsman (FWO) commenced legal proceedings against the Woolworths Group, seeking orders in relation to alleged contraventions of the Fair Work Act and for further compensation of affected salaried team members. The trial of the FWO proceedings in the Federal Court occurred in June and July 2023. The trial is intended to determine issues of liability, and the principles and methodology applicable to the quantification of remediation for affected team members. Class action proceedings brought by Adero Law Firm against the Woolworths Group in 2019 have been heard at the same time.

The Group is defending the FWO proceedings and the class action proceedings. While the Group has been guided by extensive advice from external counsel, the outcome and total costs associated with the proceedings are uncertain. There is a risk that the Court may determine these matters contrary to the Group's current assessment of the position and require the Group to make further material remediation payments. During the period, no changes to the estimate of the provision for salaried team members have been made.

As at 25 June 2023, the Group has a provision of \$65 million to settle any remaining obligations reflecting the Group's estimate of total remediation less the amounts paid to date. Any changes as a result of new information will be treated as a change in accounting estimate and will be recognised in the Consolidated Statement of Profit or Loss in the period in which the new information is available.

**Hourly paid team members**

In completing the remaining compliance testing and remediation estimates for hourly paid team members, the Group's supply chain operations have now been reviewed. As a result, the Group recognised a provision of \$85 million during the period relating to team member payment shortfalls (including interest and on-costs) predominantly as a result of non-compliance with EAs for hourly paid team members across the Group's supply chain operations for the 2017 to 2023 financial reporting periods.





## Notes to the Consolidated Financial Statements

## 3.13 Provisions (continued)

Of this provision, \$61 million has been recognised as a significant item as it relates to prior periods (refer to Note 2.2.3 for further details). The provision as at 25 June 2023 relating to team member pay remediation to settle any remaining obligations for hourly paid team members is \$187 million. To date, payments of \$99 million have been made to impacted hourly paid team members.

## 3.13.2 Movements in total self-insured risks, restructuring, onerous contracts, and other provisions

	SELF-INSURED RISKS		RESTRUCTURING, ONEROUS CONTRACTS, AND OTHER	
	2023 \$M	2022 \$M	2023 \$M	2022 \$M
<b>Movement:</b>				
Balance at start of period	628	591	332	395
Net provisions recognised	178	160	26	(31)
Cash payments	(141)	(137)	(30)	(29)
Other	(2)	14	(10)	(3)
<b>Balance at end of period</b>	<b>663</b>	<b>628</b>	<b>318</b>	<b>332</b>
Current	193	177	61	58
Non-current	470	451	257	274
<b>Balance at end of period</b>	<b>663</b>	<b>628</b>	<b>318</b>	<b>332</b>



## Significant Accounting Policies

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made as to the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

## Employee benefits

The provision for employee benefits comprises a liability for benefits accruing to employees in respect of annual leave and long service leave and also includes any liability for the Group's team member pay remediation.

Liabilities expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

## Self-insurance

The provision for self-insured risks primarily represents the estimated liability for workers' compensation and public liability claims.

## Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been publicly announced.

## Onerous contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net costs of exiting from the contract, which is the lower of the cost of fulfilling the contract, and any compensation or penalties arising from failure to fulfil the contract.

## 3.13 Provisions (continued)

**Critical accounting estimates**

The estimates and judgements applied in determining the Group's provisions involve a high degree of complexity and have a risk of causing a material adjustment in subsequent periods. Any changes to the provision as a result of new information will be treated as a change in accounting estimate and will be recognised in the Consolidated Statement of Profit or Loss in the period in which the new information is available.

**Discount rates**

Where a provision is measured using the cash flows estimated to settle the obligation, with the exception of employee benefits, the cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Employee benefits are discounted with reference to market yields at the end of the reporting period on high quality corporate bonds. Rates are reviewed periodically, and given the nature of the estimate, reasonably possible changes are not considered likely to have a material impact.

**Other accounting estimates****Employee benefits**

In estimating the value of employee benefits, consideration is given to expected future salary and wage levels (including on-cost rates), experience of employee departures, and periods of service. The assumptions are reviewed periodically and, given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Included in employee benefits are the team member remediation provisions which represent the Group's best estimate of the expenditure required to settle the obligations in accordance with the relevant EAs and GRIA.

**Self-insured risks**

Self-insurance provisions are determined based on independent actuarial assessments, which consider numbers, amounts, and duration of claims and allow for future inflation and investment returns. Allowance is included for injuries which occurred before the reporting date, but where the claim is expected to be notified after the reporting date. The assumptions are reviewed periodically, and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

**Restructuring and onerous contracts**

Restructuring provisions are recognised based on the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

Provisions for onerous contracts are recognised based on the lower of the estimated unavoidable net costs of meeting all lease and other obligations under the store and associated contracts, and the Group's best estimate of the compensation expected to be payable to landlords and other third parties as a result of early termination of contracts. Estimates differ depending on the rent, location, lease exit terms, and the Group's assessment of the timing and likely termination costs.

**Financial reporting impacts of sustainability-related matters**

The impact from flooding during the period has not had a material impact on the Group's Consolidated Financial Position as it is insured against any damages to its inventories and property, plant, and equipment. The impacts of acute weather events, such as flooding, on physical assets and subsequent business interruptions includes, but is not limited to, an increase in the Group's cost of insurable risks primarily due to higher premiums, higher deductibles and policy exclusions.



## 4 Capital structure, financing, and risk management

### 4.1 Earnings per share



Earnings per share presents the amount of profit generated for the reporting period attributable to shareholders divided by the weighted average number of shares on issue. The potential for any share rights issued by the Group to dilute existing shareholders' ownership when the share rights are exercised are also presented.

	2023	2022
<b>Profit for the period attributable to equity holders of the parent entity used in earnings per share (\$M)</b>		
Continuing operations	1,618	1,547
Discontinued operations	-	6,387
	<b>1,618</b>	<b>7,934</b>
<b>Weighted average number of shares used in earnings per share (shares, millions)</b>		
Basic earnings per share	1,214.3	1,221.5
Diluted earnings per share <sup>1</sup>	1,223.1	1,230.3
<b>Basic earnings per share (cents per share)</b>		
Continuing operations	133.3	126.7
Discontinued operations	-	522.9
	<b>133.3</b>	<b>649.6</b>
<b>Diluted earnings per share (cents per share)</b>		
Continuing operations	132.3	125.7
Discontinued operations	-	519.1
	<b>132.3</b>	<b>644.8</b>

1 Includes 8.8 million shares (2022: 8.8 million shares) deemed to be issued for no consideration in respect of employee performance rights.

### 4.2 Dividends



Dividends are distributions of the Group's profit after tax before significant items and assets to its shareholders.

	2023			2022		
	CENTS PER SHARE	TOTAL AMOUNT \$M	DATE OF PAYMENT	CENTS PER SHARE	TOTAL AMOUNT \$M	DATE OF PAYMENT
Current year interim	46	560	13 April 2023	39	473	13 April 2022
Prior year final	53	643	27 September 2022	55	697	8 October 2021
<b>Dividends paid during the period</b>	<b>99</b>	<b>1,203</b>		<b>94</b>	<b>1,170</b>	
Issue of shares to satisfy the dividend reinvestment plan		(177)			(163)	
<b>Dividends paid in cash</b>		<b>1,026</b>			<b>1,007</b>	

On 23 August 2023, the Board of Directors declared a final dividend of 58 cents per share in respect of the 2023 financial period, fully franked at a 30% tax rate. The amount will be paid on or around 27 September 2023 and is expected to be \$707 million. As the dividends were declared subsequent to 25 June 2023, no provision had been made at 25 June 2023.

## 4.2 Dividends (continued)

**Dividend Reinvestment Plan (DRP)**

The DRP remains active. Eligible shareholders may participate in the DRP in respect of all or part of their shareholding. There is currently no DRP discount applied and no limit on the number of shares that can participate in the DRP.

Shares will be allocated to shareholders under the DRP for the 2023 final dividend at an amount equal to the Average Market Price of Shares over the Pricing Period less a discount (if any), and rounded to the nearest cent, or such other price determined by the Board in its absolute discretion. The Average Market Price of Shares is the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of five trading days commencing on 5 September 2023. The last date for receipt of election notices for the DRP is 4 September 2023. The Company intends to issue new shares and transfer these to participants on or around 27 September 2023 to satisfy its obligations under the DRP.

During the period, 14.7% (2022: 13.9%) of the dividends paid were reinvested in shares of the Company.

**Franking credit balance**

	2023 \$M	2022 \$M
Franking credits available for future financial periods (tax paid basis, 30% tax rate) <sup>1</sup>	1,240	981

<sup>1</sup> Excludes \$73 million (2022: \$57 million) attributable to non-controlling interests.

The above amount represents the balance of the franking accounts at the end of the period, adjusted for franking credits that will arise from the payment of income tax payable at the end of the period and franking debits that will arise from the payment of dividends provided at the end of the period.

## 4.3 Contributed equity



Contributed equity represents the number of ordinary shares on issue less shares held by the Group.

	2023		2022	
	NUMBER M	\$M	NUMBER M	\$M
Share capital				
1,218,702,058 fully paid ordinary shares (2022: 1,213,902,476) <sup>1</sup>				
<b>Movement:</b>				
Balance at start of period	1,213.9	5,379	1,267.7	5,466
Issue of shares to satisfy the dividend reinvestment plan	4.8	177	4.2	163
Share buy-back	-	-	(58.0)	(250)
<b>Balance at end of period</b>	<b>1,218.7</b>	<b>5,556</b>	<b>1,213.9</b>	<b>5,379</b>
Shares held in trust				
<b>Movement:</b>				
Balance at start of period	(4.8)	(172)	(5.1)	(213)
Issue of shares to satisfy employee long-term incentive plans <sup>2</sup>	3.7	132	3.9	166
Purchase of shares by the Woolworths Employee Share Trust	(2.9)	(110)	(3.6)	(125)
<b>Balance at end of period</b>	<b>(4.0)</b>	<b>(150)</b>	<b>(4.8)</b>	<b>(172)</b>
<b>Contributed equity at end of period</b>	<b>1,214.7</b>	<b>5,406</b>	<b>1,209.1</b>	<b>5,207</b>

<sup>1</sup> Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation.

<sup>2</sup> Performance rights carry no voting rights. Refer to Note 6.2.

## Notes to the Consolidated Financial Statements

## 4.4 Reserves



Reserves represent the cumulative gains or losses that have been recognised primarily in relation to the Group's derivatives, foreign currency translation of foreign entities, remuneration, and demerger of Endeavour Group.

	CASH FLOW HEDGE RESERVE \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	REMUNERATION RESERVE \$M	DEMERGER RESERVE \$M	OTHER RESERVES \$M	TOTAL \$M
<b>2023</b>						
Balance at start of period	85	18	223	(6,966)	(760)	(7,400)
Effective portion of changes in the fair value of cash flow hedges, net of tax	(21)	-	-	-	-	(21)
Transfers to initial carrying amount of hedged items, net of tax	(59)	-	-	-	-	(59)
Foreign currency translation of foreign operations, net of tax	-	14	-	-	-	14
Deconsolidation of controlled entity	-	3	-	-	-	3
Share-based payments expense	-	-	112	-	-	112
Transfer of shares to satisfy employee long-term incentive plans	-	-	(132)	-	-	(132)
Recognition of put option liability over non-controlling interest	-	-	-	-	(79)	(79)
Share of other comprehensive income of associates, net of derecognition on partial disposal	-	-	-	-	1	1
Change in the fair value of investments in equity securities	-	-	-	-	(6)	(6)
<b>Balance at end of period</b>	<b>5</b>	<b>35</b>	<b>203</b>	<b>(6,966)</b>	<b>(844)</b>	<b>(7,567)</b>
<b>2022</b>						
Balance at start of period	(13)	71	259	(6,966)	(340)	(6,989)
Effective portion of changes in the fair value of cash flow hedges, net of tax	85	-	-	-	-	85
Transfers to initial carrying amount of hedged items, net of tax	13	-	-	-	-	13
Foreign currency translation of foreign operations, net of tax	-	(53)	-	-	-	(53)
Share-based payments expense	-	-	139	-	-	139
Transfer of shares to satisfy employee long-term incentive plans	-	-	(166)	-	-	(166)
Demerger of Endeavour Group	-	-	(9)	-	(34)	(43)
Recognition of put option liability over non-controlling interest	-	-	-	-	(411)	(411)
Purchase of additional shares from non-controlling interest	-	-	-	-	4	4
Share of other comprehensive income of associates	-	-	-	-	2	2
Change in the fair value of investments in equity securities	-	-	-	-	19	19
<b>Balance at end of period</b>	<b>85</b>	<b>18</b>	<b>223</b>	<b>(6,966)</b>	<b>(760)</b>	<b>(7,400)</b>



## 4.4 Reserves (continued)

**Significant Accounting Policies****Cash flow hedge reserve**

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in the Consolidated Statement of Profit or Loss when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy. Refer to Note 4.7 for details of hedging.

**Foreign currency translation reserve (FCTR)**

FCTR comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are also included in the FCTR. Refer to Note 4.7 for details of hedging.

**Remuneration reserve**

The employee remuneration reserve comprises the fair value of share-based payment plans recognised as an expense in the Consolidated Statement of Profit or Loss. Refer to Note 6.2 for details of share-based payments.

Shares issued by the Woolworths Employee Share Trust are charged against the remuneration reserve.

**Demerger reserve**

The demerger reserve comprises the demerger dividend which represents the difference between the fair value of Endeavour Group's net assets distributed and the capital reduction on the demerger date.

**Other reserves**

Other reserves comprise the following:

- *Equity instrument reserve*: arises on the revaluation of investments in unlisted equity securities. Subsequent to initial recognition, these investments are measured at fair value with any changes recognised in other comprehensive income.
- *Put option liability reserve*: arises on recognition of put option liabilities over non-controlling interests. Subsequent to initial recognition, the put option liabilities are measured at the present value of the amounts expected to be paid at the time of exercise, with any changes recognised in the Consolidated Statement of Profit or Loss.

## Notes to the Consolidated Financial Statements

## 4.5 Reconciliation of profit for the period to net cash provided by operating activities



This section presents a reconciliation of the Group's profit for the period to net cash flows provided by operating activities.

	NOTE	2023 \$M	2022 \$M
<b>Profit for the period</b>		<b>1,629</b>	7,944
<b>Adjustments for:</b>			
Gain on demerger of Endeavour Group		-	(6,387)
Net share of profit of investments accounted for using the equity method	3.9.3	(56)	(68)
Depreciation and amortisation		2,578	2,361
Impairment expense/(reversal of impairment) of non-financial assets		43	(27)
Share-based payments expense	6.2.1	113	139
Net loss on disposal of businesses and investments		33	-
Net gain on disposal of assets		(64)	(73)
Revaluation of put option liabilities over non-controlling interests	4.7.4	41	(164)
Other		22	(58)
<b>Changes in:</b>			
Increase in inventories		(119)	(343)
Increase in trade payables		371	165
(Decrease)/increase in provisions		(37)	175
Increase in trade and other receivables		(129)	(96)
Decrease/(increase) in other assets		45	(19)
Increase in other payables		191	121
Increase in deferred tax		(132)	(42)
Increase/(decrease) in income tax payable		225	(250)
<b>Net cash provided by operating activities</b>		<b>4,754</b>	3,378

## 4.6 Borrowings



This section provides a summary of the capital management activities of the Group during the period, including the Group's borrowings.

## 4.6.1 Capital structure

The Group manages its capital structure with the objective of enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital. The Group remains committed to solid investment grade credit ratings. The Group's credit ratings<sup>1</sup> are BBB (stable outlook) according to Standard & Poor's and Baa2 (stable outlook) according to Moody's.

## 4.6.2 Borrowings

## (I) FINANCING TRANSACTIONS DURING THE CURRENT PERIOD

During the period, the Group refinanced or extended \$1.9 billion of bilateral and syndicated bank debt facilities to new tenors, ranging from 12 months to five years. These facilities are used to manage the Group's short-term cash flow requirements and to support the Group's liquidity position.

<sup>1</sup> These credit ratings have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only and are for the benefit of the Group's debt providers.



## 4.6 Borrowings (continued)

### (II) UPCOMING MATURITIES AND TRANSACTIONS

The Group has \$400 million of domestic medium term notes maturing in April 2024, which will be refinanced or repaid from existing committed undrawn bank facilities within the upcoming 12 months.

#### 4.6.3 Composition of debt

	2023 \$M	2022 \$M
<b>Current, unsecured</b>		
Short-term money market loans	39	336
Bank loans	37	18
Securities	390	-
<b>Total current borrowings</b>	<b>466</b>	<b>354</b>
<b>Non-current, unsecured</b>		
Bank loans	845	1,168
Securities	2,467	2,791
Unamortised borrowing costs	(23)	(21)
<b>Total non-current borrowings</b>	<b>3,289</b>	<b>3,938</b>
<b>Total borrowings</b>	<b>3,755</b>	<b>4,292</b>

#### 4.6.4 Movements in borrowings

	NON-CASH MOVEMENTS				CASH MOVEMENTS		CLOSING BALANCE \$M
	OPENING BALANCE \$M	TRANSFERS FROM NON- CURRENT TO CURRENT \$M	EFFECT OF MOVEMENTS IN FOREIGN EXCHANGE RATES <sup>1</sup> \$M	OTHER <sup>2</sup> \$M	PROCEEDS \$M	REPAYMENTS \$M	
<b>2023</b>							
<b>Current, unsecured</b>							
Short-term money market loans	336	-	-	-	39	(336)	39
Bank loans	18	-	-	-	37	(18)	37
Securities	-	400	-	(10)	-	-	390
<b>Total current borrowings</b>	<b>354</b>	<b>400</b>	<b>-</b>	<b>(10)</b>	<b>76</b>	<b>(354)</b>	<b>466</b>
<b>Non-current, unsecured</b>							
Bank loans	1,168	-	-	-	275	(598)	845
Securities	2,791	(400)	58	18	-	-	2,467
Unamortised borrowing costs	(21)	-	-	(2)	-	-	(23)
<b>Total non-current borrowings</b>	<b>3,938</b>	<b>(400)</b>	<b>58</b>	<b>16</b>	<b>275</b>	<b>(598)</b>	<b>3,289</b>
<b>Total borrowings</b>	<b>4,292</b>	<b>-</b>	<b>58</b>	<b>6</b>	<b>351</b>	<b>(952)</b>	<b>3,755</b>

1 The \$58 million effect of movements in foreign exchange rates represents the change in the carrying values of the European Medium Term Notes which are hedged items in a cash flow hedge relationship. Refer to Note 4.7.1 for further details.

2 Other includes \$18 million relating to the Medium Term Notes (Green Bond) and several Domestic Notes, which are hedged items in a fair value hedge relationship and are subject to changes in the carrying amount due to fair value adjustments attached to each arrangement.



## Notes to the Consolidated Financial Statements

## 4.6 Borrowings (continued)

	NON-CASH MOVEMENTS			CASH MOVEMENTS		CLOSING BALANCE \$M
	OPENING BALANCE \$M	EFFECT OF MOVEMENTS IN FOREIGN EXCHANGE RATES <sup>1</sup> \$M	OTHER <sup>2</sup> \$M	PROCEEDS \$M	REPAYMENTS \$M	
<b>2022</b>						
<b>Current, unsecured</b>						
Short-term money market loans	44	-	-	336	(44)	336
Bank loans	75	-	-	18	(75)	18
<b>Total current borrowings</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>354</b>	<b>(119)</b>	<b>354</b>
<b>Non-current, unsecured</b>						
Bank loans	1,350	-	89	579	(850)	1,168
Securities	1,416	(41)	(164)	1,580	-	2,791
Unamortised borrowing costs	(13)	-	(8)	-	-	(21)
<b>Total non-current borrowings</b>	<b>2,753</b>	<b>(41)</b>	<b>(83)</b>	<b>2,159</b>	<b>(850)</b>	<b>3,938</b>
<b>Total borrowings</b>	<b>2,872</b>	<b>(41)</b>	<b>(83)</b>	<b>2,513</b>	<b>(969)</b>	<b>4,292</b>

1 The \$41 million effect of movements in foreign exchange rates represents the change in the carrying values of the European Medium Term Notes which are hedged items in a cash flow hedge relationship. Refer to Note 4.7.1 for further details.

2 Other includes \$164 million relating to the Medium Term Notes (Green Bond) and several Domestic Notes, which are hedged items in a fair value hedge relationship and are subject to changes in the carrying amount due to fair value adjustments attached to each arrangement.



### Significant Accounting Policies

#### Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs and are subsequently stated at amortised cost. Any difference between the cost and the redemption value is recognised in the Consolidated Statement of Profit or Loss over the period of the borrowings.



### Financial reporting impacts of sustainability-related matters

Included in the Group's borrowings as at 25 June 2023 are \$1.5 billion of Sustainability Linked Bonds (SLBs), which have a direct link to the Group's commitment to reducing emissions.

The SLB structure embeds a penalty (via a prospective margin increase of 0.25% per annum) into the terms of the notes. This penalty applies if, at the respective testing dates of the notes, the Group's scope 1 and 2 emissions are not aligned with the forecast trajectory of the Group's 2030 emissions reduction targets.

The Group has committed to reduce scope 1 and 2 emissions from its own operations by 63% by 2030 compared to a 2015 baseline. As at 25 June 2023, the Group also had a Green Bond on issue that is certified by the Climate Bonds Initiative. The proceeds of the Green Bond have been fully allocated to eligible assets as per the Climate Bonds Standards, being low emissions supermarkets, solar energy installations, LED lighting upgrades and heating, ventilation, and air conditioning optimisation projects.



## 4.7 Financial risk management



This section provides a summary of the Group's exposure to market, liquidity, and credit risks, along with the Group's policies and strategies in place to mitigate these risks.

The Group's Treasury function is responsible for managing its liquidity, funding, and capital requirements, and identifying and managing financial risks relating to the Group's operations. These financial risks include:

- Market risk (refer to Note 4.7.1);
- Liquidity risk (refer to Note 4.7.2); and
- Credit risk (refer to Note 4.7.3).

These risks affect the fair value measurements applied by the Group, which are detailed in Note 4.7.4.

The Group adheres to a treasury policy approved by the Board, which has written principles relating to liquidity risk, interest rate risk, foreign exchange risk, credit risk, and the use of derivatives for hedging purposes. The Treasury function reports on its compliance with the policy to the Board.

The Group uses various types of derivatives to hedge its exposures to variability in interest rates and foreign exchange rates. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

### 4.7.1 Market risk

#### (I) INTEREST RATE RISK

Interest rate risk is the risk that a change in interest rates may negatively impact the Group's cash flow or profitability because the Group's borrowings and associated hedging arrangements reset directly in accordance with interest rate benchmarks or reset regularly to current rates influenced by interest rate benchmarks. The risk is managed by maintaining an appropriate mix between floating and fixed rate borrowings and through the use of approved derivatives to hedge the risk.

#### (II) FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that a change in foreign exchange rates may negatively impact the Group's cash flow or profitability because the Group has an exposure to a foreign currency or has foreign currency denominated obligations.

The exposure to purchases denominated in foreign currencies is primarily managed through forward exchange contracts and foreign currency options. These have been designated as cash flow hedges and the Group has established a 100% hedge relationship against the identified exposure.

To hedge the risk of adverse movements in foreign exchange rates in relation to borrowings denominated in foreign currency, the Group enters into cross currency swaps under which it agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate. The European Medium Term Notes are 100% hedged in this way.

Foreign currency exposures arising on translation of net investments in foreign subsidiaries are predominantly unhedged.

## Notes to the Consolidated Financial Statements

## 4.7 Financial risk management (continued)

## (III) HEDGE ACCOUNTING ARRANGEMENTS

At the reporting date, the fair value and notional amounts of derivatives entered into for hedging purposes for the Group are:

	NOTIONAL VALUE		FAIR VALUE ASSET		FAIR VALUE LIABILITY	
	2023 \$M	2022 \$M	2023 \$M	2022 \$M	2023 \$M	2022 \$M
<b>Cash flow hedges</b>						
Forward exchange contracts	865	1,911	21	94	(1)	(6)
Foreign currency options	802	-	22	-	-	-
			43	94	(1)	(6)
<b>Cross currency swaps</b>						
European Medium Term Notes	880	880	32	7	(29)	(15)
<b>Interest rate swaps</b>						
Medium Term Notes (Green Bond)	400	-	3	-	-	-
<b>Fair value hedges</b>						
Interest rate swaps						
Medium Term Notes (Green Bond)	400	400	3	-	(13)	(13)
Domestic Medium Term Notes	600	600	-	-	(90)	(93)
Domestic Medium Term Notes	350	350	-	-	(40)	(42)
			3	-	(143)	(148)
<b>Total</b>			81	101	(173)	(169)

**Forward exchange contracts and foreign currency options**

At the reporting date, the net amount of unrealised gains under forward exchange contracts and foreign currency options that are hedging anticipated purchases of inventory and equipment is \$42 million (2022: \$88 million net unrealised gain).

The hedge relationships are all assessed as highly effective with insignificant hedge ineffectiveness and the unrealised gain of \$42 million has been recognised in the hedge reserve (2022: \$88 million gain).

The weighted average exchange rates hedged by outstanding forward exchange contracts and foreign currency options are AUD/USD<sup>1</sup>: 0.68 (2022: 0.73) and AUD/EUR: 0.63 (2022: 0.64).

**Cross currency swaps**

At the reporting date, cross currency swaps have a net unrealised gain of \$3 million (2022: \$8 million net unrealised loss), of which \$17 million is attributable to an unrealised gain on the foreign exchange component (2022: \$41 million net unrealised loss) and \$14 million is attributable to an unrealised loss on the interest rate component (2022: \$33 million net unrealised gain).

The interest rate component of the cross currency swaps are designated as cash flow hedges, in a 100% hedge relationship with the underlying debt. Accordingly, the unrealised loss of \$14 million attributable to the interest rate component has been recognised in the cash flow hedge reserve (2022: \$33 million) at the reporting date, with insignificant hedge ineffectiveness.

The movement in the recognised gain attributable to the foreign exchange component of \$17 million (2022: \$41 million loss) has been recognised in the Consolidated Statement of Profit or Loss during the period, completely offsetting the foreign exchange revaluation of the underlying debt.

**Interest rate swaps – cash flow hedges**

At the reporting date, interest rate swaps designated as cash flow hedges have an unrealised gain of \$3 million (2022: nil). These interest rate swaps are designated to be in a 100% hedge relationship against the identified exposure, and the movement in the unrealised gain of \$3 million has been recognised in the cash flow hedge reserve (2022: nil) at the reporting date, with insignificant hedge ineffectiveness.

<sup>1</sup> The average rate includes foreign currency options measured at the floor rate.



## 4.7 Financial risk management (continued)

### Interest rate swaps – fair value hedges

At the reporting date, interest rate swaps designated as fair value hedges have an unrealised loss of \$140 million (2022: \$148 million unrealised loss). These interest rate swaps are designated to be in a 100% hedge relationship against the identified exposure, and the movement in the unrealised gain of \$8 million has been recognised in the Consolidated Statement of Profit or Loss (2022: \$164 million unrealised loss), offsetting the movement in the fair value of the hedged item.

### (IV) CASH FLOW HEDGE RESERVE

The table below details the movements in the cash flow hedge reserve during the period:

	2023 \$M	2022 \$M
Balance at start of period	85	(13)
<i>Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges:</i>		
Forward exchange contracts and foreign currency options	15	85
Cross currency swaps	(47)	33
Interest rate swaps	3	-
Income tax related to gains recognised in other comprehensive income	8	(33)
	(21)	85
<i>Transfers to initial carrying amount of hedged items:</i>		
Forward exchange contracts and foreign currency options	(85)	19
Income tax related to amounts transferred to initial carrying amount of hedged items	26	(6)
	(59)	13
<b>Balance at end of period</b>	<b>5</b>	<b>85</b>

### (V) SENSITIVITY ANALYSIS

Reasonably possible changes at the reporting date of the Group's exposure to floating interest rate risk and foreign currency risk, after taking into consideration hedges of foreign currency payables, foreign currency borrowings and forecast foreign currency transactions, could result in the following impacts:

<b>INTEREST RATE RISK</b>	• 1% change could result in either a \$2 million increase or decrease on equity before tax and no impact on profit before tax.
<b>FOREIGN EXCHANGE RISK</b>	• 10% change could result in either a \$141 million increase or \$143 million decrease on equity before tax and no impact on profit before tax.

### (VI) POWER PURCHASE AGREEMENT

In prior year, the Group entered into a power purchase agreement (PPA) for a period of 9.5 years. As at 25 June 2023, the fair value of the PPA was \$32 million (2022: \$22 million).

The PPA is not a physical electricity supply contract but operates as a contract for difference where a strike price is agreed. If the electricity spot price is higher than the strike price, the counterparty will pay the difference to the Group. Conversely, if the electricity spot price is lower than the strike price, the Group will pay the difference to the counterparty. The PPA is classified as a derivative and is measured at fair value through profit or loss.

### 4.7.2 Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient cash balances and access to funding sources to meet its cash obligations. This risk arises through events such as large amounts falling due for payment, an interruption to cash inflows due to technology incidents or banking system interruption, or an interruption to funding sources and markets.

The treasury policy approved by the Board has set an appropriate liquidity risk management framework for short, medium, and long-term funding requirements.

The Group maintains a minimum daily liquidity ratio, which the Treasury function monitors and forecasts over a 12-month rolling period. The Group may decide to hold higher levels of liquidity from time to time in anticipation of expected requirements or events. To minimise refinancing risk, the Group maintains a diversity of funding sources and debt maturities. Upcoming maturities are included in the liquidity ratio calculation and must be covered by adequate liquidity to repay or refinance them.

## Notes to the Consolidated Financial Statements

## 4.7 Financial risk management (continued)

At the reporting date, the Group has total undrawn committed facilities of \$2,765 million (2022: \$2,460 million) available. These facilities may be drawn at any time, subject to the terms of the lending agreements. Some facilities are subject to certain financial covenants and undertakings. No covenants have been breached during the period.

The following tables detail the Group's undiscounted non-derivative liabilities and derivative assets and liabilities and their contractual maturities. The maturity profile of the Group's undiscounted lease liabilities is included in Note 3.5.2.

2023	MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES				TOTAL \$M
	ONE YEAR OR LESS \$M	ONE TO TWO YEARS \$M	TWO TO FIVE YEARS \$M	OVER FIVE YEARS \$M	
<b>Non-derivative liabilities</b>					
Borrowings (floating)	(118)	(114)	(828)	-	(1,060)
Borrowings (fixed)	(455)	(444)	(456)	(1,901)	(3,256)
Put option liabilities over non-controlling interests	(176)	-	(619)	-	(795)
Trade and other payables <sup>1</sup>	(7,132)	-	-	-	(7,132)
	(7,881)	(558)	(1,903)	(1,901)	(12,243)
<b>Derivative assets and liabilities</b>					
Foreign exchange contracts	21	-	-	-	21
Cross currency swaps	(16)	(16)	(47)	(7)	(86)
Interest rate swaps <sup>2</sup>	(31)	(23)	(56)	(28)	(138)
	(26)	(39)	(103)	(35)	(203)
<b>Total</b>	<b>(7,907)</b>	<b>(597)</b>	<b>(2,006)</b>	<b>(1,936)</b>	<b>(12,446)</b>

2022	MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES				TOTAL \$M
	ONE YEAR OR LESS \$M	ONE TO TWO YEARS \$M	TWO TO FIVE YEARS \$M	OVER FIVE YEARS \$M	
<b>Non-derivative liabilities</b>					
Borrowings (floating)	(380)	(472)	(754)	-	(1,606)
Borrowings (fixed)	(55)	(455)	(516)	(2,284)	(3,310)
Put option liabilities over non-controlling interests	(76)	-	(587)	-	(663)
Trade and other payables <sup>1</sup>	(6,566)	-	-	-	(6,566)
	(7,077)	(927)	(1,857)	(2,284)	(12,145)
<b>Derivative assets and liabilities</b>					
Foreign exchange contracts	86	(7)	-	-	79
Cross currency swaps	(16)	(16)	(48)	(23)	(103)
Interest rate swaps <sup>2</sup>	9	9	14	11	43
	79	(14)	(34)	(12)	19
<b>Total</b>	<b>(6,998)</b>	<b>(941)</b>	<b>(1,891)</b>	<b>(2,296)</b>	<b>(12,126)</b>

1 Excludes contract liabilities.

2 Interest rate swaps are net settled.

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date and the loans are repaid at the respective facility maturity date. Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at the reporting date.

## 4.7 Financial risk management (continued)

## 4.7.3 Credit risk

Credit risk is the risk that counterparties who may be required to pay monies to the Group may fail and therefore not be able to make those payments. Under the treasury policy approved by the Board, the Group can only invest surplus funds or execute derivatives with counterparty banks and financial institutions that are rated BBB+ or higher by Standard & Poor's (or equivalent with other rating agencies).

The recognised financial assets of the Group include amounts receivable arising from unrealised gains on derivatives. For derivatives, credit risk may also arise from the potential failure of the counterparties to meet their obligations under the respective contracts at maturity.

At the reporting date, no material credit risk exposure existed in relation to potential counterparty failure on such financial instruments. Other than the loss allowance recognised in relation to trade and other receivables in Note 3.1, no financial assets were impaired or past due.

## 4.7.4 Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. They are grouped into the following levels based on the degree to which the fair value measurement inputs are observable:

- Level 1** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2** Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3** Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	NOTE	FAIR VALUE ASSET		FAIR VALUE LIABILITY		FAIR VALUE HIERARCHY
		2023 \$M	2022 \$M	2023 \$M	2022 \$M	
Forward exchange contracts and foreign currency options	4.7.1	43	94	(1)	(6)	Level 2
Cross currency, interest rate swaps and fair value hedges	4.7.1	38	7	(172)	(163)	Level 2
Power purchase agreement		32	22	-	-	Level 2
Convertible and SAFE notes		2	11	-	-	Level 3
Unlisted equity securities	3.3	75	60	-	-	Level 3
Put option liabilities over non-controlling interests	3.3	-	-	(765)	(630)	Level 3

There were no transfers between level 1, level 2, or level 3 during the period.

## LEVEL 3 MOVEMENTS

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	CONVERTIBLE AND SAFE NOTES		UNLISTED EQUITY SECURITIES		PUT OPTION LIABILITIES OVER NON-CONTROLLING INTERESTS	
	2023 \$M	2022 \$M	2023 \$M	2022 \$M	2023 \$M	2022 \$M
Balance at start of the period	11	62	60	33	(630)	(390)
Additions	-	3	19	8	(79)	(411)
Interest unwind	-	-	-	-	(15)	(13)
Revaluation	(2)	-	(4)	19	(41)	164
Early acquisition of additional shares	-	-	-	-	-	20
Conversion	(7)	(54)	-	-	-	-
<b>Balance at end of the period</b>	<b>2</b>	<b>11</b>	<b>75</b>	<b>60</b>	<b>(765)</b>	<b>(630)</b>

## Notes to the Consolidated Financial Statements

### 4.7 Financial risk management (continued)

#### FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

The carrying value of cash and cash equivalents, financial assets, bank and other loans, and non-interest bearing monetary financial liabilities of the Group approximate their fair value.

#### ESTIMATION OF FAIR VALUES

At each reporting period, the Group reviews any material adjustments for level 3 fair values and assesses whether any evidence can be obtained from third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified. Any material valuation adjustments are reported to the Board.

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities categorised within level 2 and level 3 of the fair value hierarchy:

- The fair value of foreign exchange contracts is determined using a discounted cash flow model where future cash flows are estimated based on market forward exchange rates as at the end of the reporting period and the contract forward rate, discounted by the observable yield curves of the respective currency;
- The fair value of foreign currency options is determined using a Black-Scholes model;
- The fair value of cross currency and interest rate swaps is determined using a discounted cash flow model where future cash flows are estimated based on market forward interest rates and in the case of cross currency swaps, market forward exchange rates as at the end of the reporting period and the contract rates, discounted by the observable yield curves, adjusted to reflect the credit risk of the various respective counterparties;
- The fair value of the power purchase arrangement is determined using a discounted cash flow model where the future cash flows are estimated primarily based on forecast forward market prices, discounted at the Group's incremental cost of debt;
- The fair value of convertible and SAFE notes is determined using a Black-Scholes model or a Monte Carlo simulation model;
- The fair value of unlisted equity securities is determined using the pricing from the latest external fundraising of the unlisted entity which represents the current market value of the investment or, where this is not available, using an appropriate model such as a discounted cash flow model based on estimated future cash flows, discounted at a rate that reflects the relative risks of the investment; and
- The fair value of put option liabilities over non-controlling interests is determined as the present value of the amounts expected to be paid at the time of exercise, discounted at the Group's cost of debt.

#### LEVEL 3 SENSITIVITY ANALYSIS

##### *SAFE notes and unlisted equity securities*

Reasonably possible changes at the reporting date to the significant unobservable inputs would not have resulted in a material change in the values of the SAFE notes and unlisted equity securities.

##### *Put option liabilities over non-controlling interests*

Reasonably possible changes at the reporting date to the following significant unobservable inputs, assuming all other variables remain constant, could result in a change in the value of the put option liabilities as follows:

<b>QUANTIUM</b>	<ul style="list-style-type: none"> <li>• 5% change in three-year trailing average revenue growth at the date of exercise could result in an increase or decrease of \$34 million, subject to a floor.</li> <li>• 2% change in the three-year trailing average EBITDA margin could result in an increase or decrease of \$14 million, subject to a floor.</li> </ul>
<b>PFD</b>	<ul style="list-style-type: none"> <li>• 20% change in the expected EBITDA at the time of exercise could result in an increase or decrease of \$103 million, subject to a floor.</li> </ul>
<b>MYDEAL</b>	<ul style="list-style-type: none"> <li>• 20% change in either the LTM GTV at the time of exercise or two-year average delivered margin at the time of exercise could result in an increase or decrease of approximately \$16 million.</li> </ul>

## 4.7 Financial risk management (continued)

**Significant Accounting Policies****Derivatives**

Derivatives are initially recognised at fair value. Subsequently, at each reporting date, the derivatives are remeasured at fair value and the gain or loss on remeasurement is recognised in the Consolidated Statement of Profit or Loss, unless the derivatives are designated as the hedging instrument in a cash flow hedge where the gain or loss is recognised in other comprehensive income. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months.

**Cash flow hedge**

A cash flow hedge is a hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss.

Where a derivative is designated as the hedging instrument in a cash flow hedge, the effective part of any gain or loss on the derivative is recognised in other comprehensive income and accumulated in a separate cash flow hedge reserve within equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were accumulated in equity will be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. The ineffective part of any derivative designated as the hedging instrument in a cash flow hedge is recognised immediately in the Consolidated Statement of Profit or Loss.

When a hedging instrument expires or is sold, terminated, or exercised, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss accumulated in equity is reclassified immediately into the Consolidated Statement of Profit or Loss. Gains or losses removed from equity during the period in relation to interest rate hedge instruments are recognised within finance costs in the Consolidated Statement of Profit or Loss.

**Fair value hedge**

A fair value hedge is a hedge of an exposure to changes in fair value of a recognised asset or liability that is attributable to a particular risk and could affect profit or loss. Where a derivative is designated as the hedging instrument in a fair value hedge, the gain or loss on the hedging instrument is recognised in the Consolidated Statement of Profit or Loss, together with the gain or loss on the hedged item attributable to the hedged risk, in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised in the Consolidated Statement of Profit or Loss from that date.



## 5 Group structure

### 5.1 Acquisition of subsidiaries



This section presents information about material acquisitions that occurred during the period.

During the period, the Group acquired 100% of Shopper Media Group Holdings Pty Ltd (Shopper), a leading Australian digital out of home media company, and 80.2% of online marketplace MyDeal.com.au Pty Limited (MyDeal). This resulted in the Group gaining control of Shopper and MyDeal for total consideration of \$380 million. The acquisition of Shopper supports the growth potential of Cartology, the Group's existing retail media business, as it offers targeted shopper advertising through a national screen network of more than 2,000 screens in over 400 shopping centres. The Group paid \$162 million for the acquisition of Shopper, which included initial consideration of \$159 million and \$3 million relating to both working capital adjustments and an earn out arrangement as certain earning thresholds were achieved during the period.

Separately, the Group acquired 80.2% of the issued share capital of MyDeal for \$218 million. MyDeal is one of Australia's leading online marketplaces and this investment enhances the Group's marketplace capabilities, particularly in furniture, homewares, and other bulky goods. MyDeal minority shareholders have a put option and the Group has an equivalent call option over the remaining 19.8% of the shares in MyDeal, which is exercisable after three years from the acquisition date. The put option liability is primarily referenced to a gross transaction value multiple, where the exit enterprise value is calculated as the exit LTM GTV multiplied by an exit multiple which is adjusted for profitability factors, changes in working capital, and net debt to arrive at an equity value (being the option price).

During the year, the Group finalised its acquisition accounting for Shopper and MyDeal and no material adjustments to the amounts initially recognised were made. The identifiable net assets acquired and liabilities assumed at the date of the acquisitions, including the fair value of Shopper and MyDeal's intangible assets, is included below.

2023	NOTE	SHOPPER <sup>1</sup> \$M	MYDEAL <sup>1</sup> \$M	TOTAL \$M
<b>Assets</b>				
Cash and cash equivalents		6	9	15
Trade and other receivables		8	-	8
Inventories		-	11	11
Lease assets	3.5.1	44	-	44
Property, plant and equipment		17	1	18
Intangible assets <sup>2</sup>		57	49	106
Deferred tax assets		-	11	11
Other assets		2	1	3
<b>Total assets</b>		<b>134</b>	<b>82</b>	<b>216</b>
<b>Liabilities</b>				
Trade and other payables		6	21	27
Lease liabilities	3.5.2	44	-	44
Provisions		6	1	7
Deferred tax liabilities		19	13	32
Other liabilities		-	2	2
<b>Total liabilities</b>		<b>75</b>	<b>37</b>	<b>112</b>
<b>Total identifiable net assets acquired</b>		<b>59</b>	<b>45</b>	<b>104</b>

1 From the date of acquisition, both Shopper's and MyDeal's contribution to the Group's earnings during the period was not material.

2 Intangible assets include license agreements of \$54 million, software of \$28 million, brand names of \$14 million, and customer relationships of \$10 million, which are amortised on a straight-line basis over their expected useful lives.

## 5.1 Acquisition of subsidiaries (continued)

## GOODWILL

The goodwill arising from these acquisitions has been recognised as follows:

	SHOPPER \$M	MYDEAL \$M	TOTAL \$M
Consideration	162	218	380
Non-controlling interest <sup>1</sup>	-	9	9
Fair value of identifiable net assets acquired	(59)	(45)	(104)
Goodwill	103	182	285

<sup>1</sup> Based on the non-controlling interest's proportion of the fair value of identifiable net assets of MyDeal.

The \$285 million of goodwill is attributable mainly to the skills, expertise, and technical talent of the existing Shopper and MyDeal team members in out of home media and online retail marketplace, and intangible assets that do not qualify for separate recognition. The goodwill recognised on acquisition was allocated to the Group's existing business units where the expected synergies of the combination are expected to be earned.

## PUT OPTION

The Group has a put option liability over the remaining 19.8% of the shares in MyDeal which is expected to be exercised after 30 September 2025. On acquisition, a put option liability of \$79 million was recognised at the present value of the amount expected to be paid at the time of exercise within other financial liabilities with a corresponding charge directly to equity.

During the period, the amount expected to be paid at the time of exercise was reassessed as the Group considered the key terms of the shareholders agreement and the business outlook. In the period, no material change to the estimate of the amount expected to be paid at the time of exercise was determined and a portion of the discount on the put option liability was unwound through finance costs in the Consolidated Statement of Profit or Loss.



## Significant Accounting Policies

## Business combinations

The Group accounts for acquisitions of businesses using the acquisition method. The consideration transferred in a business combination and the identifiable net assets acquired are recognised at fair value. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the identifiable assets acquired and liabilities assumed.

When the consideration transferred by the Group in a business combination includes contingent consideration, the contingent amount is measured at fair value at the date of acquisition.

If the obligation to pay contingent consideration meets the definition of a financial instrument classified as equity, then it is not remeasured and the settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated Statement of Profit or Loss.

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity is remeasured to its acquisition date fair value. The resulting gain or loss is recognised in the Consolidated Statement of Profit or Loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the Consolidated Statement of Other Comprehensive Income are reclassified to the Consolidated Statement of Profit or Loss, where such treatment would be appropriate if that interest were disposed of.



## 5.2 Subsidiaries



The following section presents information relating to the Group's subsidiaries.

### 5.2.1 Deed of cross guarantee

Woolworths Group Limited and each of the wholly owned Australian subsidiaries set out below (together referred to as the Closed Group) have entered into a deed of cross guarantee (the Deed), as defined in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (the Instrument). The effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up. Pursuant to the Instrument, the wholly-owned subsidiaries within the Closed Group are relieved from the requirement to prepare, audit, and lodge separate financial reports.

#### PARTIES TO THE DEED DURING THE PERIOD

##### COMPANY

ACN 001 259 301 Pty Limited <sup>1</sup>	Josona Pty Ltd
Advantage Supermarkets Pty Ltd	Kiaora Lands Pty Limited
Advantage Supermarkets WA Pty Ltd	Leasehold Investments Pty Ltd
Andmist Pty. Limited	Macro Wholefoods Company Pty Limited
Australian Grocery Wholesalers Pty Limited	Masters Installation Pty Limited
Australian Independent Retailers Pty Ltd	Milkrun Delivery Pty Limited <sup>2</sup>
Australian Safeway Stores Pty. Ltd.	Nalos Pty Ltd
Barjok Pty Ltd	Oxygen Nominees Pty. Ltd.
Calvartan Pty. Limited	PEH (NZ IP) Pty Ltd
Cartology Pty Limited	Philip Leong Stores Pty Limited
Cenijade Pty. Limited	Primary Connect International Pty Limited
Charmtex Pty Ltd <sup>1</sup>	Progressive Enterprises Holdings Limited
DB Deals Online Pty Limited	QFD Pty. Limited <sup>1</sup>
Dentra Pty. Limited	Queensland Property Investments Pty Ltd
Drumstar Pty Ltd	Shopper Data Group Pty Ltd <sup>3</sup>
Drystone Pty Ltd <sup>1</sup>	Shopper Media Group Pty Ltd <sup>3</sup>
Fabcot Pty Ltd	Shopper Media Group Holdings Pty Ltd <sup>3</sup>
Fabsky Pty Ltd <sup>1</sup>	Shopper Media Group Operations Pty Ltd <sup>3</sup>
Gembond Pty. Limited	Spaurum Pty Ltd <sup>3</sup>
Grand Horizons Pty Ltd	Universal Wholesalers Pty Limited
GreenGrocer.com.au Pty Ltd	Vincentia Nominees Pty Ltd
Grocery Wholesalers Pty Ltd	W23 Pty Limited
Healthylife Company Pty Limited	W23 Incubator Pty Limited
HP Distribution Pty Limited	W23 Investments Pty Limited
Hydrogen Nominees Pty. Ltd	W23 Investments 4 Pty Limited
Hydrox Brands Pty Ltd	W23 Ventures Pty Limited
Jack Butler & Staff Pty. Ltd.	W360 R&D Pty Limited

<sup>1</sup> These dormant subsidiaries were released from the Deed as a result of entering into a Revocation Deed on 12 April 2023.

<sup>2</sup> Formerly Metro 60 Pty Limited.

<sup>3</sup> These wholly-owned subsidiaries became a party to the Deed by way of an Assumption Deed on 16 June 2023.

## 5.2 Subsidiaries (continued)

## COMPANY

Weetah Pty. Limited	Woolworths Executive Superannuation Scheme Pty Limited
WGP No 1 Pty Limited	Woolworths Format Development Pty Limited
WGP No 2 Pty Limited	Woolworths Group Foundation Pty Limited <sup>2</sup>
Woolies Liquor Stores Pty. Ltd.	Woolworths Group Payments Pty Limited
Woolstar Pty. Limited	Woolworths Group Superannuation Scheme Pty Ltd
Woolworths (International) Pty Limited	Woolworths International Trading Pty Limited
Woolworths (Project Finance) Pty. Limited <sup>1</sup>	Woolworths Management Pty Ltd
Woolworths (Q'land) Pty Limited	Woolworths Marketplace Pty Limited
Woolworths (R & D) Pty Limited <sup>1</sup>	Woolworths Properties Pty Limited
Woolworths (South Australia) Pty Limited	Woolworths Property Double Bay Pty Limited
Woolworths (Victoria) Pty Limited	Woolworths Townsville Nominee Pty Ltd
Woolworths (W.A.) Pty Limited	Woolworths Trust Management Pty Limited
Woolworths360 Pty Limited	Woolworths Trustee No. 2 Pty Limited
Woolworths360 Investments Pty Limited	WPay Pty Limited
Woolworths Custodian Pty Ltd	

1 These dormant subsidiaries were released from the Deed as a result of entering into a Revocation Deed on 12 April 2023.

2 Formerly Woolworths Australian Communities Foundation Pty Limited.

A Statement of Profit or Loss and retained earnings, and Statement of Financial Position for the entities which were party to the Deed during the period are as follows:

	2023 \$M	RESTATED <sup>1</sup> 2022 \$M
<b>Continuing operations</b>		
Revenue from the sale of goods and services	53,652	50,999
Cost of sales	(38,630)	(37,100)
<b>Gross profit</b>	<b>15,022</b>	<b>13,899</b>
Other revenue	303	7,272
Branch expenses	(9,126)	(8,993)
Administration expenses	(3,350)	(2,986)
<b>Earnings before interest and tax</b>	<b>2,849</b>	<b>9,192</b>
Finance costs	(524)	(512)
<b>Profit before income tax</b>	<b>2,325</b>	<b>8,680</b>
Income tax expense	(631)	(461)
<b>Profit for the period</b>	<b>1,694</b>	<b>8,219</b>
<b>RETAINED EARNINGS</b>		
	2023 \$M	2022 \$M
Balance at start of period	6,960	1,617
Profit for the period <sup>2</sup>	1,694	8,219
Dividends paid	(1,203)	(1,170)
Actuarial (loss)/gain on defined benefit superannuation plans	(2)	1
Share buy-back	-	(1,750)
Demerger of Endeavour Group	-	43
<b>Balance at end of period</b>	<b>7,449</b>	<b>6,960</b>

1 Refer to Note 1.1.1 for further details.

2 Included in prior year profit was the gain on demerger from Endeavour Group of \$6,387 million.



## Notes to the Consolidated Financial Statements

## 5.2 Subsidiaries (continued)

	2023 \$M	2022 \$M
<b>Current assets</b>		
Cash and cash equivalents	842	762
Trade and other receivables	692	552
Inventories	3,044	2,941
Other financial assets	49	101
Other current assets	192	208
	<b>4,819</b>	4,564
Assets held for sale	180	174
<b>Total current assets</b>	<b>4,999</b>	4,738
<b>Non-current assets</b>		
Trade and other receivables	1,280	891
Other financial assets	2,901	2,626
Lease assets	7,788	8,252
Property, plant and equipment	7,703	7,092
Intangible assets	1,854	2,024
Investments accounted for using the equity method	1,117	1,692
Deferred tax assets	1,490	1,385
Other non-current assets	426	413
<b>Total non-current assets</b>	<b>24,559</b>	24,375
<b>Total assets</b>	<b>29,558</b>	29,113
<b>Current liabilities</b>		
Trade and other payables	7,040	6,493
Lease liabilities	1,391	1,327
Borrowings	466	345
Current tax payable	195	(9)
Other financial liabilities	268	109
Provisions	1,419	1,458
Other current liabilities	21	-
<b>Total current liabilities</b>	<b>10,800</b>	9,723
<b>Non-current liabilities</b>		
Lease liabilities	8,744	9,259
Borrowings	3,220	3,820
Other financial liabilities	669	690
Provisions	837	831
Other non-current liabilities	38	45
<b>Total non-current liabilities</b>	<b>13,508</b>	14,645
<b>Total liabilities</b>	<b>24,308</b>	24,368
<b>Net assets</b>	<b>5,250</b>	4,745
<b>Equity</b>		
Contributed equity	5,406	5,207
Reserves	(7,605)	(7,422)
Retained earnings	7,449	6,960
<b>Total equity</b>	<b>5,250</b>	4,745

## 5.2 Subsidiaries (continued)

## 5.2.2 Details of wholly owned subsidiaries that are material to the Group

Material subsidiaries of Woolworths Group Limited are as follows:

COMPANY	COUNTRY OF INCORPORATION	ULTIMATE AUSTRALIAN CONTROLLING ENTITY
Woolworths New Zealand Group Limited	New Zealand	Woolworths Group Limited
Woolworths New Zealand Limited	New Zealand	Woolworths Group Limited
General Distributors Limited	New Zealand	Woolworths Group Limited

## 5.2.3 Details of non-wholly owned subsidiaries that have material non-controlling interests

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	PROPORTION OF VOTING RIGHTS HELD BY NON-CONTROLLING INTERESTS	
		2023 %	2022 %
PFD Food Services Pty Ltd	Australia	35.0	35.0
The Quantum Group Holdings Pty Limited	Australia	22.4	22.4

The movement in non-controlling interests is as follows:

	THE QUANTUM GROUP HOLDINGS PTY LIMITED \$M	PFD FOOD SERVICES PTY LTD \$M	INDIVIDUALLY IMMATERIAL SUBSIDIARIES \$M	TOTAL NON-CONTROLLING INTERESTS \$M
<b>2023</b>				
Balance at start of period	52	49	23	124
Profit for the period	2	12	(3)	11
Other comprehensive income	1	-	-	1
<b>Total comprehensive income for the period</b>	<b>3</b>	<b>12</b>	<b>(3)</b>	<b>12</b>
Dividends paid	(5)	-	-	(5)
Recognition of non-controlling interest from acquisition of subsidiary	-	-	9	9
<b>Balance at end of period</b>	<b>50</b>	<b>61</b>	<b>29</b>	<b>140</b>
<b>2022</b>				
Balance at start of period	282	55	23	360
Profit for the period	-	6	-	10
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>10</b>
Dividends paid	-	(5)	-	(5)
Recognition of non-controlling interest from acquisition of subsidiary	-	-	45	45
Purchase of additional shares from non-controlling interest	-	(4)	-	(4)
Demerger of Endeavour Group	(282)	-	-	(282)
<b>Balance at end of period</b>	<b>-</b>	<b>52</b>	<b>23</b>	<b>124</b>



## Notes to the Consolidated Financial Statements

## 5.2 Subsidiaries (continued)

Summarised financial information in respect of each of the Group's subsidiaries that has a material non-controlling interest were as follows:

	PFD FOOD SERVICES PTY LTD		THE QUANTUM GROUP HOLDINGS PTY LIMITED	
	2023 \$M	2022 \$M	2023 \$M	2022 \$M
Current assets	438	394	142	125
Non-current assets	574	587	239	236
Current liabilities	425	401	105	85
Non-current liabilities	370	431	94	104
Net cash inflow/(outflow)	1	(4)	(7)	(13)

## 5.3 Parent entity information



This section presents the stand-alone financial information of Woolworths Group Limited.

	2023 \$M	2022 \$M
<b>Assets</b>		
Current assets	4,411	4,195
Non-current assets	29,464	29,256
<b>Total assets</b>	<b>33,875</b>	<b>33,451</b>
<b>Liabilities</b>		
Current liabilities	17,043	15,410
Non-current liabilities	13,550	14,885
<b>Total liabilities</b>	<b>30,593</b>	<b>30,295</b>
<b>Net assets</b>	<b>3,282</b>	<b>3,156</b>
<b>Equity</b>		
Contributed equity	5,406	5,207
Reserves	(7,639)	(7,465)
Retained earnings <sup>1</sup>	5,515	5,414
<b>Total equity</b>	<b>3,282</b>	<b>3,156</b>
	2023 \$M	2022 \$M
Profit for the period	1,306	9,064
Other comprehensive income for the period	14	94
<b>Total comprehensive income for the period</b>	<b>1,320</b>	<b>9,158</b>

<sup>1</sup> Retained earnings includes a profit reserve of \$7,519 million and a loss reserve of \$2,004 million (2022: profit reserve of \$7,418 million and a loss reserve of \$2,004 million).

## 5.3 Parent entity information (continued)

RETAINED EARNINGS	NOTE	2023 \$M	2022 \$M
Balance at start of period		5,414	(774)
Profit for the period		1,306	9,064
Dividends paid	4.2	(1,203)	(1,170)
Actuarial gain on defined benefit superannuation plans		(2)	1
Share buy-back		-	(1,750)
Demerger of Endeavour Group		-	43
<b>Balance at end of period</b>		<b>5,515</b>	<b>5,414</b>

**Guarantees**

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details on the deed of cross guarantee and the subsidiaries subject to the deed are disclosed in Note 5.2.1. Other guarantees held by the parent entity are the same as those held by the Group as disclosed in Note 6.1.

**Commitments for capital expenditure**

	2023 \$M	2022 \$M
<i>Estimated capital expenditure under firm contracts, payable:</i>		
Not later than one year	562	672
Later than one year, not later than two years	153	246
Later than two years, not later than five years	-	159
	<b>715</b>	<b>1,077</b>

**Significant Accounting Policies**

Financial information for the Company, Woolworths Group Limited, has been prepared on the same basis as the Consolidated Financial Statements. The following are accounting policies that are significant to the Company only as the related transactions are either not material for the Group or eliminated on consolidation.

**Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost and are tested for impairment in accordance with the policy for the impairment of non-financial assets in Note 3.10. Dividends received from subsidiaries are recognised in profit or loss when a right to receive the dividend is established.

**Investments in associates**

Investments in associates are initially recognised at cost, and are accounted for using the equity method by including the Company's share of profit or loss and other comprehensive income or loss of the associate in the carrying amount of the investment until the date on which significant influence or joint control ceases. Dividends received reduce the carrying amount of the investment in associate.

**Lessor accounting**

The Company recognises amounts due from lessees under finance leases as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. The Company recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term.





## Notes to the Consolidated Financial Statements

### 5.4 Related parties



This section outlines the Group's transactions with its related parties, such as its subsidiaries, Key Management Personnel, and material associates.

#### 5.4.1 Transactions within the Group

During the period, Woolworths Group Limited advanced loans to, received and repaid loans from, and provided treasury, accounting, legal, taxation, and administrative services to other entities within the Group. Entities within the Group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

#### 5.4.2 Directors and Key Management Personnel

All transactions with directors and Key Management Personnel (including their related parties) were conducted at an arm's length basis in the ordinary course of business and under usual terms and conditions for customers and employees.

Related parties of Key Management Personnel who are employees received employee benefits on standard terms and conditions. The total remuneration for Key Management Personnel of the Group is as follows:

	2023 \$	2022 \$
Short-term employee benefits	11,070,890	10,270,422
Post employment benefits	287,833	291,505
Other long-term benefits	135,904	123,141
Share-based payments	8,135,664	7,952,883
	<b>19,630,291</b>	<b>18,637,951</b>

#### 5.4.3 Transactions with the Group's material associate, Endeavour Group Limited

Effective from the separation date of 28 June 2021, long-term strategic Partnership Agreements were established which document the close and mutually beneficial relationship between both parties and reflects the way in which Endeavour Group Limited had historically operated as part of the Group. These agreements cover key business areas, including the provision of goods and services related to supply chain and stores, IT, loyalty and FinTech, digital, media and business support, and occur on the basis of normal commercial terms and conditions. In addition to the Partnership Agreements, the Group supplies various goods and services to Endeavour Group Limited, which includes wholesale liquor in Tasmania, food service products, and advanced analytical services.

In certain circumstances, the Group settles liabilities with third parties on behalf of Endeavour Group Limited and subsequently recovers these costs directly from Endeavour Group Limited. As a result, these transactions have not been disclosed as related party transactions. However, balances that remain unsettled with Endeavour Group Limited at the reporting date, including amounts relating to third-party cost recoveries, are disclosed as related party receivables.

During the period, transactions with the Group's material associate, Endeavour Group Limited, and the amounts outstanding as at the reporting date are as follows:

	2023 \$M	2022 \$M
Revenue <sup>1</sup>	520	487
Other income	85	86
Purchase of goods and services	(16)	(21)
Amounts receivable from Endeavour Group <sup>2</sup>	420	392
Amounts payable to Endeavour Group <sup>3</sup>	(101)	(106)

1 Primarily includes revenue from the provision of supply chain services, loyalty and FinTech. Revenue excludes amounts relating to capital assets that are purchased from third parties on behalf of Endeavour Group Limited as the costs are subsequently recovered without a margin.

2 Includes \$284 million (2022: \$310 million) of lease receivables relating to leases for BWS stores attached to Woolworths stores.

3 Includes \$92 million (2022: \$90 million) relating to payables for unsettled electronic funds transfers, credit card and debit card point of sale transactions.

## 6 Other

### 6.1 Contingent liabilities



**Contingent liabilities are potential future cash payments where the likelihood of payment is not considered probable or cannot be measured reliably.**

The Group has entered the following guarantees however the probability of having to make a payment under these guarantees is considered remote:

- Guarantees in the normal course of business relating to conditions set out in development applications and for the sale of properties; and
- Guarantees against workers' compensation self-insurance liabilities as required by State WorkCover authorities. The guarantees are based on independent actuarial advice of the outstanding liability.

No provision has been made in the Consolidated Financial Statements in respect of these contingencies however there is a provision of \$663 million for self-insured risks (2022: \$628 million), which includes liabilities relating to workers' compensation claims, that have been recognised in the Consolidated Statement of Financial Position at the reporting date.

From time to time, entities within the Group are party to various legal actions as well as inquiries from regulators and government bodies that have arisen in the ordinary course of business. Consideration has been given to such matters and it has been determined that these matters are not at a stage to support a reasonable evaluation of the likely outcome.

### 6.2 Share-based payments and share schemes



**This section presents the Group's benefits provided to its employees through share schemes.**

#### 6.2.1 Share-based payments

##### LONG-TERM INCENTIVE (LTI) PLAN

Equity settled share-based payments form part of the remuneration of eligible employees of the Group. The Group continues to operate the Woolworths Incentive Share Plan (WISP).

All sub-plans within the LTI plan are subject to performance hurdles being met. The Group's sub-plans are as follows:

- Performance rights sub-plan – delivers a right to acquire a share at a future date;
- Performance shares sub-plan – delivers a right to acquire a share immediately; and
- Cash award sub-plan – delivers a right to acquire cash at a future date.

No grants have been made under the performance shares or cash award sub-plans.



## Notes to the Consolidated Financial Statements

## 6.2 Share-based payments and share schemes (continued)

A summary of the LTI plan performance hurdles for all outstanding grants is as follows:

GRANT YEAR	VESTING PERIOD (YEARS)	RELATIVE TOTAL SHAREHOLDER RETURN (TSR) <sup>1</sup>		SALES PER SQUARE METRE (SQM)/REPUTATION <sup>2</sup>	RETURN ON FUNDS EMPLOYED (ROFE) <sup>2</sup>
		WEIGHTING (%)	HURDLE/RANGE (PERCENTILE)	WEIGHTING (%)	WEIGHTING (%)
F21 <sup>3</sup>	Three	33.34	50th – 75th	33.33	33.33
F22 <sup>4</sup>	Three	40.00	50th – 75th	20.00	40.00
F23 <sup>4</sup>	Three	40.00	50th – 75th	20.00	40.00

- The Group's share price reset lower on 24 June 2021 to reflect the demerger of Endeavour Group which was implemented on 1 July 2021. In these circumstances, an adjustment factor was applied by the ASX to historical share prices to recognise the impact of the demerger from a share price perspective. Accordingly, the Group has made no change to the TSR performance hurdle of the impacted F21 LTI plan.
- Hurdle/range not published for sales per SQM, reputation and ROFE as the Group does not provide market guidance on these metrics and the targets are commercially sensitive. The LTI targets and performance will be published following the end of the performance period.
- The TSR component vests progressively, where TSR equals or exceeds the 50th percentile of the comparator group up to the full 33.34% vesting, where TSR equals the 75th percentile of the comparator group. SQM and ROFE components vest progressively, upon attaining certain hurdles, to a maximum weighting of 33.33%.
- The TSR component vests progressively where TSR equals or exceeds the 50th percentile of the comparator group up to the full 40% vesting, where TSR equals the 75th percentile of the comparator group. Reputation and ROFE components vest progressively, upon attaining certain hurdles, to a maximum weighting of 20% and 40% respectively. The reputation non-market based performance condition is only applicable to the F22 and F23 LTI plans and measures brand reputation across four key metrics.

The variables in the table below are used as inputs into the model to determine the fair value of performance rights.

	2023 F23 WISP	2022 F22 WISP
Grant date <sup>1</sup>	1 Jul 2022	1 Jul 2021
Performance period start date	1 Jul 2022	1 Jul 2021
Exercise date	1 Jul 2025	1 Jul 2024
Expected volatility <sup>2</sup>	22.0%	17.0%
Expected dividend yield	4.0%	4.0%
Risk-free interest rate	3.10%	0.20%
Weighted average fair value at grant date	\$29.35	\$31.70

- Grant date represents the date on which there is a shared understanding of the terms and conditions of the arrangement.
- The expected volatility is based on the historical implied volatility calculated based on the weighted average remaining life of the performance rights adjusted for any expected changes to future volatility due to publicly available information.

## DEFERRED SHORT-TERM INCENTIVE (DEFERRED STI)

The performance rights sub-plan has also been used to make offers of Deferred STI which have the following features:

- For the F21, F22 and F23 Deferred STI plan, a one-year performance measure linked to sales, EBIT, working capital, customer satisfaction, and safety; and
- If the performance hurdles are met, participants are required to remain employed for a further two years to gain access to the performance rights, or otherwise forfeit the performance rights unless the Board exercises its discretion in accordance with the performance rights sub-plan rules.

## SIGN-ON AND RETENTION RIGHTS

The performance rights sub-plan has also been used to compensate new hires for foregone equity, and ensure that key employees are retained to protect and deliver on the Group's strategic direction. It has been offered to:

- Executives of newly acquired businesses in order to retain intellectual property during transition periods; or
- Attract new executives.

Sign-on and retention rights generally do not have performance measures attached to them due to the objective of retaining key talent and vest subject to the executive remaining employed by the Group, generally for two or more years.

## 6.2 Share-based payments and share schemes (continued)

### RECOGNITION SHARE PLAN

The performance rights sub-plan has also been used to reward employees of the Group. Participants are required to meet a service condition to gain access to the performance rights.

### MOVEMENTS IN OUTSTANDING PERFORMANCE RIGHTS

The following table summarises the movements in outstanding performance rights for all of the above plans:

	2023 NO. OF RIGHTS	2022 NO. OF RIGHTS
Outstanding at start of period	11,925,879	11,873,338
Granted during the period	4,634,582	5,125,637
Vested during the period	(3,521,977)	(3,707,696)
Lapsed during the period	(1,664,303)	(1,365,400)
<b>Outstanding at end of period</b>	<b>11,374,181</b>	<b>11,925,879</b>

Share-based payments expense for the period was \$113,425,421 (2022: \$139,325,271).



### Significant Accounting Policies

#### Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at grant date. The fair value excludes the effect of non-market based vesting conditions.

The fair value of instruments with market-based performance conditions is calculated at the grant date using a Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument. The fair value of instruments with non-market-based performance conditions, service conditions and retention rights is calculated using a Black-Scholes option pricing model.

The fair value determined at grant date is expensed on a straight-line basis over the vesting period based on the number of equity instruments that will eventually vest. At each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on its assessment of the non-market based vesting conditions. Any change in the original estimates are recognised in Consolidated Statement of Profit or Loss with a corresponding adjustment to reserves.

### 6.2.2 Share schemes

The total shares purchased during the year were 3,377,355 (2022: 3,874,029) at an average price per share of \$37.73 (2022: \$35.28) to satisfy the vesting of share rights and allocation of shares under the Group's employee share plans.

No additional expense is recognised in relation to the shares purchased under the Employee Share Purchase Plan and the shares issued under the Non-executive Director Equity Plan as they are acquired out of salary sacrificed remuneration.

#### EMPLOYEE SHARE PURCHASE PLAN (SPP)

The SPP provides permanent full-time and part-time employees who are Australian tax residents and are aged 18 years or over with the opportunity to purchase shares from pre-tax income via salary sacrifice. The Group pays the associated brokerage costs.

#### NON-EXECUTIVE DIRECTOR EQUITY PLAN

The Non-executive Director Equity Plan allows non-executive directors to acquire share rights through a pre-tax fee sacrifice plan.



## 6.3 Retirement plans



This section presents the Group's benefits provided to its employees, including superannuation and defined benefit plans.

### 6.3.1 Defined contribution plans

The majority of employees in Australia and New Zealand are part of a defined contribution superannuation scheme and receive fixed contributions from the Group in accordance with the rules of the WGSP and/or any statutory obligations.

The amount recognised as an expense for defined contribution plans is \$744 million (2022: \$681 million).

### 6.3.2 Defined benefit plans

The Company sponsors a defined benefit plan, the Woolworths Group Superannuation Plan (WGSP or the Plan), that provides superannuation benefits for employees upon retirement. The WGSP consists of members with defined benefit entitlements and defined contribution benefits. The defined benefit plan is closed to new members. The assets of the WGSP are held in a sub-plan within AMP SignatureSuper that is legally separated from the Group. The WGSP invests entirely in pooled unit trust products where prices are quoted on a daily basis.

The Group contributes to the WGSP at rates as set out in the Trust Deed and Rules and the Participation Deed between the Group and AMP Superannuation Limited. Members contribute to the WGSP at rates dependent upon their membership category. The plan provides lump sum defined benefits that are defined by salary and period of membership.

An actuarial valuation was carried out at both reporting dates by Willis Towers Watson. The principal actuarial assumptions used for the purpose of the valuation are as follows:

	2023 %	2022 %
Discount rate	5.1	4.3
Expected rate of salary increase	3.5	3.0
Rate of price inflation	3.0	2.6

At the reporting date, the Group's exposure to reasonably possible changes of the discount rate or expected rate of salary increase, while holding all other assumptions constant, is not considered material.

The average duration of the defined benefit obligation at the end of the reporting period is 5.4 years (2022: 5.4 years) which relates wholly to active participants.

#### (i) Categories of plan assets

The plan invests entirely in pooled superannuation trust products where prices are quoted daily. The asset allocation of the plan has been set taking into account the membership profile, the liquidity requirements of the plan, and risk appetite of the Group. The percentage invested in each asset class is as follows:

	2023 %	2022 %
Equity instruments	55	59
Debt instruments	17	16
Real estate	14	12
Cash and cash equivalents	6	3
Other	8	10
<b>Total</b>	<b>100</b>	<b>100</b>

## 6.3 Retirement plans (continued)

**(ii) Movements in the present value of the defined benefit obligation and fair value of plan assets**

The amount included in other non-current liabilities in the Consolidated Statement of Financial Position in respect of the net defined benefit liability is as follows:

	FAIR VALUE OF PLAN ASSETS		PRESENT VALUE OF DEFINED BENEFIT OBLIGATION		NET DEFINED BENEFIT OBLIGATION	
	2023 \$M	2022 \$M	2023 \$M	2022 \$M	2023 \$M	2022 \$M
Balance at start of period	250	289	(288)	(335)	(38)	(46)
<b>Recognised in Consolidated Statement of Profit or Loss:</b>						
Current service cost	-	-	(3)	(5)	(3)	(5)
Finance income/(costs)	10	7	(12)	(8)	(2)	(1)
Contributions by plan participants	2	2	(2)	(2)	-	-
<b>Total amount included in branch expenses</b>	<b>12</b>	<b>9</b>	<b>(17)</b>	<b>(15)</b>	<b>(5)</b>	<b>(6)</b>
<b>Recognised in the Consolidated Statement of Other Comprehensive Income:</b>						
Return/(loss) on plan assets	6	(21)	-	-	6	(21)
Actuarial gain/(loss)	-	-	(9)	22	(9)	22
<b>Total amount recognised in other comprehensive income, before tax</b>	<b>6</b>	<b>(21)</b>	<b>(9)</b>	<b>22</b>	<b>(3)</b>	<b>1</b>
<b>Other movements:</b>						
Benefits paid	(44)	(37)	44	37	-	-
Contributions by employer	15	13	-	-	15	13
Administration costs and taxes	(3)	(3)	3	3	-	-
<b>Balance at end of period</b>	<b>236</b>	<b>250</b>	<b>(267)</b>	<b>(288)</b>	<b>(31)</b>	<b>(38)</b>



## Significant Accounting Policies

### Defined contribution plans

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### Defined benefit plans

The net defined benefit asset or liability recognised in the Consolidated Statement of Financial Position represents the surplus or deficit in the Group's defined benefit plans which is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of the plan assets. The calculation of the defined benefit obligation is performed at the end of each annual reporting period by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit asset or liability, which comprise actuarial gains and losses, and the return on plan assets (excluding interest), are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss. The Group determines the net interest income or expense on the net defined benefit asset or liability for the period by applying the discount rate at the start of the period to the net defined benefit asset or liability, taking into account any changes during the period as a result of contributions and benefit payments. Net interest income or expense, service costs and other expenses related to defined benefit plans are recognised in the Consolidated Statement of Profit or Loss.



## Notes to the Consolidated Financial Statements

## 6.4 Auditor's remuneration



This section presents the total remuneration of the Group's external auditors.

The remuneration of the Group's external auditors, Deloitte Touche Tohmatsu (Deloitte), is as follows:

	2023 \$'000	2022 \$'000
<b>Deloitte Touche Tohmatsu and related network firms</b>		
Audit or review of the financial reports		
Group	2,255	1,970
Subsidiaries	1,652	1,407
<b>Total audit or review of the financial reports</b>	<b>3,907</b>	<b>3,377</b>
Statutory assurance services required by legislation to be provided by the auditor	-	40
Other assurance and agreed upon procedures under other legislation or contractual agreements <sup>1</sup>	548	382
Other services:		
Tax compliance services	179	117
Consulting services <sup>2</sup>	218	811
Other non-assurance services	5	8
<b>Total other services</b>	<b>402</b>	<b>936</b>
	<b>4,857</b>	<b>4,735</b>

1 During the period, other assurance and agreed upon procedures mainly includes \$266,000 relating to the review of the Sustainability Report and \$145,000 relating to review of turnover certificates (2022: \$157,000 relating to the review of the Sustainability Report).

2 During the period, consulting services relates to cyber security services (2022: enterprise monitoring services of \$587,000).

## 6.5 Subsequent events



This section outlines events which have occurred between the reporting date and the date the Financial Report is authorised for issue.

As at the date of this report, there are no other matters or circumstances occurring subsequent to the end of the reporting period which would have a material impact on the 2023 Financial Report.

# Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached Consolidated Financial Statements are in compliance with International Financial Reporting Standards, as stated in Note 1.1.1 to the Consolidated Financial Statements;
- (c) in the directors' opinion, the attached Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and
- (d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the Instrument applies, as detailed in Note 5.2 to the Consolidated Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.


Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors.



**Scott Perkins**  
Chair

23 August 2023



**Brad Banducci**  
Managing Director and Chief Executive Officer

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# Independent Auditor's Report



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## Independent Auditor's Report to the Members of Woolworths Group Limited

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### **Opinion**

We have audited the financial report of Woolworths Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 25 June 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the 52-week period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 25 June 2023 and of its financial performance for the 52-week period then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Technology environment</b></p> <p>The Group's technology environment is vital to the operations of the business and to the integrity of the Group's financial reporting process. The technology environment is complex, with a significant degree of automation and varying levels of integration.</p> <p>Our assessment of the technology environment forms a key component of our external audit and is therefore considered a key audit matter.</p>	<p>In conjunction with our IT specialists, our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the technology environment, the information systems and business processes relevant to financial reporting and the associated IT application controls and IT dependencies in manual controls.</li> <li>• Evaluating the design and testing the implementation of relevant controls within the technology environment relevant to financial reporting systems and processes of the Group.</li> <li>• Assessing changes to the technology environment through the testing of remediated controls, concluding on the sufficiency and appropriateness of management's changes.</li> </ul> <p>Responding to deficiencies identified by designing and performing additional procedures which include the identification and testing of compensating controls and varying the nature, timing and extent of our substantive procedures performed.</p>
<p><b>Woolworths New Zealand: Recoverability of the cash generating unit</b></p> <p>As set out in Note 3.10, an annual impairment test was conducted on the Woolworths New Zealand cash generating unit (CGU) to assess the recoverability of its carrying value.</p> <p>The recoverable amount of the Woolworths New Zealand CGU has been determined by management using the 'value in use' approach, which incorporates significant judgement related to the estimation of future cash flows, short term growth rates, long term growth rates and an appropriate discount rate.</p> <p>Accordingly this is considered to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Agreeing forecast cash flows to the latest Board approved budget and assessing the historical accuracy of budgeting for the Woolworths New Zealand CGU.</li> <li>• In conjunction with our valuation specialists, assessing the methodology used to estimate recoverable amount for Woolworths New Zealand and the reasonableness of key assumptions, including the discount rate and growth rates.</li> <li>• Performing independent sensitivity analysis to challenge key assumptions.</li> <li>• Evaluating the adequacy of the related disclosures included within the financial statements in <u>Note 3.10</u>.</li> </ul>

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- 1** Performance highlights
- 2** Business review
- 3** Directors' Report
- 4** Financial Report
- 5** Other information



## Independent Auditor's Report

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the 52-week period ended 25 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



## Independent Auditor's Report

### Auditor's Responsibilities for the Audit of the Financial Report (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 76 to 99 of the Directors' Report for the 52-week period ended 25 June 2023.

In our opinion, the Remuneration Report of Woolworths Group Limited, for the 52-week period ended 25 June 2023, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

Tom Imbesi  
Partner  
Chartered Accountants  
Sydney, 23 August 2023

Travis Simkin  
Partner  
Chartered Accountants  
Sydney, 23 August 2023

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## Shareholder information (as at 1 August 2023)

The shareholder information set out below was applicable as at 1 August 2023.

### Distribution of shares

Analysis of numbers of shareholders by size of holding:

RANGE OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF ISSUED CAPITAL %
1-1,000	248,845	6.75
1,001-5,000	102,157	18.01
5,001-10,000	9,915	5.67
10,001-100,000	4,375	6.94
100,001 and over	92	62.63
<b>Total</b>	<b>365,384</b>	<b>100.00</b>

All shares above are fully paid ordinary shares. Each fully paid ordinary share carries one voting right.

There were 7,841 holders of less than a marketable parcel of shares based on the closing market price on 1 August 2023 of \$39.09.

### Top 20 largest shareholders

	NAME	NUMBER OF SHARES	PERCENTAGE OF ISSUED CAPITAL
1	HSBC Custody Nominees (Australia) Limited	297,019,686	24.37
2	JP Morgan Nominees Australia Pty Limited	206,138,629	16.91
3	Citicorp Nominees Pty Limited	102,634,544	8.42
4	BNP Paribas Nominees Pty Ltd	67,392,717	5.53
5	National Nominees Limited	29,823,573	2.45
6	Pacific Custodians Pty Limited	9,952,334	0.82
7	Netwealth Investments Limited	6,682,670	0.55
8	Australian Foundation Investment Company Limited	6,667,000	0.55
9	Woolworths Custodian Pty Ltd	4,233,917	0.35
10	Custodial Services Limited	3,984,037	0.33
11	Argo Investments Limited	3,479,526	0.29
12	IOOF Investment Services Limited	2,483,487	0.20
13	Washington H Soul Pattinson & Company Limited	2,113,271	0.17
14	Mutual Trust Pty Ltd	1,754,724	0.14
15	BNP Paribas NOMS (NZ) Ltd	1,488,142	0.12
16	Neweconomy.com.au Nominees Pty Ltd	1,399,092	0.11
17	Navigator Australia Ltd	1,355,439	0.11
18	The Senior Master of the Supreme Court	1,170,020	0.10
19	BKI Investment Company Limited Ltd	1,159,906	0.10
20	Nulis Nominees (Australia) Limited	991,055	0.08

## Shareholder information (as at 1 August 2023)

### Substantial shareholders

As at 1 August 2023, Woolworths Group Limited had been notified of the following substantial shareholdings:

HOLDER	NOTICE	HELD AT DATE OF NOTICE %	DATE OF NOTICE
BlackRock Group	80,972,196	6.43	29/05/2019
State Street Corporation	61,386,532	5.06	08/11/2021
Australian Super Pty Ltd	60,880,107	5.00	30/03/2023

### Shares held at date of percentage of shares

#### Unquoted equity securities

As at 1 August 2023, there were 10,889,922 rights over unissued ordinary shares.

#### Dividend

The final dividend of 58 cents per share is expected to be paid on or around 27 September 2023 to eligible shareholders. No discount will apply to the dividend reinvestment plan for the 2023 final dividend. There is currently no limit on the number of shares that can participate in the dividend reinvestment plan. The Company intends to issue new shares to satisfy its obligations under the dividend reinvestment plan.

#### Stock exchange listings

Woolworths Group Limited ordinary shares are listed on the Australian Securities Exchange (ASX) under code: WOW.

Woolworths Group Limited shares may be traded in sponsored American Depository Receipts form in the United States.

### Corporate Governance Statement

The Corporate Governance Statement is located on our website. Visit [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au)

### Shareholder calendar <sup>1</sup>

#### 2023

SEPTEMBER	1	Record date for final dividend
SEPTEMBER	27	Payment date for final dividend
OCTOBER	25	Announcement of first quarter sales results
OCTOBER	26	Annual General Meeting

#### 2024

FEBRUARY	21	Announcement of 2024 half-year financial results
FEBRUARY	29	Record date for interim dividend
APRIL	11	Payment date for interim dividend
MAY	2	Announcement of third quarter sales results
AUGUST	28	Announcement of 2024 full-year financial results

<sup>1</sup> Dates are subject to change.



## Subleases

The key terms and conditions of the subleases between Woolworths Group Limited and Endeavour Group Limited are as follows:

TERM	DESCRIPTION
<b>Head lease</b>	The subleases contain an obligation on Endeavour to perform and observe Woolworths' obligations as tenant under the head lease that relate to the liquor premises. There is an obligation on Woolworths to observe and perform its obligations under the head lease.
<b>Commencement date and term</b>	The term and further terms of each sublease align with the term and further terms under the relevant head lease, minus one day.
<b>Option terms</b>	Where Woolworths exercises its option to renew the head lease, it must offer a further term to Endeavour. However, in circumstances where head leases include an obligation to trade as a liquor store, Endeavour is obliged to exercise its option if Woolworths does.
<b>Occupancy costs</b>	The rent and outgoings payable are calculated according to the proportion of the area of the liquor premises against the area of the whole premises. All occupancy costs must be paid by Endeavour to Woolworths, with any adjustments to outgoings to be made at the end of the financial year.
<b>Amenity</b>	Endeavour must not do anything that would detract from the amenity of the supermarket premises or interfere with Woolworths' business.
<b>Dealings</b>	Endeavour must not assign, sublet or license without Woolworths' consent. Consent may be granted or withheld at Woolworths' absolute discretion. A change in control of Endeavour is a breach of the sublease.
<b>Make good obligations</b>	Endeavour is required to leave the liquor premises in good and tenantable repair and condition. Endeavour must comply with the make good requirements under the head lease.

## Glossary

## GLOSSARY

<b>Active eCom customer</b>	Customers that have made a purchase online in the last four weeks
<b>AGW</b>	Australian Grocery Wholesalers Pty Limited
<b>B2B</b>	Business to business
<b>B2C</b>	Business to customer
<b>Cash realisation ratio (CRR)</b>	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
<b>Comparable sales</b>	Measure of sales excluding stores that have been opened or closed in the last 12 months and existing stores where there has been a demonstrable impact from store disruption because of store refurbishment or new store openings/closures
<b>Cost of doing business (CODB)</b>	Expenses relating to the operation of the business
<b>Customer fulfilment centre (CFC)</b>	Dedicated online distribution centre
<b>DAP</b>	Directly-attributable profit only includes costs directly attributable to the B2C eCommerce business, such as picking, packing and delivery costs; CFC and variable DC costs; marketing costs; eCommerce support costs; and CFC and eCommerce-specific asset depreciation
<b>Delivery Unlimited</b>	Subscription service that gives customers access to free delivery on any Next and Same Day Delivery windows, or reduced fees for quicker delivery options (Delivery Now), free shipping at Everyday Market and 2x Everyday Rewards points on all online orders
<b>DC</b>	Distribution centre
<b>Direct to boot</b>	Where a customer places an order online and drives to a dedicated area where a team member places the order directly in the customer's boot
<b>eStore</b>	Dedicated store for the fulfilment of online orders sometimes incorporating automation
<b>Everyday Market</b>	An integrated online marketplace that allows customers to shop products from other Woolworths Group brands and partners alongside their groceries
<b>4-yr CAGR</b>	Four-year compound annual growth rate. F23 results have been compared to normalised F19 results which have removed the impact of the 53rd week and if AASB 16 had been in place in F19
<b>FSC</b>	Forest Stewardship Council
<b>Funds employed</b>	Net assets employed, excluding net tax balances
<b>GMV</b>	Gross merchandise value
<b>HSR</b>	Health star rating
<b>MSRDC</b>	Melbourne South Regional Distribution Centre
<b>Net assets employed</b>	Net assets, excluding net debt and put option liabilities over non-controlling interests
<b>Net cash flow</b>	Cash flow generated by the Woolworths Group after equity related financing activities including dividends, repayment of lease liabilities and proceeds from related party
<b>Net Promoter Score (NPS)</b>	A loyalty measure based on a single question where a customer rates a business on a scale of zero to 10. The score is the net result of the percentage of customers providing a score of nine or 10 (promoters) less the percentage of customers providing a score of zero to six (detractors)
<b>n.m</b>	Not meaningful
<b>PC3</b>	Primary Connect third-party logistics
<b>Pick up</b>	A service which enables collection of online shopping orders in store or at selected locations
<b>PPE</b>	Personal protective equipment





## Glossary

## GLOSSARY

<b>Renewal</b>	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
<b>Return on Funds Employed (ROFE)</b>	Calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed, including significant items provisions
<b>RT3</b>	A new team rostering and store standards solution in Woolworths Supermarkets (Right team, right task, right time)
<b>Sales per square metre</b>	Total sales for the previous 12 months by business divided by average trading area of stores and fulfilment centres
<b>SIW</b>	Statewide Independent Wholesalers Pty Limited
<b>Total net debt</b>	Borrowings less cash balances, including debt hedging derivatives and lease liabilities
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>Total net debt</b>	Borrowings less cash balances, including debt hedging derivatives and lease liabilities
<b>TRIFR</b>	Total recordable injury frequency rate
<b>Two-year/three-year average comparable sales growth</b>	Simple average of the current period and prior period comparable sales growth
<b>Voice of Customer (VOC)</b>	Externally facilitated survey of a sample of Woolworths Group customers where customers rate Woolworths Group businesses on several criteria. Expressed as a percentage of customers providing a rating of six or seven on a seven-point scale
<b>VOC NPS</b>	VOC NPS is based on feedback from Everyday Rewards members. VOC NPS is the number of promoters (score of nine or 10) less the number of detractors (score of six or below)
<b>Voice of Supplier (VOS)</b>	A survey of a broad spectrum of suppliers facilitated by an external provider. The survey is used to provide an ongoing measure of the effectiveness of business relationships with the supplier community. VOS is the average of the suppliers' rating across various attributes, scored as a percentage of suppliers that provided a rating of six or seven on a seven-point scale

Other non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Volume productivity metrics including transaction growth, items per basket and item growth
- Trading area
- Fixed assets and investments
- Net tax balances
- Closing trade payable days
- Change in average prices
- Margins including gross profit, CODB and EBIT
- Cash flow from operating activities before interest and tax
- Free cash flow after equity related financing activities excluding dividends
- Significant items
- Net investment in inventory
- Net assets held for sale
- Closing inventory days
- Average inventory days

## Company directory

### Registered office

1 Woolworths Way  
Bella Vista NSW 2153  
Tel: (02) 8885 0000  
Web: [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au)

### Company Secretaries

Kate Eastoe  
Michelle Hall

### Investor relations

Paul van Meurs

### Auditor

Deloitte Touche Tohmatsu  
Quay Quarter Tower  
50 Bridge Street, Sydney NSW 2000  
Tel: (02) 9322 7000  
Web: [www.deloitte.com.au](http://www.deloitte.com.au)

### Shareholder enquiries

**Link Market Services**  
Locked Bag A14, Sydney South NSW 1235  
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**For shareholders:**  
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Email: [woolworths@linkmarketservices.com.au](mailto:woolworths@linkmarketservices.com.au)

**For team members:**  
Tel: 1800 111 281  
Email: [wow.eps@linkmarketservices.com.au](mailto:wow.eps@linkmarketservices.com.au)

### Media

Tel: (02) 8885 1033  
Email: [media@woolworths.com.au](mailto:media@woolworths.com.au)

### Five Year Summary

The Five Year Summary is available on the Woolworths Group website.

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