ASX Announcement

Woolworths Group

21 February 2024

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

Appendix 4D and Half-Year Financial Report

Attached for release to the market are the ASX Appendix 4D and the Half-Year Financial Report for the period ended 31 December 2023.

Authorised by: Kate Eastoe, Group Company Secretary

For further information contact

Investors and analysts	Media
Paul van Meurs	Woolworths Press Office
Head of Investor Relations	media@woolworths.com.au
+61 407 521 651	+61 2 8885 1033

Appendix 4D
under ASX Listing Rule 4.2A

Current reporting period	**26 June 2023 to 31 December 2023**
Prior corresponding period	**27 June 2022 to 1 January 2023**

Results for announcement to the market

Key information

	% CHANGE		$M
Revenue	4.4	to	34,635
Profit attributable to equity holders of the parent entity before significant items[1]	2.5	to	929
Loss attributable to equity holders of the parent entity	(192.4)	to	(781)

1 Significant items for the current period includes the New Zealand Food impairment of $1,505 million and loss on significant influence over Endeavour Group Limited of $209 million, partially offset by an income tax benefit of $4 million.

Details relating to dividends[1]

	CENTS PER SHARE	$M
2023 interim dividend paid on 13 April 2023	46	560
2023 final dividend paid on 27 September 2023	58	707
2024 interim dividend declared on 21 February 2024 [2,3]	47	574[4]

1 All dividends are fully franked at a 30% tax rate.
2 Record date for determining entitlement to the 2024 interim dividend is 29 February 2024.
3 The 2024 interim dividend is payable on or around 11 April 2024, and is not provided for as at 31 December 2023.
4 Represents the anticipated dividend based on the shares on issue 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 2024 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 10 trading days commencing on 4 March 2024, rounded to the nearest cent. The last date for receipt of election notices for the DRP is 1 March 2024.

The Company intends to purchase shares on-market and transfer these to participants on 11 April 2024 to satisfy its obligations under the DRP.

Net tangible assets per share

	AS AT		
	31 DECEMBER 2023 CENTS PER SHARE	25 JUNE 2023 CENTS PER SHARE	1 JANUARY 2023 CENTS PER SHARE
Net tangible assets per share[1]	73.6	60.1	44.0

1 Net tangible assets is calculated as net assets adjusted for intangible assets and non-controlling interest and is based on the closing number of shares.

Details of subsidiaries, associates and joint ventures

Entities where control was gained

During the half-year ended 31 December 2023, the Group incorporated or gained control of the following entities:

COMPANY	COUNTRY OF INCORPORATION	ACQUISITION DATE
Point Gate Developments Pty Limited	Australia	26 June 2023
Point Gate Properties Pty Limited	Australia	26 June 2023
Pet Culture Group Pty Limited	Australia	18 August 2023

Appendix 4D
under ASX Listing Rule 4.2A

Entities where control was lost

On 5 July 2023, ACN 001 259 301 Pty Limited, Charmtex Pty Ltd, Drystone Pty Ltd, QFD Pty. Limited, Woolworths (Project Finance) Pty Limited and Woolworths (R&D) Pty Limited were deregistered resulting in loss of control.

Details of associates and joint ventures

	LEGAL OWNERSHIP INTEREST AS AT		
	31 DECEMBER 2023	25 JUNE 2023	1 JANUARY 2023
173 Burke Rd JV Pty Ltd [1]	**50.1%**	50.1%	50.1%
Quantium Telstra Pty Ltd [2]	**49.9%**	49.9%	–
NP Fulfilment Group Pty Limited	**40.0%**	40.0%	40.0%
Sherpa (Aust) Pty Ltd	**27.0%**	27.0%	27.0%
B & J City Kitchen Pty Ltd	**23.0%**	23.0%	23.0%
FutureFeed Pty Ltd	**13.8%**	13.8%	13.8%

1 Notwithstanding that the Group's ownership interest in this entity is greater than 50%, the Group does not control this entity as the decisions about the relevant activities of the entity require the unanimous consent of both parties sharing control. The Group classifies this entity as an investment in joint venture and applies the equity method of accounting.

2 The Quantium Group Holdings Pty Limited, a subsidiary of the Group, holds a 49.9% ownership interest in this entity, which it classifies as an investment in associate and applies the equity method of accounting.

Other

Additional Appendix 4D 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 Half-Year Financial Report 2024, and Press Release (F24 Half-Year Profit and Dividend Announcement).

The Consolidated Financial Statements contained within the Half-Year Financial Report 2024, upon which this report is based, have been reviewed by Deloitte Touche Tohmatsu.

Half-Year

Financial Report 2024

Woolworths Group Limited
ABN 88 000 014 675

Woolworths Group

Half-Year Financial Report 2024

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Directors' Report

This Half-Year Financial Report is presented by the directors in respect of Woolworths Group Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2023 (the Group).

In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report is as follows:

The Directors

The Directors of the Company at any time during or since the end of the half-year, and up to the date of this report, are:

Non-executive Directors

S Perkins (Chair)
W Bray
M Brenner
J Carr-Smith
P Chronican
T Fellows
H Kramer
K Tesija

Executive Director

B Banducci (Managing Director and Chief Executive Officer)

Review and results of operations

Refer to F24 Half-Year Profit and Dividend Announcement for the 27 weeks ended 31 December 2023.

Rounding of amounts

The Half-Year Financial Report is 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*.

Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 3.

The Half-Year Financial Report is made in accordance with a resolution of the Directors of the Company on 21 February 2024.

Scott Perkins
Chair

Brad Banducci
Managing Director and Chief Executive Officer

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Quay Quarter Tower
Level 46, 50 Bridge St
Sydney NSW 2000

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

21 February 2024

Board of Directors
Woolworths Group Limited
1 Woolworths Way
Bella Vista NSW 2153

Dear Board Members

Auditor's Independence Declaration – 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 review of the financial report of Woolworths Group Limited for the half-year ended 31 December 2023, we declare that to the best of our knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tom Imbesi
Partner
Chartered Accountants

Travis Simkin
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss

	NOTE	HALF-YEAR ENDED 31 DECEMBER 2023 $M	RESTATED[1] 1 JANUARY 2023 $M
Revenue	2	**34,635**	33,169
Cost of sales		**(25,154)**	(24,369)
Gross profit		**9,481**	8,800
Other income	2	**154**	153
Branch expenses[2]	3	**(5,910)**	(5,481)
Administration expenses[2]	3	**(3,747)**	(1,911)
(Loss)/earnings before interest and tax		**(22)**	1,561
Net finance costs	4	**(358)**	(346)
(Loss)/profit before income tax		**(380)**	1,215
Income tax expense		**(393)**	(366)
(Loss)/profit for the period		**(773)**	849
(Loss)/profit for the period attributable to:			
Equity holders of the parent entity		**(781)**	845
Non-controlling interests		**8**	4
		(773)	849
(Loss)/earnings per share attributable to equity holders of the parent entity		CENTS	CENTS
Basic (loss)/earnings per share[3]		**(64.1)**	69.7
Diluted (loss)/earnings per share[4]		**(64.1)**	69.3

1 Refer to Note 1.2.1 for further details.

2 For the current period, administration expenses includes a $1,492 million impairment of goodwill in New Zealand Food and a $209 million loss relating to the loss of significant influence over Endeavour Group Limited and branch expenses includes a $13 million impairment relating to the transformation and rebranding of Countdown stores to Woolworths New Zealand. Refer to Note 3, Note 6 and Note 7 for further details.

3 Weighted average number of shares used to calculate basic (loss)/earnings per share is 1,218.7 million (2023: 1,212.8 million) and excludes shares held in trust.

4 Weighted average number of shares used in the diluted (loss)/earnings per share calculation is 1,218.7 million (2023: 1,220.1 million). Weighted average number of shares for the current period used in the diluted loss per share calculation is the same as used in the basic loss per share calculation as the effect of share rights expected to vest was anti-dilutive and excluded from the calculation.

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

Consolidated Statement of Other Comprehensive Income or Loss

	HALF-YEAR ENDED	
	31 DECEMBER 2023 $M	1 JANUARY 2023 $M
(Loss)/profit for the period	**(773)**	849
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to profit or loss, net of tax		
Effective portion of changes in the fair value of cash flow hedges	**(22)**	(75)
Foreign currency translation of foreign operations	**25**	62
Share of other comprehensive income of associates, net of derecognition on partial disposal	**–**	1
Other comprehensive income/(loss) for the period	**3**	(12)
Total comprehensive (loss)/income for the period	**(770)**	837
Total comprehensive (loss)/income for the period attributable to:		
Equity holders of the parent entity	**(778)**	833
Non-controlling interests	**8**	4
	(770)	837

The above Consolidated Statement of Other Comprehensive Income or Loss should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

	NOTE	AS AT 31 DECEMBER 2023 $M	25 JUNE 2023 $M	1 JANUARY 2023 $M
Current assets				
Cash and cash equivalents		**1,696**	1,135	1,059
Trade and other receivables		**996**	1,016	988
Inventories		**3,999**	3,698	3,944
Other financial assets		**22**	51	55
Other current assets		**251**	225	265
		6,964	6,125	6,311
Assets held for sale		**352**	250	209
Total current assets		**7,316**	6,375	6,520
Non-current assets				
Trade and other receivables		**126**	132	138
Other financial assets		**999**	140	89
Lease assets		**9,432**	9,467	9,696
Property, plant and equipment		**9,136**	8,881	8,705
Intangible assets		**4,198**	5,693	5,708
Investments accounted for using the equity method	6	**69**	1,123	1,102
Deferred tax assets		**1,533**	1,478	1,437
Other non-current assets		**345**	359	377
Total non-current assets		**25,838**	27,273	27,252
Total assets		**33,154**	33,648	33,772
Current liabilities				
Trade and other payables		**8,096**	7,623	7,535
Lease liabilities		**1,629**	1,637	1,478
Borrowings		**596**	466	525
Current tax payable		**243**	230	101
Other financial liabilities		**263**	269	163
Provisions		**1,709**	1,640	1,686
Other current liabilities		**13**	21	11
		12,549	11,886	11,499
Liabilities directly associated with assets held for sale		**–**	–	15
Total current liabilities		**12,549**	11,886	11,514
Non-current liabilities				
Lease liabilities		**10,206**	10,343	10,624
Borrowings		**3,636**	3,289	3,640
Other financial liabilities		**647**	669	741
Provisions		**852**	857	832
Other non-current liabilities		**33**	39	47
Total non-current liabilities		**15,374**	15,197	15,884
Total liabilities		**27,923**	27,083	27,398
Net assets		**5,231**	6,565	6,374
Equity				
Contributed equity	10	**5,645**	5,406	5,428
Reserves		**(7,646)**	(7,567)	(7,560)
Retained earnings		**7,098**	8,586	8,375
Equity attributable to equity holders of the parent entity		**5,097**	6,425	6,243
Non-controlling interests		**134**	140	131
Total equity		**5,231**	6,565	6,374

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2023	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY						
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 25 June 2023	**5,556**	**(150)**	**(7,567)**	**8,586**	**6,425**	**140**	**6,565**
(Loss)/profit for the period	–	–	–	(781)	(781)	8	(773)
Other comprehensive income for the period	–	–	3	–	3	–	3
Total comprehensive income/(loss) for the period	–	–	3	(781)	(778)	8	(770)
Dividends paid	–	–	–	(707)	(707)	(15)	(722)
Issue/(transfer) of shares to satisfy employee long-term incentive plans	–	131	(131)	–	–	–	–
Issue of shares to satisfy the dividend reinvestment plan	109	–	–	–	109	–	109
Purchase of shares by the Woolworths Employee Share Trust	–	(1)	–	–	(1)	–	(1)
Derecognition on loss of significant influence over associate	–	–	(3)	–	(3)	–	(3)
Share-based payments expense	–	–	52	–	52	1	53
Balance at 31 December 2023	**5,665**	**(20)**	**(7,646)**	**7,098**	**5,097**	**134**	**5,231**

HALF-YEAR ENDED 1 JANUARY 2023	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY						
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 26 June 2022	5,379	(172)	(7,400)	8,173	5,980	124	6,104
Profit for the period	–	–	–	845	845	4	849
Other comprehensive loss for the period	–	–	(12)	–	(12)	–	(12)
Total comprehensive income for the period	–	–	(12)	845	833	4	837
Dividends paid	–	–	–	(643)	(643)	(5)	(648)
Issue/(transfer) of shares to satisfy employee long-term incentive plans	–	128	(128)	–	–	–	–
Issue of shares to satisfy the dividend reinvestment plan	94	–	–	–	94	–	94
Purchase of shares by the Woolworths Employee Share Trust	–	(1)	–	–	(1)	–	(1)
Recognition of non-controlling interest on acquisition of subsidiary	–	–	–	–	–	8	8
Recognition of put option over non-controlling interest	–	–	(79)	–	(79)	–	(79)
Share-based payments expense	–	–	59	–	59	–	59
Balance at 1 January 2023	5,473	(45)	(7,560)	8,375	6,243	131	6,374

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	NOTE	HALF-YEAR ENDED 31 DECEMBER 2023 $M	HALF-YEAR ENDED 1 JANUARY 2023 $M
Cash flows from operating activities			
Receipts from customers		**36,841**	35,210
Payments to suppliers and employees		**(33,435)**	(32,335)
Payments for the interest component of lease liabilities		**(333)**	(320)
Net finance costs paid on borrowings		**(67)**	(52)
Income tax paid		**(424)**	(354)
Net cash provided by operating activities		**2,582**	2,149
Cash flows from investing activities			
Proceeds and advances from the sale of property, plant and equipment		**124**	134
Payments for property, plant and equipment and intangible assets		**(1,315)**	(1,274)
Proceeds from the sale of subsidiaries and investments, net of cash disposed		**–**	659
Payments for the purchase of businesses, net of cash acquired		**(8)**	(365)
Payments for the purchase of investments		**(2)**	(13)
Dividends received		**12**	20
Net cash used in investing activities		**(1,189)**	(839)
Cash flows from financing activities			
Repayment of the principal component of lease liabilities		**(652)**	(580)
Proceeds from borrowings		**784**	775
Repayment of borrowings		**(351)**	(925)
Dividends paid	9	**(598)**	(549)
Dividends paid to non-controlling interests		**(15)**	(5)
Payment for shares held in trust	10	**(1)**	(1)
Net cash used in financing activities		**(833)**	(1,285)
Net increase in cash and cash equivalents		**560**	25
Effect of exchange rate changes on cash and cash equivalents		**1**	2
Cash and cash equivalents at start of period		**1,135**	1,032
Cash and cash equivalents at end of period		**1,696**	1,059

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Condensed Notes to the Consolidated Financial Statements.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 31 December 2023

1 General information

Woolworths Group Limited (the Company) is a for-profit company incorporated and domiciled in Australia. The Half-Year Financial Report of the Company is for the 27-week period ended 31 December 2023 and comprises the Company and its subsidiaries (together referred to as the Group). The comparative period is the 27-week period ended 1 January 2023.

The Half-Year Financial Report was authorised for issue by the Directors on 21 February 2024.

1.1 Statement of compliance

The Half-Year Financial Report of the Group is a general purpose condensed financial report prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The Half-Year Financial Report does not include all of the information required for a full Financial Report, and should be read in conjunction with the Company's Financial Report for the 52-week period ended 25 June 2023 (2023 Financial Report), and any public announcements by Woolworths Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules.

1.2 Basis of preparation

1.2.1 Basis of accounting

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 at the end of each reporting period. All amounts are presented in Australian dollars and 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 accounting policies applied in the preparation of the Half-Year Financial Report are consistent with those applied in the 2023 Financial Report. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

Consistent with the disclosure in the 2023 Financial Report, 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.

The reclassifications for the comparative period within the Consolidated Statement of Profit or Loss are summarised as follows.

HALF-YEAR ENDED 1 JANUARY 2023	AS PREVIOUSLY REPORTED $M	ADJUSTMENT $M	RESTATED $M
Revenue	33,169	–	33,169
Cost of sales	(23,316)	(1,053)	(24,369)
Gross profit	9,853	(1,053)	8,800
Other income	153	–	153
Branch and administration expenses	(8,445)	1,053	(7,392)
Earnings before interest and tax	1,561	–	1,561

For segment reporting purposes, consistent with the 2023 Financial Report, 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 5.1.

1 General information

1.2 Basis of preparation (continued)

1.2.2 Going concern

The directors have, at the time of approving the Half-Year 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 Half-Year Financial Report.

Notwithstanding that the Group's working capital position is in a net current liability position as at 31 December 2023 of $5,233 million (25 June 2023: net current liability position of $5,511 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.

1.3 New and amended standards adopted by the Group

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on or after 26 June 2023. This includes the impact of the new standard AASB 17 *Insurance Contracts* (AASB 17), which is effective for the current period.

AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 is a complex accounting standard that captures contracts issued that transfer significant insurance risk. Such contracts can be issued by any entity including non-insurers who have not applied insurance accounting prior to AASB 17.

Woolworths Group Limited (the parent entity) was 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 the Northern Territory, and therefore provides insurance to its subsidiaries.

As at 31 December 2023, there is no impact at the Group level as insurance contracts between the Group and its external parties (where the Group acts as the Insurer) do not exist and therefore, do not fall within the scope of AASB 17.

1.4 Critical accounting estimates and judgements

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, judgements and assumptions which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the amounts recognised on the Consolidated Financial Statements, include investments accounted for using the equity method (refer to Note 6), impairment of non-financial assets (refer to Note 7), and provisions (as disclosed below).

1.4.1 Provisions

Included in provisions is the team member remediation provision, which represents the Group's best estimates of the expenditure required to settle the Group's obligations under the General Retail Industry Award (GRIA) as well as other modern awards, enterprise agreements (EAs), and statutory entitlements for both salaried and hourly paid team members across the Group.

The critical accounting estimates and judgements required to measure the team member remediation provision include, but are not limited to, discount rates, expected future salary and wage levels, periods of service, wage growth and future inflation.

1 General information

1.4 Critical accounting estimates and judgements (continued)

TEAM MEMBER REMEDIATION PROVISIONS

End-to-end payroll review

During the 2021 financial period, the Group established an end-to-end payroll review across the Group's payroll systems and processes to test and ensure compliance with the Group's obligations under the 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 2023 financial 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. As at 31 December 2023, the Group holds $238 million (25 June 2023: $252 million) of team member remediation provisions of which $174 million (25 June 2023: $187 million) relates to hourly paid team members and $64 million (25 June 2023: $65 million) relates to salaried team members. The provisions recognised as at 31 December 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.

Hourly paid team members

As at 31 December 2023, the Group has a provision of $174 million relating to team member payment shortfalls (including interest and on-costs) as a result of non-compliance with EAs for hourly paid team members. To date, payments of $123 million have been made to impacted hourly paid team members and 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.

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 Fair Work Act and GRIA. The Group has provided in excess of $500 million in relation to the remediation of those salaried team members. Significant progress has been made to remediate the impacted salaried team members with $483 million paid to those team members 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 the affected salaried team members. The FWO proceedings were heard by the Federal Court in June and July 2023. Class action proceedings brought by Adero Law Firm against the Woolworths Group in 2019 were heard at the same time. The Group is expecting to receive judgement by the end of the 2024 financial period.

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 were made.

As at 31 December 2023, the Group has a provision of $64 million to settle any remaining obligations. 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.

Long service leave

In August 2023, the Wage Inspectorate Victoria (WIV) issued proceedings against Woolworths Group Limited and a subsidiary, alleging they had breached s9(2) of the Victorian Long Service Leave Act by failing to pay 1,235 former employees their full amount of long service leave on their respective dates of termination. The proceedings seek penalties against each company. The proceedings follow on from the Group having identified underpayments in reviewing its long service leave compliance, bringing those underpayments to the attention of WIV and other State regulators, and proactively making full remediation payments (together with superannuation and interest) to the affected Woolworths team members. Uncertainty remains in relation to these proceedings, as the Group continues to engage with external counsel and the WIV. Based on the Group's latest assessment, any obligation is not expected to be material.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 31 December 2023

2 Revenue and other income

	HALF-YEAR ENDED	
	31 DECEMBER 2023 $M	1 JANUARY 2023 $M
Revenue		
Sale of goods in-store	**27,930**	27,179
Sale of goods online	**3,950**	3,353
Other revenue[1]	**2,755**	2,637
Total revenue	**34,635**	33,169
Other income		
Share of profit of investments accounted for using the equity method	**21**	41
Other[2]	**133**	112
Total other income	**154**	153

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 and consulting revenue.

2 Other income comprises operating lease rental income and income from non-operating activities across the Group.

3 Branch and administration expenses

	HALF-YEAR ENDED	
	31 DECEMBER 2023 $M	RESTATED[1] 1 JANUARY 2023 $M
Employee benefits expense	**4,811**	4,581
Depreciation and amortisation expense[2]	**1,233**	1,156
Occupancy expenses	**367**	298
Contract labour and consultancy fees	**437**	496
New Zealand Food impairment[3]	**1,505**	–
Loss of significant influence over Endeavour Group Limited[3]	**209**	–
Other[4]	**1,095**	861
Total branch and administration expenses	**9,657**	7,392
Branch expenses	**5,910**	5,481
Administration expenses	**3,747**	1,911
Total branch and administration expenses	**9,657**	7,392

1 Refer to Note 1.2.1 for further details.

2 Excludes depreciation and amortisation expense recognised in cost of sales of $154 million (2023: $131 million).

3 Refer to Note 5.2 for further details.

4 Other includes expenses, such as light and power, IT and repairs and maintenance expenses.

4 Net finance costs

	HALF-YEAR ENDED	
	31 DECEMBER 2023 $M	1 JANUARY 2023 $M
Interest expense[1]	**392**	370
Less: Interest capitalised	**(17)**	(13)
Interest income[2]	**(17)**	(11)
Total net finance costs	**358**	346

1 Interest expense includes interest on leases of $283 million (2023: $279 million), interest on borrowings and derivatives of $101 million (2023: $84 million), and interest expense on put option liabilities of $8 million (2023: $7 million).

2 Interest income recognised by the Group, in its capacity as a lessor, over the lease term.

5 Reportable segments

5.1 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 and are as follows:

- **Australian Food** – procurement of food, drinks and related products for resale and provision of services (including eCommerce) to retail and business 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, drinks and related products for resale and provision of services (including eCommerce) to retail and wholesale customers in New Zealand;
- **BIG W** – procurement of discount general merchandise products for resale (including via eCommerce) to retail customers in Australia; and
- **Other** – comprises Quantium 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.

The primary reporting measure of the reportable segments is earnings/(loss) before interest, tax (EBIT) 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.

HALF-YEAR ENDED 31 DECEMBER 2023	AUSTRALIAN FOOD $M	AUSTRALIAN B2B $M	NEW ZEALAND FOOD $M	BIG W $M	OTHER $M	TOTAL $M
Revenue[1]	25,899	2,323	3,858	2,595	(40)	34,635
Other income	–	–	–	–	154	154
Total revenue and other income	**25,899**	**2,323**	**3,858**	**2,595**	**114**	**34,789**
EBIT before depreciation, amortisation and significant items	2,531	133	223	163	29	3,079
Depreciation and amortisation	(961)	(62)	(158)	(109)	(97)	(1,387)
EBIT before significant items	1,570	71	65	54	(68)	1,692
Significant items[2]						(1,714)
Loss before interest and tax						(22)
Net finance costs						(358)
Loss before income tax						(380)
Income tax expense						(393)
Loss for the period						(773)
Capital expenditure[3]	540	19	149	46	531	1,285

1 Revenue in Australian B2B includes $187 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 $187 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 EBIT.

2 Refer to Note 5.2 for further details.

3 Capital expenditure comprises the purchase of property, plant and equipment, and intangible assets.

5 Reportable segments

5.1 Financial performance of the Group's reportable segments (continued)

HALF-YEAR ENDED 1 JANUARY 2023	RESTATED[1] AUSTRALIAN FOOD $M	RESTATED[1] AUSTRALIAN B2B $M	NEW ZEALAND FOOD $M	BIG W $M	OTHER $M	TOTAL $M
Revenue[2]	24,560	2,258	3,703	2,708	(60)	33,169
Other income	–	–	–	–	153	153
Total revenue and other income	24,560	2,258	3,703	2,708	93	33,322
EBIT before depreciation, amortisation and significant items	2,317	101	259	239	8	2,924
Depreciation and amortisation	(889)	(52)	(148)	(105)	(93)	(1,287)
EBIT before significant items	1,428	49	111	134	(85)	1,637
Significant items[3]						(76)
Earnings before interest and tax						1,561
Net finance costs						(346)
Profit before income tax						1,215
Income tax expense						(366)
Profit for the period						849
Capital expenditure[4]	548	19	119	59	505	1,250

1 Restated to conform with the current structure of the Group. Refer to Note 1.2.1 for further details.
2 Revenue in Australian B2B includes $180 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 $180 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 EBIT.
3 Refer to Note 5.2 for further details.
4 Capital expenditure comprises the purchase of property, plant and equipment, and intangible assets.

5.2 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, which are as follows.

	31 DECEMBER 2023 $M	1 JANUARY 2023 $M
New Zealand Food impairment	**(1,505)**	–
Loss of significant influence over Endeavour Group Limited	**(209)**	–
End-to-end payroll review remediation	**–**	(61)
Supply chain network review	**–**	(32)
BIG W network review	**–**	47
Exit of the Summergate business	**–**	(30)
Total Group significant items before income tax	**(1,714)**	(76)
Income tax benefit[1]	**4**	14
Total Group significant items	**(1,710)**	(62)

1 Income tax benefit for the current period relates to the tax impact on the $13 million impairment of property, plant and equipment. There is no tax impact on the impairment of goodwill and the loss of significant influence over Endeavour Group Limited as these items are not tax deductible.

The individually significant items of $1,714 million recognised before income tax during the period are detailed below.

New Zealand Food impairment

During the period, the trading performance of New Zealand Food continued to be impacted by a challenging economic environment and competitive landscape. Whilst positive progress was made during the period on the New Zealand Food transformation agenda, including improved customer metrics and sales momentum towards the end of the period, the ongoing challenging environment led to a review of the forecasts for the business for the next three years.

5 Reportable segments

5.2 Individually significant items (continued)

Due to a weaker medium-term market outlook in New Zealand and the impact of higher interest rates on discount rates, the recoverable amount of New Zealand Food was estimated based on its value in use. As a result, the carrying value of New Zealand Food exceeded its recoverable amount and a non-cash impairment of $1,492 million (NZ$1,613 million) was recognised against goodwill within intangible assets. In addition, the Group recognised a $13 million impairment (NZ$14 million) relating to property, plant and equipment, as a result of the transformation and rebranding of Countdown stores to Woolworths New Zealand.

Therefore, a total impairment of $1,505 million was recognised as a significant item during the period. Refer to Note 7 for further details.

Loss of significant influence over Endeavour Group Limited

Notwithstanding that the Group continues to hold a 9.1% interest in Endeavour Group Limited (Endeavour Group), the Group can no longer clearly demonstrate that it has significant influence over Endeavour Group. As a result, the Group discontinued the equity method of accounting and recognised its investment in Endeavour Group at fair value through other comprehensive income based on a share price of $5.21, with a loss of $209 million recognised in the Consolidated Statement of Profit or Loss. Refer to Note 6 for further details.

6 Investments accounted for using the equity method

During the period, the Group reassessed its ability to significantly influence the financial and operating policies of Endeavour Group, which is an area of key judgement. Based on a combination of factors, including the Group's ability to participate in the policy-making processes of Endeavour Group and the material transactions between the entities, the Group can no longer clearly demonstrate that it has significant influence over Endeavour Group. As a result, the Group ceased using the equity method of accounting and subsequently designated its investment in Endeavour Group as a financial asset measured at fair value through other comprehensive income within equity.

6.1 Movements in the carrying amount of investments accounted for using the equity method

AS AT 31 DECEMBER 2023	ENDEAVOUR GROUP $M	INDIVIDUALLY IMMATERIAL INVESTMENTS IN ASSOCIATES $M	INDIVIDUALLY IMMATERIAL INVESTMENTS IN JOINT VENTURES $M	TOTAL $M
Carrying amount at start of period	1,046	29	48	1,123
Additional investment	–	2	–	2
Share of net profit/(loss) for the period, net of tax[1]	27	(1)	(5)	21
Dividends received	(12)	–	–	(12)
Derecognition on loss of significant influence	(1,061)	(4)	–	(1,065)
Carrying amount at end of period	**–**	**26**	**43**	**69**

1 Based on consensus data for Endeavour Group and the latest available management accounts for the Group's remaining investments as at the reporting date.

6.2 Impact of the change in accounting for the investment in Endeavour Group

	$M
Derecognition of the investment in Endeavour Group upon loss of significant influence	(1,061)
Equity items recycled to profit and loss upon loss of significant influence	3
Recognition of the investment in Endeavour Group at fair value[1]	849
Loss on the change in accounting for the investment in Endeavour Group	**(209)**

1 Based on 162,982,408 shares at the share price of $5.21 on 31 December 2023.

7 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Internal and external factors, such as performance against budget, changes in expected future prices, costs, and other market factors are also monitored to assess for indications of impairment.

If any such indication exists, the recoverable amount of the asset is estimated as the higher of fair value less costs of disposal (FVLCOD) or value in use (VIU), and is determined for the individual asset where possible, otherwise, for the cash-generating unit (CGU) to which it belongs. CGUs are the smallest identifiable groups of assets and liabilities that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is recognised for the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount.

For the purpose of impairment testing, indefinite lived 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:

	AS AT 31 DECEMBER 2023		AS AT 25 JUNE 2023	
	GOODWILL $M	BRAND NAMES $M	GOODWILL $M	BRAND NAMES $M
Australian Food	**866**	**3**	866	3
New Zealand Food	**604**	**241**	2,077	240
BIG W	**50**	**–**	50	–
PFD	**360**	**43**	360	43
Quantium	**143**	**19**	143	19
MyDeal	**8**	**–**	8	–
Carrying amount at end of the period[1]	**2,031**	**306**	3,504	305

1 During the current period, the carrying amount of goodwill decreased by $1,473 million, which was driven by the impairment loss of $1,492 million in New Zealand Food, partially offset by a foreign exchange movements of $19 million.

The Group's determination of the recoverable amount of a CGU is based on its VIU which is calculated by discounting the forecast future cash flows in the Group's most recent three-year outlook or Board-approved plan. Cash flows are then extrapolated using a long-term growth rate.

During the period, the Group assessed each CGU to determine whether there is any indication that the CGU may be impaired. For all CGUs, other than New Zealand Food, BIG W and MyDeal, no indications of impairment were identified.

7.1 Impairment testing

New Zealand Food

During the period, positive progress was made on the New Zealand Food transformation agenda, which included the rebranding of 34 stores from Countdown to Woolworths New Zealand, the relaunch of Weekly Specials and Low Price mechanics, the evolution of in-store price messaging to improve the communication of value to customers, and the soft launch of Everyday Rewards. Despite positive customer metrics, the financial performance during the period was below expectations, with Earnings Before Interest and Tax (EBIT) before significant items of $65 million, 41% lower than prior year.

The EBIT outlook for the remainder of the financial period is expected to be challenged and combined with the impact of higher interest rates on discount rates during the period, the recoverable amount of the New Zealand Food CGU was estimated based on its VIU. The significant assumptions applied in the determination of its VIU are outlined as follows.

SIGNIFICANT ASSUMPTION	HOW IT WAS DETERMINED
Forecast future cash flows	The Group applied the expected cash flow approach to the scenarios in the most recent three-year outlook of the CGU. Cash flows beyond the three years were then extrapolated using a long-term growth rate of 2.5% (2023: 2.5%) per annum, which did not exceed the long-term average growth rate for the industry. Cash outflows include maintenance expenditure for the purchase of property, plant and equipment and exclude capital expenditure that enhances the current performance of assets.
Discount rate	A pre-tax discount rate, which was derived from a post-tax discount rate of 8.9% (2023: 8.5%) per annum, was used in discounting the projected cash flows of the CGU, reflecting a specific market estimate of the weighted average cost of capital.

7 Impairment of non-financial assets

7.1 Impairment testing (continued)

As at 31 December 2023, the carrying value of the New Zealand Food CGU exceeded its recoverable amount by $1,492 million (NZ$1,613 million) which was recognised as an impairment loss, with a corresponding reduction in goodwill within intangible assets. In addition, the Group recognised a $13 million impairment (NZ$14 million) of property, plant, and equipment, as a result of the transformation and rebranding of Countdown stores to Woolworths New Zealand.

BIG W

For the current period, BIG W EBIT was $54 million, 60% below the prior year and unfavourable to budget, as performance was impacted by a decline in sales due to lower discretionary spending and pressure on margins from competitive pricing activity, and elevated stock loss levels. However, as at 31 December 2023, the recoverable amount of the CGU exceeded its carrying value and as such, no impairment loss was recognised during the period.

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 at 31 December 2023, the recoverable amount of the CGU exceeded its carrying value and as such, no impairment loss was recognised during the period.

7.2 Sensitivity analysis

Sensitivity analysis is performed to determine the impact on the recoverable amount for any reasonably possible changes. For all CGUs, other than New Zealand Food, BIG W and MyDeal, the Group determined that based on current economic conditions and performance, any reasonably possible changes to the key assumptions used in the determination of the most recent recoverable amount, such as challenges impacting the CGU's ability to meet the forecast expectations and achieve sustainable performance in line with the estimates underpinning its terminal value, would not result in an impairment loss.

Management has performed a sensitivity analysis for New Zealand Food, BIG W and MyDeal, and assuming all other variables are held constant, the results are as follows.

CGU	SENSITIVITY ANALYSIS
New Zealand Food	Either a 0.5% increase in the post-tax discount rate or a 7% reduction in the EBITDA within the terminal year, would reduce the recoverable amount to below the remaining carrying value of the CGU by approximately $170 million.
BIG W	Either a 0.9% increase in the post-tax discount rate or a 4% reduction in EBITDA within the terminal year, would result in the recoverable amount approximating its carrying value.
MyDeal	Either a 0.4% increase in discount rate or a 4% reduction in EBITDA within the terminal year, would result in the recoverable amount approximating its carrying value.

8 Borrowings

Significant financing transactions during the period

In October 2023, the Group successfully issued $450 million of domestic medium-term notes with a tenor of seven-and-a-half years. The proceeds from the issuance will be used to refinance $400 million of domestic medium-term notes maturing in April 2024.

Committed bank facilities, which were due to mature prior to 30 June 2024, were also extended during the period with a minimum tenor of at least 12 months.

9 Dividends

	HALF-YEAR ENDED 31 DECEMBER 2023			HALF-YEAR ENDED 1 JANUARY 2023		
	CENTS PER SHARE	TOTAL AMOUNT $M	DATE OF PAYMENT	CENTS PER SHARE	TOTAL AMOUNT $M	DATE OF PAYMENT
Prior year final dividend	**58**	**707**	**27 September 2023**	53	643	27 September 2022
Issue of shares to satisfy the dividend reinvestment plan		**(109)**			(94)	
Dividends paid in cash		**598**			549	

All dividends are fully franked at a 30% tax rate.

On 21 February 2024, the Board of Directors declared an interim dividend in respect of the 2024 financial period of 47 cents per share, fully franked at a 30% tax rate (compared to the 46 cents per share interim dividend declared in February 2023). The amount will be paid on or around 11 April 2024 and is expected to be $574 million. As the dividend was declared subsequent to 31 December 2023, no provision has been made as at 31 December 2023 in the Consolidated Statement of Financial Position.

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 2024 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 10 trading days commencing on 4 March 2024, rounded to the nearest cent. The last date for receipt of election notices for the DRP is 1 March 2024.

The Company intends to purchase shares on-market and transfer these to participants on 11 April 2024 to satisfy its obligations under the DRP.

10 Contributed equity

	HALF-YEAR ENDED 31 DECEMBER 2023		YEAR ENDED 25 JUNE 2023		HALF-YEAR ENDED 1 JANUARY 2023	
	NUMBER M	$M	NUMBER M	$M	NUMBER M	$M
Share capital						
Movement:						
Balance at start of period	**1,218.7**	**5,556**	1,213.9	5,379	1,213.9	5,379
Issue of shares to satisfy the dividend reinvestment plan	**2.9**	**109**	4.8	177	2.6	94
Balance at end of period[1]	**1,221.6**	**5,665**	1,218.7	5,556	1,216.5	5,473
Shares held in trust						
Movement:						
Balance at start of period	**(4.0)**	**(150)**	(4.8)	(172)	(4.8)	(172)
Issue of shares to satisfy employee long-term incentive plans	**3.5**	**131**	3.7	132	3.5	128
Purchase of shares by the Woolworths Employee Share Trust	**–**	**(1)**	(2.9)	(110)	–	(1)
Balance at end of period	**(0.5)**	**(20)**	(4.0)	(150)	(1.3)	(45)
Contributed equity at end of period	**1,221.1**	**5,645**	1,214.7	5,406	1,215.2	5,428

1 As at 31 December 2023, the Group's fully paid ordinary shares were 1,221,585,256 (25 June 2023: 1,218,702,058 and 1 January 2023: 1,216,476,503).

11 Commitments for capital expenditure

Capital expenditure commitments of the Group at the reporting date are as follows:

	AS AT	
	31 DECEMBER 2023 $M	1 JANUARY 2023 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**941**	1,046
Later than one year, not later than two years	**94**	243
Later than two years, not later than five years	**–**	65
Total capital expenditure commitments	**1,035**	1,354

12 Contingent liabilities

The Group has entered into 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 $675 million for self-insured risks (25 June 2023: $663 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. As at 31 December 2023, the Consolidated Statement of Financial Position reflects the Group's best estimate of all known liabilities arising from such matters and there are no material contingent liabilities that require disclosure.

13 Subsequent events

Other than the acquisition of a controlling interest in PETstock Pty Ltd (Petstock Group), as at the date of this report, there has not been any matter or circumstance occurring subsequent to the end of the reporting period that would have a material impact on the Half-Year Financial Report 2024.

13.1 Acquisition of Petstock Group

Subsequent to 31 December 2023, the Group acquired a 55% controlling interest in Petstock Group, a leading Australian and New Zealand specialty pet food, accessories and services retailer for cash consideration of $477 million, subject to working capital and net debt adjustments.

This acquisition allows the Group to meet more of its customers' pet family needs with a complementary range of specialty pet products and services, strengthen its Everyday Rewards loyalty program and unlock opportunities for material joint value creation through access to the Group's retail capabilities and Petstock Group's specialty pet expertise.

An undertaking to divest a portfolio of stores, brands and vet clinics was accepted by the Australian Competition and Consumer Commission. Discussions with potential purchasers are continuing and as the terms and conditions relating to the divestiture become known, the respective assets and liabilities will be classified as held for sale in the Group's Consolidated Statement of Financial Position.

The fair values of identifiable net assets acquired have been measured provisionally. Any material changes to the amounts recognised within one year of the acquisition date, due to new information obtained about the facts and circumstances that existed as at the acquisition date, would result in an adjustment to the identifiable net assets acquired, and the amounts of goodwill and non-controlling interest recognised.

13 Subsequent events

13.1 Acquisition of Petstock Group (continued)

Identifiable net assets acquired and the recognition of goodwill and non-controlling interest

The following table summarises the identifiable assets acquired and liabilities assumed of Petstock Group, and the recognition of goodwill and non-controlling interest as at the date of acquisition.

	$M
Assets	
Cash and cash equivalents	6
Trade and other receivables	39
Inventories	127
Other financial assets	28
Lease assets	354
Property, plant and equipment	115
Intangible assets[1]	260
Deferred tax assets	31
Other assets	3
Total assets	963
Liabilities	
Trade and other payables	91
Lease liabilities	354
Provisions	24
Borrowings	328
Deferred tax liabilities	88
Total liabilities	885
Total identifiable net assets acquired	78
Goodwill	434
Non-controlling interest[2]	(35)
Consideration	477

1 Includes identifiable intangible assets of $167 million comprising indefinite lived brand names of $147 million, which are not amortised, and customer relationships of $92 million, which are amortised on a straight-line basis over their expected useful lives of 10 years, partially offset by a deferred tax liability of $72 million.

2 Based on the non-controlling interest's proportion of the fair value of identifiable net assets of Petstock Group.

The goodwill of $434 million represents the difference between (i) the consideration paid of $477 million and non-controlling interest of $35 million and (ii) the total identifiable net assets acquired of $78 million. The goodwill is attributable mainly to the skills, expertise and technical talent of the existing Petstock Group team members in specialty pet retailing, the strength of the market position and existing store network of Petstock Group, and intangible assets that do not qualify for separate recognition.

Directors' Declaration

The directors of the Company declare that, in the opinion of the directors:

a) The consolidated financial statements and notes for the half-year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Australian Accounting Standards, International Financial Reporting Standards and any further requirements in the *Corporations Regulations 2001*; and

   ii) giving a true and fair view of the financial position and performance of the Group;

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made and signed in accordance with a resolution of the directors.

On behalf of the directors,

Scott Perkins
Chair

21 February 2024

Brad Banducci
Managing Director and Chief Executive Officer

21 February 2024

Independent Auditor's Review Report

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Quay Quarter Tower
Level 46, 50 Bridge St
Sydney NSW 2000

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the members of Woolworths Group Limited

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Woolworths Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report.

We are independent of the Group in accordance with 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 annual 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 review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent Auditor's Review Report

Deloitte.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tom Imbesi
Partner
Chartered Accountants

Sydney, 21 February 2024

Travis Simkin
Partner
Chartered Accountants

Sydney, 21 February 2024