ASX Announcement

25 August 2022

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 2022 Annual Report for the year ended 26 June 2022.

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)	**28 June 2021 to 26 June 2022**
Prior corresponding period (52 weeks)	**29 June 2020 to 27 June 2021**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information

	% CHANGE		$M
Total revenue from continuing operations	**9.2**	to	**60,849**
Profit from continuing operations after tax attributable to equity holders of the parent entity	**(3.7)**	to	**1,547**
Net profit attributable to equity holders of the parent entity	**282.5**	to	**7,934**

Details relating to dividends[1]

	CENTS PER SHARE	$M
2022 interim dividend paid on 13 April 2022	**39**	**473**
2022 final dividend declared on 25 August 2022[2,3]	**53**	**643**[4]

1 All dividends are fully franked at a 30% tax rate.
2 Record date for determining entitlement to the 2022 final dividend is 1 September 2022.
3 The 2022 final dividend is payable on or around 27 September 2022 and is not provided for as at 26 June 2022.
4 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 2022 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 2022. The last date for receipt of election notices for the DRP is 2 September 2022. The Company intends to issue new shares to satisfy its obligations under the DRP.

NET TANGIBLE ASSETS PER SHARE

	AS AT	
	26 JUNE 2022 CENTS PER SHARE	27 JUNE 2021[1] CENTS PER SHARE
Net tangible assets per share	**55.1**	**(563.0)**

1 The net tangible assets per share calculation as at 27 June 2021 included the net assets held for distribution relating to the Endeavour Group and the demerger distribution liability of $7,870 million.

Details of subsidiaries, associates and joint ventures

Entities where control was gained

During the period ended 26 June 2022, the Group incorporated or gained control of the following entities:

COMPANY	COUNTRY OF INCORPORATION	INCORPORATION OR ACQUISITION DATE
Fishboyz Pty Limited	Australia	28 February 2022
Grand Horizons Pty Ltd	Australia	3 November 2021
Metro 60 Pty Limited	Australia	29 October 2021
Wpay New Zealand Limited	New Zealand	22 September 2021
PFD Food Services Pty Ltd	Australia	28 June 2021

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

As a result of the Endeavour Group Limited demerger on 28 June 2021, the Group ceased control of Endeavour Group Limited and its subsidiaries.

Details of associates and joint ventures

	LEGAL OWNERSHIP INTEREST AS AT	
	26 JUNE 2022	27 JUNE 2021
Pet Culture Group Pty Limited[1]	**57.6%**	60.0%
173 Burke Rd JV Pty Ltd[1]	**50.1%**	50.1%
NP Fulfilment Group Pty Limited	**40.0%**	–
Samsara Eco Pty Ltd	**25.0%**	25.0%
B & J City Kitchen Pty Limited	**23.0%**	23.0%
Sherpa (Aust) Pty Ltd	**20.8%**	20.8%
FutureFeed Pty Ltd	**20.4%**	20.4%
Endeavour Group Limited[2]	**14.6%**	85.4%

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 On 28 June 2021, following the Endeavour Group demerger, the Group's interest in this entity reduced from 85.4% to 14.6%. As a result, the Group ceased to control this entity and it is no longer a subsidiary of the Group. The Group classifies this entity as an investment in associate 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 2022 Annual Report and accompanying 2022 Full Year Results Announcement.

The Consolidated Financial Statements contained within the 2022 Annual Report, of which this report is based upon, have been audited by Deloitte Touche Tohmatsu.

We are Woolworths Group

2022
Annual Report

Woolworths Group Limited
ABN 88 000 014 675

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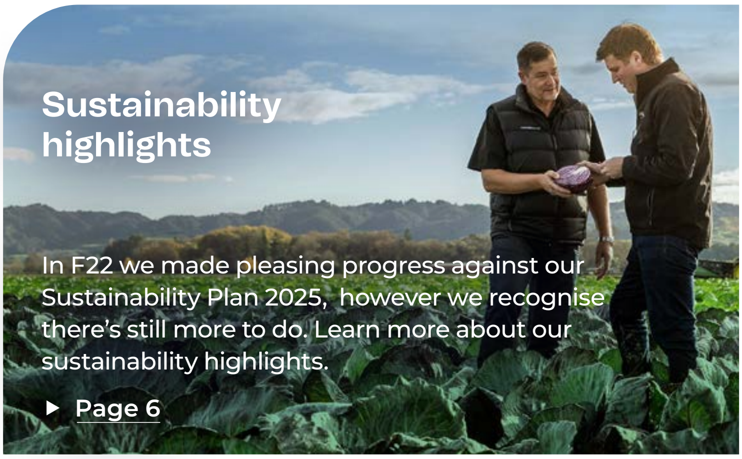
Acknowledgement of Country

Woolworths Group acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and community. We pay our respects to them and their cultures; and to Elders both past and present.

Aboriginal and Torres Strait Islander people should be aware that this report may contain the names and images of deceased persons.



Sustainability highlights

In F22 we made pleasing progress against our Sustainability Plan 2025, however we recognise there's still more to do. Learn more about our sustainability highlights.

▶ Page 6

Chair and CEO reports

Read about our Chair and CEO's reflections on F22.

▶ Chair's report page 14

▶ CEO's report page 16

Cover story

This image was taken at the Gabuda-Gordonvale Woolworths store opening in Cairns, Qld in July 2022. The opening was celebrated with our team and the local community, including local Indigenous Elders.

Progress against strategic priorities

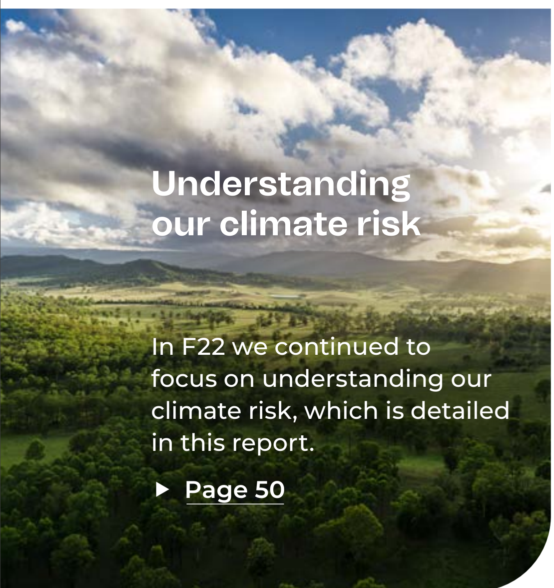
Read about our progress on our F22 strategic priorities to transform into a more focused Food and Everyday Needs Ecosystem.

▶ Page 8

Group financial performance

Find out more about the Group's financial performance in F22.

▶ Page 18



Understanding our climate risk

In F22 we continued to focus on understanding our climate risk, which is detailed in this report.

▶ Page 50

We are Woolworths Group

It all starts with 'we'.

We are a team of over 190,000. We are more than just a collection of businesses but rather a diverse group of people with a range of experience. We know the actions we take today, together with our partners, are opportunities to have a positive impact on the future generations to come.

Join us as we create better experiences together for a better tomorrow.

Welcome to our 2022 Annual Report.

F22 highlights

Our reach

22.7M

Customers served on average per week

Team members

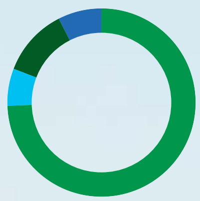
197,773

Financial

Group sales[1]

$60.8B

▲ 9.2% from F21



Group sales by business

- Australian Food $45,461M
- Australian B2B $3,963M
- New Zealand Food (AUD) $7,092M
- BIG W $4,431M

Sustainability

Direct community contribution

$41.4M

>10,000t

of virgin plastic packaging removed from circulation compared to F18 baseline[2]

1 Continuing operations.
2 Woolworths Supermarkets and Metro Food Stores only.

Average weekly Group digital traffic[1]

19.4M

49

Group Voice of Customer NPS (June 2022)

Total stores[3]

1,451

Group eCommerce sales[1]

$6,263M

▲ 39% from F21

H2 Group EBIT[4]

$1,308M

▲ 8.1% from H2 F21

Group EBIT[4]

$2,690M

▼ 2.7% from F21

Group NPAT[5]

$1,514M

▲ 0.7% from F21

ROFE[6]

13.7%

▼ 3.1 pts from F21

Dividend per share

92¢

▲ 1.1% from F21[7]

11.13

Group Total Recordable Injury Frequency Rate

50M

meals donated to OzHarvest since 2014

31%

CO_2

reduction in scope 1 & 2 emissions from 2015 baseline

3 Includes Woolworths Supermarkets, Metro Food Stores, Countdown and BIG W.

4 Continuing operations before significant items.

5 Continuing operations before significant items attributable to equity holders of the parent entity.

6 Normalised ROFE for continuing operations before significant items.

7 Total dividend per share – excluding Endeavour Group in F21.

How we create value

Our value drivers

Customer services

Connecting customers with good food and more everyday through convenient stores, services, seamless digital experiences and a leading loyalty program

Team

A diverse and inclusive team which reflects the diversity of the communities in which we operate

Trusted brands and products

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

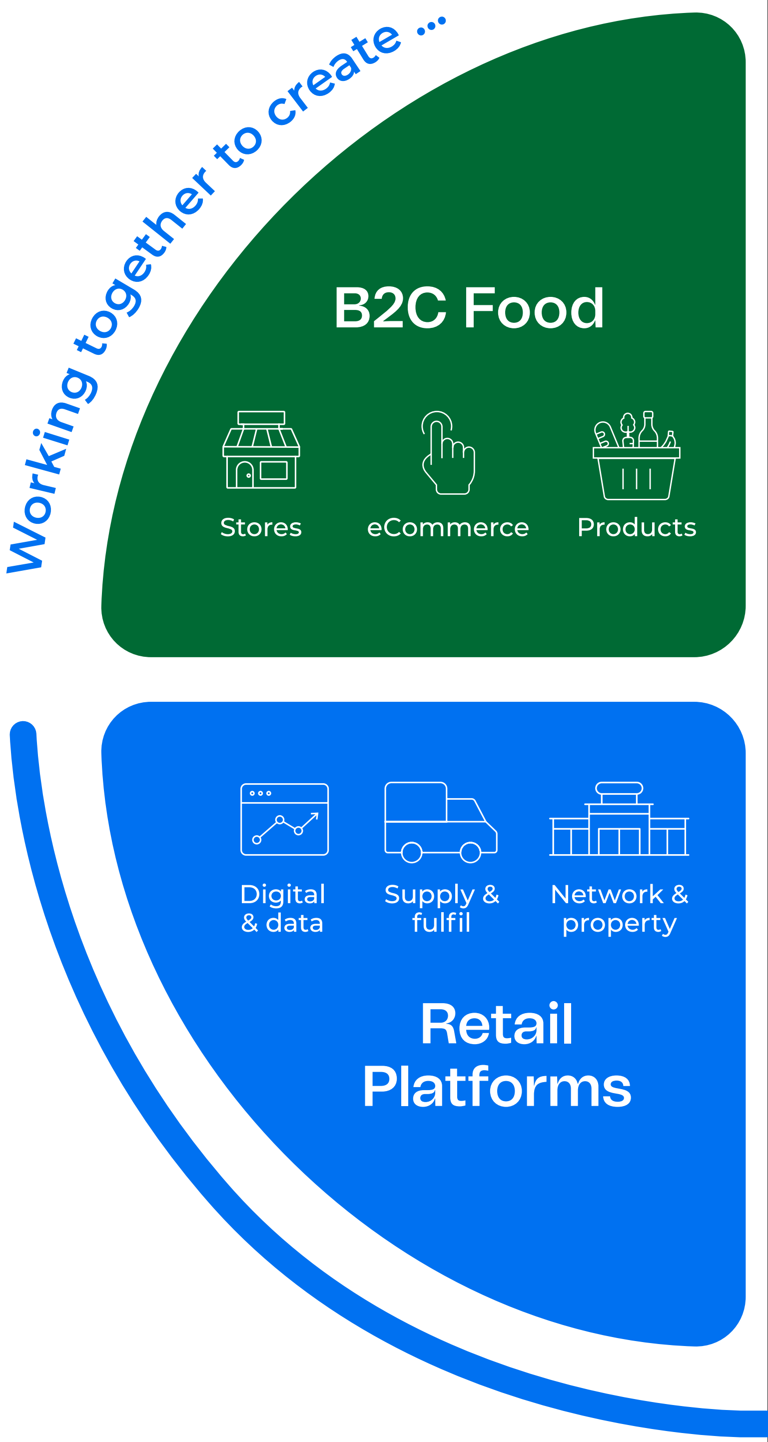
Retail platforms

Leading technology, digital and analytics enabled platforms delivering value for the Group and our partners

Financial

Strong balance sheet and disciplined capital allocation to drive sustainable growth and shareholder value

Our business activities



As a Group, we are focused on creating sustainable long-term value for our customers, team members, shareholders, suppliers and the broader community by being purpose-led to **create better experiences together for a better tomorrow.**

Value created

Customer

49
Group Voice of Customer NPS (June 2022)

22.7M
customers served on average per week

Team

15
Group Voice of Team (overall F22 score)

WGEA
Employer of Choice

Suppliers

55
suppliers across six priority categories engaged in scope 3 emissions program

52
Voice of Supplier (June 2022)

Community

$41.4M
direct community contribution

50M
meals donated to OzHarvest since 2014

Shareholders

$1,514M
Group NPAT[1] attributable to equity holders of the parent entity

92¢
F22 dividend per share

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1 Continuing operations before significant items.

SUSTAINABILITY HIGHLIGHTS

A better tomorrow

Our commitment to sustainability is intrinsic to our business and the way we operate, helping us make positive change and underpinning sustainable growth for the future.

Our Sustainability Plan 2025

Our 2025 sustainability ambitions are focused on transforming the way we operate so the future is better for our customers, our communities, our team and the planet. Over the last year, we have made progress across each pillar of our 2025 plan. However, we know there is still more to do to meet our ambitions.

More details on our progress will be outlined in our **2022 Sustainability Report** which will be released in September

People

As one of Australia and New Zealand's largest private sector employers, we are committed to being a truly inclusive and diverse workplace. Our inclusion strategy consists of five pillars – gender equity, LGBTQ+, First Nations, accessibility and cultural diversity.

In F22, we achieved 39% representation of women in our senior leadership team and maintained our Gold Tier status in the Australian Workplace Equality Index (AWEI) for the fourth consecutive year. We continue to create hands-on learning experiences for students and job candidates living with disability through our Mini Woolies program, and aim to do more to progress our accessibility agenda in the coming years.

We recognise the need to do more to listen and learn in regard to our commitment to reconciliation. In F22 we developed our reconciliation strategy and established our First Nations Advisory Board. The Advisory Board provides guidance for the Group on issues and challenges of importance to Indigenous team members, customers and communities across Australia.

Our Human Rights Program has been in place for five years and underpins the work we do to build a rights-respecting culture. Throughout F22, we continued to embed human rights due diligence by:

- Developing a labour governance framework to monitor third-party labour risks at our sites
- Developing and publishing a Sustainable Cotton Policy and an Addendum to our Responsible Sourcing Standards on Responsible Recruitment
- Strengthening our commitment to partnerships by signing a memorandum of understanding with the Retail Supply Chain Alliance and joining the Consumer Goods Forum Human Rights Coalition

11.13

Total recordable injury frequency rate (TRIFR):

▼ 9% from F21

$41.4M

Direct community contributions

Gold Tier AWEI

status achieved in 2021

Further information will be released in our **Modern Slavery Statement** in September

Planet

We continue to adapt our business to manage the impacts of climate change. We are working to reduce emissions from our own operations through green electricity and electric vehicle trials. In F22 we moved beyond our own operations and established a program to allow Woolworths Group to understand our suppliers' capability on emissions reductions, identify leaders, and track improvements over time.

For more information on our strategic approach to climate change, refer to pages 50 to 57.

F22 has been a year of significant milestones for our food rescue partnerships. Together with OzHarvest, we have now provided over 50 million meals to Australians in need. Through our partnership with WIRES, we have provided 150 Australian wildlife rescue agencies with food grants. Currently, around 70% of Woolworths Supermarkets have a food waste recycling solution in place to recycle food waste not suitable for consumption. We recognise there is more to do to extend this across the network.

Nature and biodiversity is at the forefront of environmental risk. We developed our nurturing nature strategy this year, focused on leading the future of protein and working with our partners to promote regenerative agricultural practices and improve our responsible stewardship of natural resources. Our membership of the Taskforce for Nature-related Financial Disclosures Forum will inform our consideration of nature and biodiversity-related risk in our supply chain to help us take a holistic approach to our decision making.

100% green electricity in South Australia from July 2022

31% reduction in scope 1 & 2 emissions below 2015 baseline

50M meals donated to OzHarvest since 2014

Product

We are working to make our packaging as sustainable as possible by phasing out problematic packaging. In F22 we enhanced our data capabilities and worked to build our product level master data for our own brand packaging by engaging an external expert. This has enabled greater clarity of our performance against our ambitions. In F22 we completed 15 packaging redesign projects which will convert non-recyclable materials to recyclable, and reduce virgin plastic in packaging by 4,262 tonnes annually.

Pleasingly, we were ranked Australia's Healthiest Supermarket Own Brand range by The George Institute for the third consecutive year. We are committed to making healthier easier for our customers by making healthier choices more accessible and reformulating our own brand products. At the end of F22, 76% of eligible Woolworths own brand products met the Australian Government's Healthy Food Partnership targets for salt, sugar and saturated fat with the aim of achieving 100% by 2025.

This year, we launched our seafood sourcing policy to embed human rights, animal welfare and sustainable seafood sourcing requirements. As a result, all our remaining Woolworths own brand seafood products have been transitioned to ecologically responsible sources. We are also participating in the Tasmanian Government's consultations on the 10-Year Salmon Plan, and support its aim of ensuring world's best practice. We will continue to work with government, industry and community stakeholders constructively to help implement actions that underpin a sustainable salmon industry.

>10,000t of virgin plastic packaging reduction compared to F18 baseline [1]

Australia's Healthiest Supermarket Own Brands (3 years in a row) [2]

100% all own brand whole shell eggs cage free

1 Woolworths Supermarkets and Metro Food stores only.
2 The George Institute for Global Health's FoodSwitch: State of the Food Supply report (2019, 2020, 2021).

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Delivering on our strategic priorities

In F22 the six key priorities reflect the Group's transformation into a more focused Food and Everyday Needs Ecosystem.

Being better together

Maintained strong Customer Care metrics across all businesses

Launched new Group brand and maintained strong Reputation scores

Supported flood impacted communities through a collective team response for Lismore and Maryborough

Be better together for a better tomorrow

National expansion announced for Mini Woolies program in special education schools

In F22 we announced our plans to roll out 25 more Mini Woolies stores in special education schools across every state and territory by June F23 in partnership with our technology partner Fujitsu. Our first Mini Woolies store was launched in 2018, with 14 Mini Woolies stores operational at the end of F22. The program provides students with valuable life and work experiences in a safe environment that promotes skills, knowledge, independence, confidence and self-esteem. The program also partners with inclusive recruitment specialists, Omnia Inclusive, which has successfully placed candidates in work-experience roles in nearby Woolworths Supermarkets in NSW and Queensland. Since the Mini Woolies launch in 2018, it has seen over 1,000 students successfully finish the program. At Woolworths Group, we're committed to being a truly inclusive and diverse workplace and improving accessibility is a critical part of fulfilling our ambition. We're proud of the continued success of the program in providing students and job candidates with special needs a pathway to improved social accessibility and employment opportunities.

More connected experiences

Established ConnectedX to connect Group digital platforms

Roll out of real-time loyalty platform, increasing personalised Everyday Rewards offers

Continued to scale Delivery Unlimited

Connect our customer experience for good food and more everyday

Opening of Rochedale CFC in Queensland

In July 2022 WooliesX opened its first Queensland customer fulfilment centre (CFC) in Rochedale. The opening of the first CFC in the state was the next step in the continued expansion of Queensland's eCommerce network after the opening of the state's first eStore in Maroochydore earlier in the year. Located approximately 18 kms from Brisbane, the new CFC aims to serve the growing demand for online grocery shopping. The 10,000 sqm facility is the first CFC in the network to offer Direct to boot, which will support increased capacity for same day delivery, Pick up and delivery windows for growing online customers in the area. Rochedale CFC has wider aisles and more shelf space than a standard supermarket, allowing personal shoppers to handpick orders more efficiently and accurately and provide more convenience than ever before. The new CFC was also designed with an increased focus on sustainability, with features such as rainwater harvesting, smart metering to help monitor and reduce energy consumption, as well as more than 850 solar panels to provide 20% of the site's total annual electricity consumption.

Reimagine our Food retail proposition

Continued progress in tailoring Woolworths Supermarkets to local communities

A key strategic priority for Woolworths Supermarkets in F22 has been to tailor ranges and in-store experiences across three cohorts of store: Core, Value, and UP. This included the roll out of curated ranges, including a focus on a multicultural offer tailored to the local community. In F22 we relaunched our latest concept stores in Miller (Value), Port Macquarie (Core) and Double Bay (UP). Curated range reviews now cover a quarter of sales, generating incremental sales, with strongest market share growth in the Value and UP cohorts. Woolworths Supermarkets also made good progress on its renewal program in F22, celebrating its 500th store renewal at Port Macquarie since the commencement of the renewal program.

Reimagining our stores

63

Supermarket renewals in Australia and New Zealand in F22

Continued to scale Direct to boot in Australia and New Zealand

Progressed roll out of new rostering program (RT3) in Woolworths Supermarkets and Metro

More Everyday

13.7M

Everyday Rewards members at the end of F22

Consistently strong customer scores in BIG W during F22

Everyday Pay and Everyday Market launched with Everyday Extra trial underway

Activate Everyday for our customers

Unlocking more value for customers

Everyday Rewards continued to provide customers with more value through an expansion of its core offering as well as enhancements to the app. This has supported growth of active members, scan rates and customer engagement in F22.

- **Launch of Everyday Market in September 2021** – providing customers with a curated online marketplace to shop products from other Woolworths Group brands and partners alongside their food and groceries, making it easier for customers to earn and redeem points
- **National launch of Everyday Pay in May 2022** – a digital wallet within the Everyday Rewards app allowing a seamless way for customers to pay and earn rewards points across Woolworths Supermarkets, Metro Food Stores and BIG W
- **Continued enhancements to the real-time loyalty platform within the Everyday Rewards app** – making it easier for customers to activate boosters on their favourite items and track their Rewards offers in real-time when shopping in store or online
- **New partnerships** with Marley Spoon, Dinnerly and HealthyLife

BEST-RATED LOYALTY 2021 CANSTAR BLUE REWARD PROGRAM

Everyday Rewards Canstar Blue's 2021 Best-rated Loyalty Reward Program

Growing B2B

Improved trading performance from PFD in H2

Continued to scale Woolworths at Work, AGW and Primary Connect 3PL

40

Ampol Woolworths MetroGo stores at end of F22

Grow food into B2B channels

Continued roll out of MetroGo

In F22 we continued to strengthen our partnership with Ampol with all existing Metro Ampol sites rebranded to MetroGo stores to end the year at 40 stores. MetroGo, developed in partnership with Ampol, has been created to deliver a core Metro offer within the petrol retail environment and provide convenience to customers however they shop. Customers are able to shop the convenient options available at Metro stores, with MetroGo featuring a range tailored for customers on-the-go whether they are looking to top-up their groceries or purchase fresh quality food. In addition to this, MetroGo has been trialling different ranges for different communities to ensure it is meeting its customers' needs. MetroGo aims to roll out eight more stores by the end of the first half of F23 with plans to trial exciting proof-of-concepts in stores to enhance their core customer offer.

Evolve our Supply Chain and Retail Platforms for the future

Six new major facilities now operational

In F22 Woolworths Group made significant progress on its supply chain transformation in Australia and New Zealand with six new major facilities now operating across the Group.

In Australia, four new distribution centres were opened or transitioned to Primary Connect during the year including Heathwood Chilled and Frozen DC in Queensland, Melbourne Fresh DC (the first 5 Star Green Star accredited DC in the network), Hoppers Crossing in Victoria, and Hazelmere in Western Australia. New Zealand opened two new distribution centres including Palmerston North Ambient DC and Auckland Fresh DC as well as a new meat plant in partnership with Hilton.

Melbourne South Regional DC maintained strong throughput averaging 2.2 million cartons per week in the second half of the year and construction is underway at our new national and regional distribution centres in Moorebank, Sydney. These are expected to open in 2024 and 2025, respectively.

Scaling our platforms for the future

6

new major supply chain facilities opened

Launched advanced analytics business wiq

Strong growth in Cartology in Australia and New Zealand in F22

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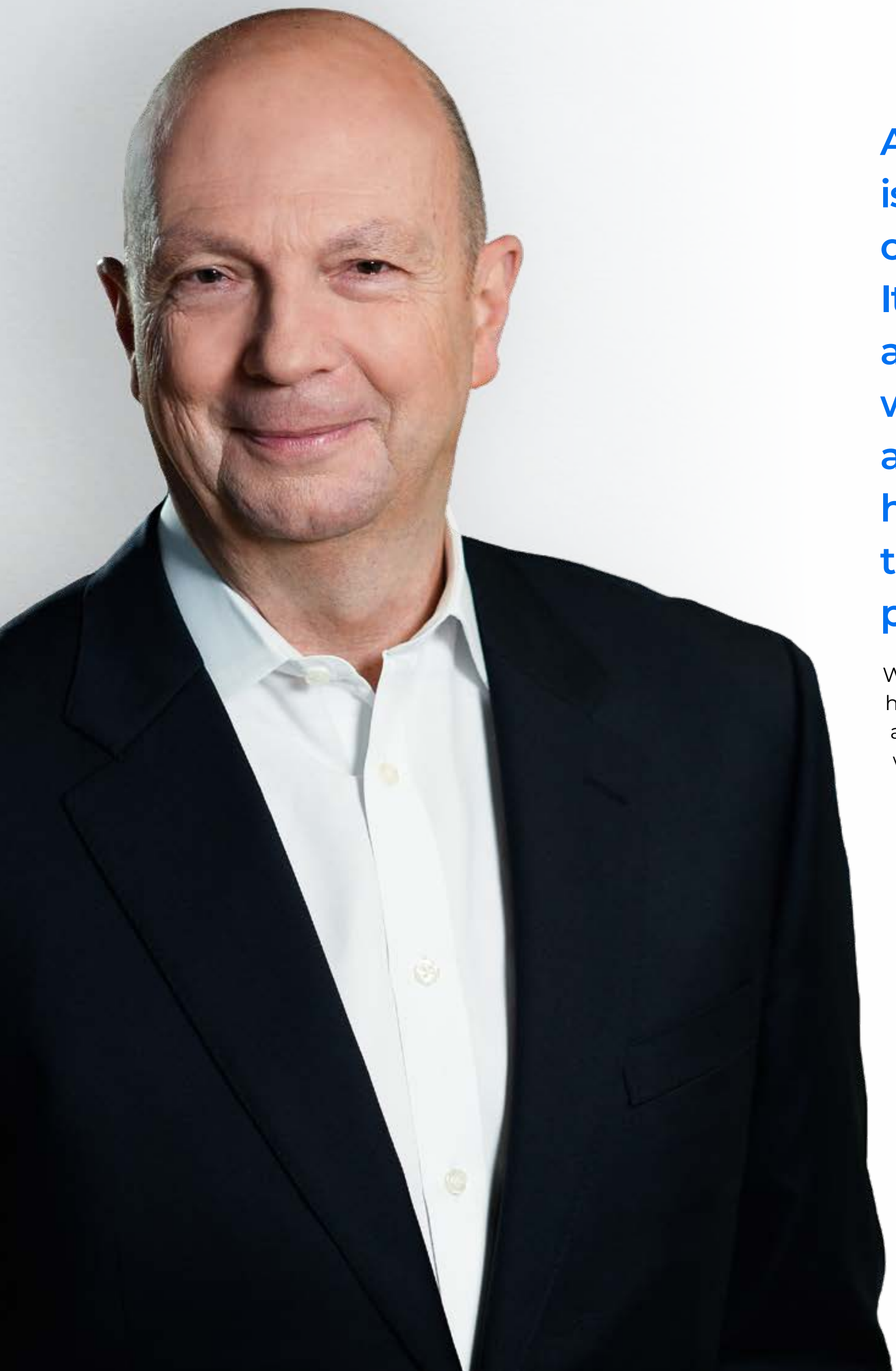
I am proud of the collective efforts of our team



After seven years, this is my last letter as Chair of Woolworths Group. It has been a privilege, and I am proud of the work that we, the Board and management team, have achieved together, to transform the Group into a purpose-led organisation.

We did not get everything right, but I hope that history will show, we got more right than wrong and I wanted to reflect on the key learnings which have guided the last seven years.

Arguably, the most important decision that a board must make is the selection of the CEO. Our decision to appoint Brad Banducci, a 21st century retailer, has been pivotal to our success. His reputation both internally and externally, speaks to his outstanding leadership.

Secondly, as a company we have always been guided by doing what is right, and using our values as a touchstone. This sets a higher standard than doing what is economical or legal. In this we have been tested by events such as the identification of team underpayments and the community opposition to our proposed

Dan Murphy's store in Darwin. While regrettable, I am proud of how we subsequently responded.

It would also be remiss of me not to mention how proud I am of the team's response to COVID over the last two and half years and our role in ensuring Australians and New Zealanders continued to have access to food and everyday needs.

Thirdly, we have always taken a long-term view, resisting pressure to manage for the short term. We have consistently allocated capital to growth investments that we believe will generate shareholder value over time. And while impacted more recently by COVID-related impacts to earnings, our Group return on funds employed[1] in F22 remained strong at 13.7%.

Furthermore, we invested ahead of the curve in WooliesX and our Group digital and eCommerce businesses, to meet an increasing customer need, and with the confidence that we could make them profitable. Group eCommerce sales have grown at a compound rate of 42% over the last five years to $6.3 billion in F22, we are Australia and New Zealand's largest first party retail eCommerce business, and are profitable.

Fourthly, we believe that shareholder value is enhanced by focusing on all stakeholders. We are obsessive about our customers, obtaining feedback from thousands of customers a week, and acting on that feedback. We care about the welfare of our teams and in recent years have increased our focus on mental health. Our success is directly linked to the success of our suppliers where we strive to achieve mutually beneficial partnerships. Because we care about the environment and the communities we serve, we have an ambitious sustainability strategy. And finally, we have focused on capital management returning over $12 billion in dividends and share buybacks over the seven years to shareholders. Our cumulative total shareholder return over this period has been over 100%.

And last but not least, we have worked hard as a Board to become a high performing team. We review our individual and collective performance annually with external help, with both quantitative and qualitative measures. We expect our directors to know the business by being in the business, learning not telling. In Board meetings, we model the 'obligation to dissent' if you do not agree, believing that constructive conflict is healthy. This has enabled us to move decisively on major initiatives such as the exit of Home Improvement, the demerger of Endeavour Group and investment in WooliesX.

Whilst we have made enormous progress since 2015, I am conscious that there is still more to be done. I wish Scott Perkins, my successor as Chair, every success in further realising our enormous potential.

I also wanted to take this opportunity to acknowledge the retirement of Siobhan McKenna. Siobhan has made an outstanding contribution to the Woolworths Group Board over the last six years. On a personal level she has helped me enormously with her wise counsel, as a friend and colleague. Siobhan retires with our sincere thanks and best wishes.

Thank you.

Gordon Cairns
CHAIR

Delivering for our shareholders

Net profit after tax attributable to Woolworths Group shareholders[2]

$1,514M

▲ 0.7% from F21

F22 final dividend

53¢

▲ 3.9% from F21[3]

F22 shareholder returns[4]

$3.2B

1 Normalised ROFE from continuing operations before significant items.
2 Continuing operations before significant items.
3 Excluding Endeavour Group.
4 Based on payments during the year.

We are living our purpose and showing care for our customers

F22 marked the third year of extremely challenging operating conditions. I am proud of the resilience of our team and the care that was shown for our customers and the communities we serve as we navigated the impacts of COVID, supply chain disruption, product shortages, team absenteeism and flooding events throughout the year.

These challenges meant our customers' shopping experience was not consistent and this was reflected in our F22 customer advocacy scores. However, pleasingly our customer metric that measures whether customers felt cared for remained strong for all businesses. We have a renewed customer 1st, team 1st focus for the year ahead and we are working hard to get back to providing consistently good customer experiences.

Our **Group financial performance** in F22 reflected the challenging trading environment. After a difficult first half, trading momentum and EBIT materially improved in the second half. F22 Group sales[1] grew by 9.2% or 5.1% excluding recent acquisitions, PFD and Quantium. Group EBIT[2] declined 2.7% to $2,690 million reflecting higher COVID-related costs in H1 in Australian Food and New Zealand Food, and BIG W store closures.

Group eCommerce sales[1] increased by 39% with eCommerce penetration reaching a record 11% in F22.

Australian Food sales in F22 were $45.5 billion, up 4.5% for the year with good growth across all states and store segments. In H2, higher food inflation contributed to sales growth following industry-wide cost price increases. As COVID restrictions ease, customers' behaviours are gradually returning to more normal and predictable patterns. A strong H2 recovery in EBIT[2] growth to 9.7% led to a small increase in EBIT[2] of 0.3% for the year after a difficult first half.

WooliesX B2C eCommerce sales grew by 42.3% to $4.7 billion with eCommerce penetration of sales at 10.3%. eCommerce directly-attributable profit margin increased in F22 due to increasing scale and process improvements.

Growth rates in Australian B2B in comparison to the prior year reflected the acquisition of PFD as well as services revenue from Endeavour Group following its demerger, both at the beginning of the financial year. On an underlying basis all businesses reported higher sales than the prior year despite the impact from continued COVID disruptions with a strong first year contribution from PFD.

New Zealand Food sales in F22 increased by 5.8% to NZD $7.6 billion. The first half benefitted from nationwide

1 Continuing operations.
2 Continuing operations before significant items.

lockdowns in mid-August which increased in-home consumption. Conversely, the Omicron outbreak which took hold in March caused significant disruption to the supply chain and stores which negatively impacted sales growth in H2. eCommerce sales grew by 19.7% for the year with penetration reaching a new high of 14.1% during Q4. EBIT declined 12.5% on the prior year given the COVID-related cost increases.

BIG W's sales declined 3.3% to $4.4 billion in F22. Following an extended period of store closures in H1 and the impact of Omicron in Q3, sales recovered strongly in Q4, increasing by 11.9% supported by strong Easter, Mother's Day and Toy Mania events. eCommerce sales grew by 48% in F22 with penetration of 14% although growth rates and penetration slowed in H2 as lockdown restrictions eased and all stores reopened to customers.

Despite the impacts of COVID and now inflation, our customers have told us that they want us to remain focused on creating a better tomorrow. Key sustainability highlights can be found on pages 6 to 7 of this report. There is always more we can do in this area but I am proud of a reduction in scope 1 and 2 emissions of 31% compared to baseline, the establishment of our First Nations Advisory Board and maintaining the title of Australia's Healthiest Supermarket Own Brand range for the third consecutive year.

Our Food and Everyday Needs Ecosystem is taking shape

In the last 18 months, the shape of our Group has changed significantly with our Food and Everyday Needs Ecosystem starting to take shape.

Within **B2C Food** we are reimagining our food retail experience through our Core, Value, UP store segmentation with exciting new formats launched in Port Macquarie, Miller and Double Bay. Each store incorporates a curated range, smart technologies and an increasing focus on sustainability. We have also continued to make our customer experiences more convenient. At the end of F22, our Direct to boot offer was available in 681 stores and our latest CFC in Rochedale was the first to include Direct to boot to unlock additional customer and crowd based delivery capacity.

To provide our 13.7 million Everyday Rewards members with **More Everyday**, we offered more personalised value for our customers and introduced new related experiences. This included the launch of Everyday Pay in May, which supports QR code payments within the Everyday Rewards app eliminating the need to scan twice and is linked to instantaneous eReceipts.

PFD's sales momentum improved over the year as COVID restrictions eased and operating conditions stabilised. While PFD was a significant contributor to sales and EBIT in **B2B Food**, all businesses delivered sales growth on the prior year. We also made good progress with our Ampol partnership with 40 Metro Ampol sites rebranded to MetroGo by the end of the year.

The formalisation of our **Retail Platforms** continues to gather pace. We established wiq in June last year, which brings together the best of Woolworths Group and Quantium to create a world leader in retail advanced analytics. wiq is already working on over 20 high priority use cases across the Group with early progress made on promotional effectiveness, personalised customer offers, tailored ranging and enhancing process effectiveness. Cartology, the Group's retail media business, also delivered strong revenue and profit growth during the year and expanded into New Zealand.

Looking ahead

As we move into F23, we expect the operating environment to remain challenging. We have become more agile but supply chain challenges and higher rates of team absenteeism will remain a reality. We are also extremely conscious of the challenges of inflation and pressure on our customers' cost-of-living. We know value remains more important than ever and we need to continue to look at every opportunity to make sure our customers in Australia and New Zealand can get their Woolies Worth in the year ahead.

In May, we announced a proposal to acquire 80% of online marketplace MyDeal. MyDeal will enhance our marketplace capabilities, particularly in general merchandise. We also announced our intention to acquire Shopper Media in July 2022 which will complement the Group's retail media business, Cartology. The acquisition supports our ambition to become the shopper media partner of choice for brands and retailers and provides more opportunities to reach customers through targeted advertising solutions.

Finally, in late July we announced our Chair Gordon Cairns will be retiring from the Board following the AGM in October with Scott Perkins his successor. Gordon has served as Chair since 2015 and for the last seven years has been an essential part of the transformation of our Group to being a purpose-led organisation. On behalf of us all, I want to thank Gordon for his leadership during such a pivotal time for Woolworths Group – he has truly made us better together.

We have a renewed sense of purpose moving into F23 and I am excited about the opportunities ahead to deliver for our customers, team, shareholders and the communities we serve.

Brad

Brad Banducci
CHIEF EXECUTIVE OFFICER

Group financial performance

F22 was a challenging year for Woolworths Group with difficult operating conditions across all businesses caused by COVID-related supply chain disruptions, product shortages, team absenteeism and flooding events along Australia's east coast. After a first half below our expectations, the Group's financial performance improved materially in the second half led by Australian Food.

Group sales[1]

$60,849M

▲ 9.2% from F21

Excluding Quantium and PFD, sales increased by 5.1% in F22. In H2 F22, sales growth rates improved for all businesses except New Zealand Food which was impacted by COVID-related disruptions and a market slowdown.

Group eCommerce sales[1]

$6,263M

▲ 39.0% from F21

In F22, eCommerce penetration reached 11%. H2 F22 eCommerce sales increased by 29.0% with H2 penetration of 10.3%, up 191 bps on H2 F21 but below H1 F22 penetration as customer mobility improved.

Gross margin as a % of sales[1]

29.7%

▲ 35 bps from F21

The gross margin (%) increase was primarily driven by an increase in Australian Food of 74 bps offset somewhat by a BIG W decline of 28 bps.

Cost of doing business as a % of sales[2]

25.2%

▲ 89 bps from F21

Cost of doing business (%) was impacted by higher COVID-related costs, as well as BIG W's sales decline in H1 F22 due to mandated store closures.

Group EBIT[2]

$2,690M

▼ 2.7% from F21

Group EBIT declined by 2.7% for F22 after a difficult first half but recovered strongly in H2 F22, increasing by 8.1%. This was driven by a 9.7% increase in Australian Food EBIT[2] in H2 F22.

Total Group significant items

$6,420M

Group significant items after tax of $6,420 million mainly comprise the $6,387 million gain on demerger of Endeavour Group.

Finance costs

$600M

▼ 2.2% from F21

The decrease in finance costs in F22 compared to the prior year reflects the refinancing of borrowings at lower interest rates.

NPAT attributable to equity holders of the parent entity[2]

$1,514M

▲ 0.7% from F21

NPAT attributable to the equity holders of the parent entity increased 0.7% with a small decline in EBIT more than offset by a reduction in finance costs and income tax expense.

1 Continuing operations.
2 Continuing operations before significant items.

F22 sales summary

$ MILLION	F22 (52 WEEKS)	F21[1] (52 WEEKS)	CHANGE
Australian Food	**45,461**	43,509	4.5%
Australian B2B[2]	**3,963**	1,222	224.2%
New Zealand Food (AUD)	**7,092**	6,652	6.6%
New Zealand Food (NZD)	***7,563***	*7,146*	*5.8%*
BIG W	**4,431**	4,583	(3.3)%
Other[2,3]	**(98)**	(233)	(58.0)%
Total continuing operations	**60,849**	55,733	9.2%
Discontinued operations – Endeavour Group	**–**	11,584	n.m.
Total Group	**60,849**	67,317	(9.6)%
Continuing operations eCommerce[4]	**6,263**	4,506	39.0%
Discontinued operations eCommerce	**–**	858	n.m.
Total Group eCommerce sales	**6,263**	5,364	16.7%
eCommerce sales penetration[4] (%)	**11.0**	8.2	276 bps
Average weekly traffic to Group digital platforms[4] (million)	**19.4**	15.6	24.0%

F22 EBIT summary

$ MILLION	F22 (52 WEEKS)	F21[1] (52 WEEKS)	CHANGE
Before significant items			
Australian Food	**2,420**	2,413	0.3%
Australian B2B	**42**	12	242.4%
New Zealand Food (AUD)	**296**	336	(11.9)%
New Zealand Food (NZD)	***316***	*361*	*(12.5)%*
BIG W	**55**	172	(68.2)%
Other[3]	**(123)**	(169)	(27.8)%
EBIT from continuing operations before significant items	**2,690**	2,764	(2.7)%
EBIT from discontinued operations before significant items	**–**	899	n.m.
Group EBIT before significant items	**2,690**	3,663	(26.5)%
Significant items	**6,388**	59	n.m.
Group EBIT	**9,078**	3,722	143.9%

1 Restated to conform with the new structure of the Group, which reflects the establishment of the new Australian B2B segment.
2 Revenue from the sales of goods and services in Australian B2B includes $302 million of freight revenue relating to transportation of the Group's own products (F21: $251 million). However, at a Group level, this is classified and recognised as a reduction in cost of sales. As a result, Other sales has been reduced by $302 million (F21: $251 million). This has not resulted in a change to EBIT at a Group level.
3 Other comprises Quantium, which is not considered a separately reportable segment, 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 Based on continuing operations only. eCommerce penetration excludes Woolworths at Work and is calculated based on Australian Food, New Zealand Food and BIG W sales only. Prior period restated.

Group profit or loss for the 52 weeks ended 26 June 2022

$ MILLION	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
Continuing operations before significant items			
EBITDA	**5,051**	4,843	4.3%
Depreciation and amortisation	**(2,361)**	(2,079)	13.6%
EBIT	**2,690**	2,764	(2.7)%
Finance costs	**(600)**	(613)	(2.2)%
Income tax expense	**(566)**	(647)	(12.6)%
NPAT	**1,524**	1,504	1.4%
Non-controlling interests	**(10)**	–	n.m.
NPAT from continuing operations attributable to equity holders of the parent entity	**1,514**	1,504	0.7%
Significant items from continuing operations after tax	**33**	102	(68.9)%
NPAT from discontinued operations attributable to equity holders of the parent entity after significant items	**6,387**	468	n.m.
NPAT attributable to equity holders of the parent entity after significant items	**7,934**	2,074	282.5%

MARGINS – CONTINUING OPERATIONS			
Gross margin (%)	**29.7**	29.3	35 bps
Cost of doing business (CODB) (%)	**25.2**	24.3	89 bps
EBIT (%)	**4.4**	5.0	(54) bps

EARNINGS PER SHARE AND DIVIDENDS			
Weighted average ordinary shares on issue (million)	**1,222**	1,257	(2.8)%
Total Group basic EPS (cents) before significant items	**124.0**	156.9	(21.0)%
Total Group basic EPS (cents) after significant items	**649.6**	165.0	293.7%
Total Group diluted EPS (cents) after significant items	**644.8**	164.2	292.6%
Basic EPS (cents) – from continuing operations before significant items	**124.0**	119.6	3.6%
Basic EPS (cents) – from continuing operations after significant items	**126.7**	127.7	(0.8)%
Diluted EPS (cents) – from continuing operations before significant items	**123.1**	119.1	3.4%
Diluted EPS (cents) – from continuing operations after significant items	**125.7**	127.1	(1.1)%
Interim dividend per share (cents)	**39**	53	(26.4)%
Final dividend per share[1] (cents)	**53**	55	(3.6)%
Total dividend per share (cents)	**92**	108	(14.8)%
Total dividend per share (cents) – excluding Endeavour Group	**92**	91	1.1%

1 The 2022 final dividend payable on or around 27 September 2022 will be fully franked.

Group balance sheet as at 26 June 2022

$ MILLION	26 JUNE 2022	27 JUNE 2021	CHANGE
Inventories	**3,593**	3,132	461
Trade payables	**(5,216)**	(4,832)	(384)
Net investment in inventory	**(1,623)**	(1,700)	77
Trade and other receivables	**1,203**	782	421
Other creditors, provisions and other liabilities	**(4,358)**	(4,008)	(350)
Demerger distribution liability	**–**	(7,870)	7,870
Fixed assets, investments, loans to related parties and convertible notes	**10,000**	7,605	2,395
Net assets held for sale or distribution	**266**	5,728	(5,462)
Intangible assets	**5,278**	4,671	607
Lease assets	**9,995**	9,553	442
Other assets	**425**	128	297
Total funds employed	**21,186**	14,889	6,297
Net tax balances	**1,325**	1,119	206
Net assets employed	**22,511**	16,008	6,503
Cash and borrowings	**(3,260)**	(1,863)[1]	(1,397)
Derivatives	**(46)**	–	(46)
Net debt (excluding lease liabilities)	**(3,306)**	(1,863)	(1,443)
Lease liabilities	**(12,471)**	(12,016)	(455)
Total net debt	**(15,777)**	(13,879)	(1,898)
Put option over non-controlling interest	**(630)**	(390)	(240)
Net assets	**6,104**	1,739	4,365
Non-controlling interests	**124**	360	(236)
Shareholders' equity	**5,980**	1,379	4,601
Total equity	**6,104**	1,739	4,365

KEY RATIOS – CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS			
Closing inventory days (based on cost of sales)	**30.5**	28.7	1.8
Closing trade payable days (based on cost of sales)	**(44.3)**	(44.5)	0.2
Normalised ROFE for continuing operations[2]	**13.7**	16.8	(3.1) pts

1 Net debt excludes $437 million of cash included in net assets held for sale or distribution.
2 Normalised to exclude the demerger distribution liability relating to Endeavour Group of $7,870 million.

Closing inventory of $3,593 million increased by $461 million due to inventory acquired on the acquisition of PFD, cost of goods inflation, higher sales, and a decision to hold higher inventory in H2 to mitigate availability and supply chain challenges. Closing inventory days increased 1.8 days but average inventory days from continuing operations declined by one day reflecting sales growth throughout the year.

Trade payables of $5,216 million increased $384 million driven by trade payables related to the acquisition of PFD, inflation on goods purchased and the recognition of payables to Endeavour Group relating to payment services provided under the partnership arrangements.

Trade and other receivables of $1,203 million increased by $421 million driven by the acquisition of PFD and the recognition of receivables relating to Endeavour Group partnership arrangements.

Other creditors, provisions and other liabilities of $4,358 million increased by $350 million, primarily driven by an increase in the provision for team member remediation of $201 million, the acquisition of PFD and increases in team member accruals and leave entitlement provisions.

Fixed assets, investments, loans to related parties and convertible notes of $10,000 million increased by $2,395 million, primarily due to recognition of the Group's investment in Endeavour Group of $1,646 million (at market value at 28 June 2021) and an increase in fixed assets reflecting the investment in new and existing stores, property development, and acquisition of businesses.

Net assets held for sale of $266 million decreased by $5,462 million as the prior year balance included the net assets related to Endeavour Group which was demerged on 28 June 2021.

Intangible assets of $5,278 million increased by $607 million largely driven by the recognition of intangible assets on the acquisition of PFD of $569 million.

Lease assets of $9,995 million increased by $442 million driven by lease remeasurements of $601 million, lease asset additions of $594 million, the recognition of lease assets on the acquisition of PFD of $369 million partially offset by lease depreciation of $1,039 million.

Other assets of $425 million increased by $297 million mainly due to the recognition of sub-leases on attached BWS stores following the Endeavour Group demerger.

Total funds employed increased by $6,297 million, largely driven by the $7,870 million derecognition of the Endeavour Group demerger distribution liability and the recognition of the Group's investment in Endeavour Group, offset by a $5,462 million decrease in net assets held for distribution following the completion of the demerger.

Net debt (excluding lease liabilities) of $3,306 million increased by $1,443 million primarily due to the additional cash outflow associated with the acquisition of PFD, higher operating capex driven by supply chain and eCommerce investment and the $2 billion share buy-back in October.

Lease liabilities of $12,471 million increased by $455 million with lease option remeasurements of $616 million, new property and other leases of $489 million, the recognition of lease liabilities on the acquisition of PFD of $369 million, partially offset by lease payments of $1,561 million.

Put option liabilities of $630 million reflect non-controlling interests in Quantium and PFD. The liability represents the amount expected to be paid on the exercise of the options. The increase in put option liabilities compared to F21 reflects the acquisition of PFD on 28 June 2021 offset somewhat by revaluations at year end.

Normalised ROFE from continuing operations was 13.7%, a decrease of 3.1 pts on the prior year due to lower EBIT from continuing operations and higher funds employed due to the acquisition of PFD and the Group's investment in Endeavour Group.

Group cash flows for the 52 weeks ended 26 June 2022

$ MILLION	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
EBITDA – continuing operations	**5,052**	4,902	3.1%
EBITDA – discontinued operations	**6,387**	1,428	n.m.
Group EBITDA	**11,439**	6,330	80.7%
Working capital and non-cash – continuing operations			
(Increase)/decrease in inventories	**(343)**	42	n.m.
Increase/(decrease) in trade payables	**165**	(56)	n.m.
Increase/(decrease) in provisions	**175**	(255)	n.m.
Net change in other working capital and non-cash	**(232)**	(12)	n.m.
Net change in working capital and non-cash – discontinued operations	**(6,387)**	113	n.m.
Cash from operating activities before interest and tax	**4,817**	6,162	(21.8)%
Cash from operating activities before interest and tax – cont. ops	***4,817***	*4,621*	*4.2%*
Interest paid – leases	**(542)**	(687)	(21.1)%
Net interest paid – non-leases	**(59)**	(113)	(47.8)%
Tax paid	**(838)**	(738)	13.6%
Total cash provided by operating activities	**3,378**	4,624	(26.9)%
Proceeds and advances from the sale of property, plant and equipment, subsidiaries and investments, net of cash disposed	**385**	408	(5.7)%
Payments for the purchase of property, plant and equipment and intangible assets	**(2,416)**	(2,389)	1.1%
Payments for the purchases of businesses net of cash acquired	**(425)**	(209)	103.2%
Other	**(1)**	(10)	n.m.
Total cash used in investing activities	**(2,457)**	(2,200)	11.7%
Repayment of lease liabilities	**(1,019)**	(1,158)	(12.0)%
Dividends paid (including to non-controlling interests)	**(1,012)**	(1,154)	(12.3)%
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	**(125)**	(177)	(29.1)%
Net cash flow	**(1,523)**	(65)	n.m.
Cash realisation ratio (%)	**33**	97	
Adjusted cash realisation ratio (continuing operations) (%)	**86**		

EBITDA from continuing operations increased 3.1% to $5,052 million reflecting higher EBITDA from Australian Food, Australian B2B and Other segments offset somewhat by lower EBITDA from New Zealand Food and BIG W.

EBITDA from discontinued operations in F22 reflects the non-cash gain on the demerger of Endeavour Group compared to Endeavour Group's trading EBITDA in F21.

Increase in inventories (continuing operations) of $343 million is due to higher inventory holdings across the Group in H2 to support elevated trading and mitigate supply chain disruption.

Increase in trade payables (continuing operations) of $165 million reflects higher purchases to support elevated trading and higher inventory holdings. The decrease in trade payables in F21 of $56 million was due to lower inventory replenishments in Q4 than the prior year.

Increase in provisions (continuing operations) of $175 million reflects an increase in provisions for remediation costs and self-insurance. In the prior year, the decrease in provisions was largely due to the cash remediation of salaried team members.

Net change in other working capital and non-cash (continuing operations) was a decrease of $232 million primarily due to the first-time recognition of receivables related to the Endeavour Group sub-leases of stores and the non-cash revaluation of the put option liabilities.

Cash from operating activities before interest and tax was $4,817 million. After normalising for Endeavour Group's net cash flow from operating activities before interest and tax in F21 of $1,541 million, net cash provided by operating activities before interest and tax increased by 4.2% or $196 million on the prior year. This was mainly driven by higher EBITDA and a smaller impact from working capital and non-cash items from continuing operations than the prior year.

Interest paid – leases was $542 million, a decline of $145 million compared to the prior year due to a reduction in lease liabilities following the demerger of Endeavour Group, partially offset by the leases recognised on the acquisition of Quantium towards the end of F21 and PFD at the beginning of F22.

Net interest paid – non-leases was $59 million, a decrease of $54 million compared to prior year due to new bonds being issued at lower rates than maturing bonds despite higher average net debt during the year.

Tax paid increased $100 million compared to the prior year driven by higher taxable income for F21, paid in F22.

Payments for the purchase of property, plant and equipment and intangible assets of $2,416 million mainly relates to property development, investment in new stores and renewals, supply chain and IT Software. Excluding Endeavour Group capital expenditure in the prior year, the increase is primarily due to the increase in supply chain projects and property development.

Payments for the purchase of businesses, net of cash acquired of $425 million primarily relates to the acquisition of a 65% equity interest in PFD.

Dividends paid (including to non-controlling interests) of $1,012 million declined by 12.3% compared to the prior year as F21 included dividends related to profit from Endeavour Group.

Proceeds from loan to related party reflects an intercompany loan of $1,712 million repaid by Endeavour Group on demerger.

Payments for share buy-backs of $2.0 billion reflect the Group's off-market buy-back completed in October.

The cash realisation ratio for F22 was 33% (F21: 97%). Excluding the non-cash gain of $6,387 million on the demerger of Endeavour Group, the cash realisation ratio was 86%, broadly in line with H1. The cash realisation ratio was impacted by a working capital increase reflecting higher inventory and receivables recognised under partnership agreements, as well as higher cash tax paid compared to the current year's tax expense.

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 returns capital to shareholders when it is consistent with its long-term capital structure objectives and will enhance shareholder value. In October 2021, the Group returned $2.0 billion in capital to shareholders through an off-market share buy-back. This resulted in the purchase of 58 million shares which were subsequently cancelled. The share buy-back complemented the payment of ordinary dividends in the period, with a total of $3.2 billion returned to shareholders (excluding franking credits) in F22.

The Group remains committed to solid investment grade credit ratings and several actions can be undertaken, if required, to support the credit profile. This includes the sale of assets, working capital initiatives, and adjusting growth capital expenditure and the property leasing profile. The Group's credit ratings are BBB (stable outlook) from S&P and Baa2 (stable outlook) from Moody's.

Financing transactions during F22

In September, the Group successfully completed a EUR550 million (approximately $880 million) seven-year European Medium Term Notes issuance and $700 million domestic Medium Term Notes issuance, comprising $350 million six-year notes and $350 million of 10-year notes.

Both issuances were structured as Sustainability Linked Bonds (SLB), with 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 if, at the respective testing dates of the notes, the Group's scope 1 and 2 emissions are not aligned with the forecast trajectory to meet the Group's 2030 scope 1 and 2 emissions reduction target. The proceeds of the notes have been used for general corporate purposes, including the long-term funding of the Group's investments in Quantium and PFD.

In May 2022, the Group entered into $1.25 billion of bilateral bank facilities. The facilities are revolving in nature and have tenors ranging from two to four years. The new facilities refinanced Woolworths Group Limited's existing $1.2 billion bilateral bank facilities which were cancelled upon the Group entering the new bilateral bank facilities. The bilateral bank facilities are used to manage the Group's short-term cash flow requirements and support the Group's liquidity position.

Upcoming maturities and transactions

There are no material maturities occurring in F23. The Group's next material maturity is the $750 million syndicated bank facility maturing in November 2023 and the Group intends to refinance this maturity.

Non-IFRS Financial Information

The 2022 Annual Report for the 52 weeks ended 26 June 2022 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.

1 Performance highlights
2 Business review
3 Directors' Report
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5 Other information

Australian Food

Woolworths Supermarkets and Metro Food Store teams continued to show care for their customers in F22 despite supply chain disruption and a challenging operating environment.

Woolworths

Sales

$45,461M

▲ 4.5% from F21

EBIT [1]

$2,420M

▲ 0.3% from F21

ROFE [1,2]

25.1%

▼ 1.3 pts from F21

Trading performance

Australian Food VOC NPS (Store and Online) finished F22 at 49, an increase of three points on Q3 as the business recovered from supply chain disruption and product availability challenges caused by Omicron. Store-controllable VOC of 75% was in line with Q3 with Q4 improvements in Out of Stocks and Customer Care offset by lower Fruit & Vegetables scores, given supply challenges. VOC NPS was down four points and Store-controllable VOC was five points below the prior year, reflecting supply chain disruptions.

F22 Australian Food total sales increased 4.5% to $45.5 billion with comparable sales for the year increasing 3.5% (5.1% ex Tobacco). F22 Woolworths Retail (stores and eCommerce) sales increased 4.3% (6.0% ex Tobacco) with strong growth across all states and by store segment (Core, Value and UP). H1 sales growth of 3.2% (5.2% ex Tobacco) benefitted from higher in-home consumption driven by extended COVID lockdowns in NSW and Victoria. H2 sales growth increased to 5.5% (6.9% ex Tobacco) partially reflecting higher shelf price inflation.

Woolworths Supermarkets (store-originated) sales for the year were $39.6 billion, an increase of 1.1% (2.6% excluding Tobacco) and WooliesX B2C eCommerce sales increased 42.3% to $4.7 billion, with sales penetration of 10.3% (F21: 7.6%). H2 Woolworths Supermarkets (store-originated) sales growth improved to 3.1% and H2 WooliesX B2C eCommerce sales slowed marginally to 33.6% as customer behaviours normalised. Approximately 90% of eCommerce sales in F22 were fulfilled by the Woolworths Supermarkets store network.

Metro Food Stores (store-originated) sales of $951 million increased 6.0% driven by new store growth and a gradual recovery of On the Go stores. The Woolworths Food Company's own and exclusive sales for the

1 Before significant items.

2 Prior period funds employed and return on funds employed have been restated to exclude the new Australian B2B segment.

year increased 4.8% supported by strong product development and growth of key brands, including the COOK, BBQ and Macro ranges. Growth during the year was impacted by own brand supply issues in the Household and Snacking categories.

In Q4, average prices increased 3.6% with inflation driven by industry-wide input cost pressures. This was particularly evident across Longlife categories including

$ MILLION	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
Total sales	**45,461**	43,509	4.5%
EBITDA	**4,055**	3,954	2.5%
Depreciation and amortisation	**(1,635)**	(1,541)	6.1%
EBIT before significant items	**2,420**	2,413	0.3%
Significant items	**24**	(94)	n.m.
EBIT	**2,444**	2,319	5.4%
Gross margin (%)	**30.4**	29.7	74 bps
CODB [1] (%)	**25.1**	24.1	96 bps
EBIT to sales [1] (%)	**5.3**	5.5	(22) bps
Sales per square metre ($) [3]	**18,391**	17,948	2.5%
Funds employed [2]	**10,082**	9,401	7.2%
ROFE (%) [1,2]	**25.1**	26.4	(1.3) pts
Scope 1 & 2 emissions (tonnes) [4]	**1,711,319**	1,728,670	(1.0)%

3 Sales per square metre has been restated to exclude Australian B2B and non-sales area of customer fulfilment centres.

4 Restated to exclude emissions from Australian B2B segment in F21.

Named Green Supermarket for second consecutive year

Woolworths Supermarkets is proud to be recognised as the Green Supermarket of the Year by Finder for the second consecutive year in F22. Finder helps Australians find companies leading the way on sustainability and Woolworths Supermarkets has been recognised for its ongoing progress in implementing customer-facing sustainability initiatives, its work towards creating science-backed emissions targets, and its positive progress on engaging suppliers in their sustainability agenda.

Drinks and Household Care. In Fresh, Meat continued to be impacted by higher commodity prices (notably beef) and Vegetables with wet weather and flooding impacting supply. Fruit continued to be in deflation in Q4.

Through our ***Get your Woolies Worth*** brand platform, we have materially increased our focus on value including Prices Dropped on over 300 winter staples, a Low Price Freeze on almost 200 everyday own brand essentials until the end of the calendar year, and growth in personalised Everyday Rewards Boosters.

Sales per square metre increased 2.5% to $18,391 with Woolworths Retail sales growth of 4.3% exceeding average space growth of 1.8%. During the year, 11 net new stores (six Supermarkets and five Metro Food Stores) and one eStore was opened with 60 Renewals completed. Seven Supermarkets were also transferred to Metro Food Stores for reporting purposes during the year. At year end, the total fleet includes 995 Supermarkets, 90 Metro Food Stores, five CFCs and two eStores.

Gross margin (%) increased 74 bps to 30.4% (H1: +79 bps; H2: +68 bps) due to better buying, the impact of inflation on the sell through of existing stock, mix benefits from Longlife categories driven by growth in Cartology, as well as strategic initiatives including range curation and improved promotional effectiveness. Gross margin also benefited from a sales decline of 15% in Tobacco.

CODB before significant items (%) increased 96 bps to 25.1%. Direct COVID costs (excluding discretionary team discount and bonus payments) were $211 million (F21: $205 million). H1 CODB (%) reflected material COVID disruption to the end-to-end supply chain as well as a higher wages to sales ratio due to elevated eCommerce penetration, new store growth and selective investment in IT platforms, digital capabilities and new businesses.

The increase in H2 CODB (%) of 47 bps was lower than the H1 increase of 140 bps reflecting a focus on returning to a more consistent operating rhythm. H2 COVID-related costs declined relative to H1 but higher team absenteeism remains an issue. H2 also continued to reflect wages associated with higher eCommerce penetration, supply chain investment including transition costs associated with the new Heathwood DC and investment in digital capabilities and Accelerator businesses. While some productivity benefits were generated over the year, they were below planned levels due to COVID disruptions.

Depreciation and amortisation increased 6.1% driven by investment in new stores, renewals, supply chain and shorter-life technology and digital assets.

F22 EBIT before significant items increased 0.3% to $2,420 million. H1 EBIT decreased 7.6% impacted by COVID disruption with a strong recovery in H2 EBIT growth of 9.7%.

Funds employed increased 7.2% from F21 with investment in new stores, renewals, eCommerce, supply chain, and technology and digital assets. ROFE decreased by 1.3 pts due to higher average funds employed.

During the year, together with Woolworths customers, the S.T.A.N.D Appeal raised over $4 million in donations to support the Salvation Army, Rural Aid, Lifeline and Foodbank. Progress in the year to support our Sustainability Plan 2025 included the installation of solar panels on an additional 30 Supermarkets and one DC, and the removal of 15 cent reusable plastic bags in WA ahead of our announcement in June to phase out all plastic bags nationally in F23.

Phasing out reusable plastic bags for a greener future

In June 2022 Woolworths Supermarkets became the first national supermarket to announce the phased removal of reusable plastic shopping bags nationwide. They will be phased out gradually state-by-state from Woolworths Supermarkets, Metro Food Stores and eCommerce orders by June 2023 and will see more than 9,000 tonnes of plastic removed from circulation annually. The phased removal of reusable plastic bags is part of the Group's broader sustainability agenda, with plastic bags also being phased out in BIG W.

Helping customers get their Woolies worth

We recognise the cost-of-living pressures being felt by our customers and our aim is for every customer to find their Woolies worth.

300 winter staples on Prices Dropped for Winter

200 own brand essentials on Low Price Freeze until end of 2022

Thousands of weekly specials available in store and online

Everyday Rewards Boosters helping customers collect more points and fast track savings

More convenience

52

new Direct to boot enabled stores added in F22

97

Home Delivery enabled stores added in F22

WooliesX

In F22, WooliesX continued to provide customers with more convenience by increasing network capacity and growing scale across digital, media and loyalty.

Average weekly traffic Q4 F22

13.2M

▲ 28.3% from Q4 F21

eCommerce sales

$4,677M

▲ 42.3% from F21

eCommerce penetration

10.3%

▲ 276 bps from F21

Digital & Media metrics[1]

	Q4'22 (12 WEEKS)	Q3'22 (13 WEEKS)	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)
Average weekly traffic to Food digital platforms (m)	**13.2**	11.9	12.9	13.3
Average weekly traffic growth (year on year)	**28.3%**	13.0%	19.8%	27.2%
Average weekly traffic to Group[2] digital platforms (m)	**19.0**	17.7	20.7	20.0
Average weekly Group traffic growth (year on year)	**24.5%**	14.3%	21.9%	28.9%

B2C eCommerce metrics[3]

	Q4'22 (12 WEEKS)	Q3'22 (13 WEEKS)	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)
Customer metrics				
Online VOC NPS	**58**	47	53	56
eCommerce sales metrics				
eCommerce sales ($ million)	**996**	1,127	1,165	1,389
eCommerce sales growth	**28.8%**	38.1%	47.6%	53.1%
eCommerce penetration	**9.8%**	9.9%	10.2%	11.4%
Pick up mix (% of eCommerce sales)	**37.7%**	38.1%	39.2%	38.5%

1 Prior periods restated.
2 Based on continuing operations only.
3 WooliesX B2C eCommerce sales are included in Australian Food. Prior year sales and penetration have been restated to exclude Woolworths at Work which is now included in Australian B2B.

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Loyalty metrics

	Q4'22 (12 WEEKS)	Q3'22 (13 WEEKS)	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)
Total Everyday Rewards members (m)	**13.7**	13.5	13.3	13.3
Scan rate[4] (%)	**54.0**	53.7	54.4	54.7

Trading performance

In **Digital and Media**, WooliesX's continued investment in connected customer experiences saw F22 digital traffic increase 22%. Digital traffic growth slowed modestly in H2 as customer shopping behaviours normalised. Weekly active app users were up 63% (Woolworths app: +53% and Rewards app: +70%) in F22 and have an increased visit frequency and higher Customer NPS. Customer engagement with digital tools has seen Shopping List users increase by 37% and Recipes by 29% compared to F21.

Cartology[5] had another strong year with revenue growth of 29%. Higher revenue was driven by higher traffic to the Group's digital properties and new Cartology products such as the digital catalogue performing well for advertisers and customers alike.

In **B2C eCommerce**, following significant volatility in Q3, a more stable operating environment in Q4 and improvements in customer experience led to Q4 VOC NPS improving 11 points compared to Q3 to finish at 58, the strongest result of the year. Compared to last year, VOC NPS declined by five points, reflecting the ongoing impact of team absenteeism, supply chain challenges and product availability.

F22 B2C eCommerce sales increased by 42.3% or $1.4 billion to $4.7 billion, with eCommerce penetration reaching 10.3%, up 276 bps on the prior year. Growth was driven by an increase in active customers of 22% compared

4 Scan rates excluding Tobacco sales.
5 Cartology revenue treated as an offset to COGS for external reporting purposes.

Growing convenience

Our commitment to convenience continues to see more customers choosing our eCommerce services to complement their in-store shopping experience. In F22 we continued to invest in our network to provide even more convenient options, with our Direct to boot (DTB) service transforming our store pick up experience. We continued to scale the offer in F22 with 52 new DTB enabled stores in F22, with a total of 681 locations at the end of F22.

to the prior year and strong growth in convenience propositions. Direct to boot delivered the highest dollar growth and Delivery Unlimited subscriptions doubled compared to the prior year. While growth slowed in H2 as lockdown restrictions eased, underlying H2 and Q4 momentum remained strong with sales growth of 33.6% and 28.8% respectively. Directly-attributable profit improved materially on the prior year reflecting scale benefits and increased efficiency.

To meet increasing customer demand, network capacity was again increased in F22 with Home Delivery added to 97 stores and Direct to boot in a further 52 stores, reaching 681 stores by year end. A new CFC in Rochedale, Qld was commissioned in July F23.

Everyday Rewards members reached 13.7 million in Q4 with approximately 628,000 members joining the program compared to the prior year and 150,000 joining compared to Q3. Higher levels of member activity during the year have led to higher incremental sales across the Group and for Everyday Rewards partners.

Increases in member engagement and weekly app usage was driven by enhanced customer experiences including more personalised member offers, real time boosting of offers and increased take up of eReceipts.

Everyday Pay was launched in May to Everyday Rewards members; combining loyalty, payment and gift cards in a single digital wallet QR scan, which was rolled out to all Woolworths Supermarkets, Metro Food Stores and BIG W. Everyday Market was launched in September providing customers with a curated online marketplace that continues to grow as we build better customer and seller experiences. Everyday Extra subscription was launched as a pilot in late Q4, providing members with extra value through features such as three-times the points and monthly 10% discounts.

Cartology continuing to grow

Cartology, the Group's retail media business, was established in 2019 and now has over 200 team members. Since its establishment, Cartology revenue has doubled with over 8,000 campaigns delivered across in-store, screen, audio, publishing and digital channels in F22. Cartology has already expanded across the Group's ecosystem to New Zealand and is preparing for its launch in BIG W in F23.

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Enhancing the online customer experience

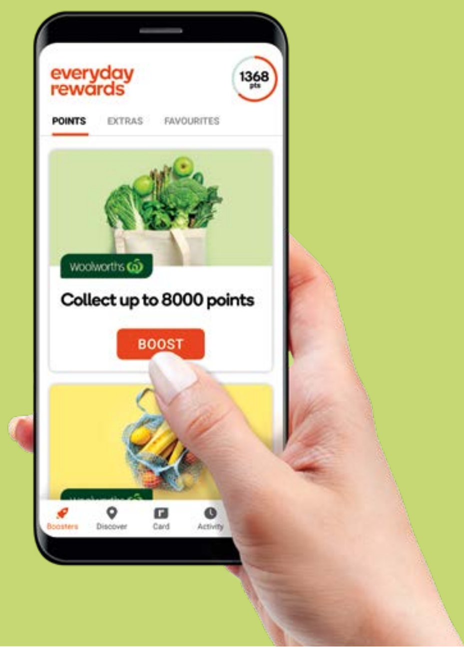
In F22 WooliesX continued to enhance its digital tools, including personalised shopping lists and recipe functionalities. This has supported an increase in customer engagement as more and more customers continue to shop with us online. Customers that use the shopping list add two extra items to their baskets on average compared to non-list users.

▲29%

increase in recipe users in F22

▲37%

increase in shopping list users in F22



Increasing scale in digital

#3

retailer by weekly website traffic rankings[1] (June 2022)

53%

growth in average weekly users of Woolworths app vs. F21

2

of the top 5 apps by retailers[2]

(by weekly active users in June 2022)

1 Source: SimilarWeb June 2022.
2 Source: Data.ai June 2022.

Australian B2B

F22 was a significant year for the Group with the establishment of Australian B2B, bringing together B2B Food and B2B Supply Chain.

Australian B2B

Sales

$3,963M

▲ 224% from F21

EBIT

$42M

▲ 242% from F21

$ MILLION	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
Sales	**3,963**	1,222	224%
EBITDA	**143**	45	217%
Depreciation and amortisation	**(101)**	(33)	208%
EBIT	**42**	12	242%
EBIT to sales (%)	**1.1**	1.0	6 bps
Scope 1 & 2 emissions (tonnes)	**79,276**	66,640	19.0%

Sales performance by channel

$ MILLION	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
B2B Food	**2,878**	618	366%
B2B Supply Chain	**1,085**	604	79%
Total Australian B2B	**3,963**	1,222	224%

Trading performance

As disclosed at H1, the Board approved the establishment of a new operating segment, Australian B2B in October 2021. Operating segment results have been restated to conform to the new structure.

Australian B2B total sales increased $2,741 million to $3,963 million in F22, growth of 224%. All Australian B2B businesses increased sales on the prior year but dollar growth primarily reflected the acquisition of PFD at the beginning of the financial year and the inclusion of Endeavour Group revenue under the partnership agreements for the first time.

B2B Food sales increased $2,260 million to $2,878 million, up 366%, with approximately three quarters of sales attributable to PFD. PFD had a strong first year as part of Woolworths Group with sales trends improving over the year as restrictions eased and benefitting from the acquisition of Fishboy at the end of February to improve its capability in seafood. Woolworths at Work, Woolworths International, Wholesale and MetroGo all reported strong sales growth in H1 and H2. Summergate's H2 sales growth was impacted by lockdown restrictions in China but full year sales remained above the prior year.

B2B Supply Chain sales increased by $481 million to $1,085 million primarily due to the inclusion of Endeavour Group revenue. PC3 and SIW revenue (excluding Endeavour Group) also increased on the prior year.

EBITDA increased by $98 million to $143 million largely due to higher PFD earnings offset somewhat by COVID-related impacts to trading performance, margin pressure in wholesale and export meat and investment to drive growth in the smaller businesses.

Depreciation and amortisation was $101 million compared to $33 million in the prior year. The increase primarily reflects asset and lease depreciation related to PFD as well as amortisation of intangible assets of $17 million recognised on the acquisition of PFD.

EBIT increased by $30 million to $42 million, at an EBIT margin of 1.1%.

Introducing Australian B2B

In October 2021 the Woolworths Group Board approved the establishment of a new operating segment, Australian B2B, which comprises B2B Food and B2B Supply Chain.

B2B Food

PFD Food Services
One of Australia's leading food service suppliers

Woolworths International
International export business

Woolworths at Work
A B2B procurement solution supporting businesses

Australian Grocery Wholesalers (AGW)
End-to-end wholesale business

B2B Supply Chain

Primary Connect (PC3)
3PL supply chain solution for Endeavour Group and other third-party customers

Statewide Independent Wholesalers (SIW)
Tasmanian wholesale and logistics business

New Zealand Food

In F22 New Zealand Food continued to progress its strategic and sustainability agendas despite a challenging operating environment.

countdown

Sales (NZD)

$7,563M

▲ 5.8% from F21

EBIT (NZD)

$316M

▼ 12.5% from F21

eCom sales (NZD)

$1,031M

▲ 19.7% from F21

Trading performance

New Zealand Food had a very difficult year impacted by challenging operating and trading conditions. These included supply chain disruptions caused by a three-day strike in late November, widespread Omicron community transmission, and global shipping challenges. Customer metrics were significantly impacted, particularly in H2, with a gradual improvement over Q4 following the trough in March. VOC NPS (Store and Online) increased three points compared to Q3 to 37 but declined eight points compared to the prior year. Store-controllable VOC of 75% increased by four points compared to Q3 but declined three points compared to the prior year. Improving the customer experience remains a key priority for F23.

Total sales in F22 increased by 5.8% to $7,563 million. The first half benefitted from nationwide lockdowns in mid-August which increased in-home consumption with H1 sales increasing by 8.3%. Conversely, the Omicron outbreak which took hold in March caused significant team absenteeism and disruption to the supply chain and stores which negatively impacted sales. H2 sales growth slowed to 3.1% and 2.3% in Q4 with higher selling prices somewhat offset by lower volumes.

eCommerce sales grew by 19.7% for F22 with penetration reaching a new high of 14.1% during Q4. Other digital and eCommerce highlights include Drive solutions and eLockers now in 75 stores, strong growth in Cartology New Zealand, and a strong increase in mobile app users, and Delivery Saver subscriptions.

New Zealand Food's franchise stores (FreshChoice and SuperValue) performed well despite the ongoing impact from the absence of international tourists, particularly over the summer period.

Average prices increased by 2.5% on last year, driven by inflation across Grocery, Fruit and Vegetables, and Perishables due to local and global cost inflation and supply challenges. In Q4, average prices increased by 3.5%, slightly below Q3 of 3.6% due to lower Fruit and Vegetables inflation in the quarter.

Sales per square metre increased 3.5% reflecting higher sales offset somewhat by an increase in average space of 2.2%. Despite new store and renewal activity experiencing some disruption due to COVID restrictions, six new Countdown stores and one replacement store were opened along with three renewals. This included a second 4 Star Green Star rated Countdown Supermarket in Waiata Shores, an innovative new Wanaka Pick up Metro and the first Metro Neighbourhood store in Herne Bay. At the end of the year, the store network comprised 190 Countdown stores, 39 SuperValue stores and 33 FreshChoice stores with a total of 262 stores.

Gross profit (%) increased 17 bps on last year. Customers continued to favour larger pack sizes which drove mix benefits, and increased use of data-driven tools in category management, more than offset transition costs to a new Hilton meat plant, higher freight costs and higher stock loss as unit growth slowed.

$ MILLION (NZD)	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
Total sales	**7,563**	7,146	5.8%
EBITDA	**611**	633	(3.4)%
Depreciation and amortisation	**(295)**	(272)	8.7%
EBIT	**316**	361	(12.5)%
Gross margin (%)	**25.4**	25.3	17 bps
CODB (%)	**21.3**	20.2	104 bps
EBIT to sales (%)	**4.2**	5.0	(87) bps
Sales per square metre ($) [1]	**17,881**	17,272	3.5%
Funds employed	**4,635**	4,329	7.1%
ROFE (%)	**7.0**	8.4	(1.4) pts
Scope 1 & 2 emissions (tonnes)	**63,782**	61,802	3.2%

1 Sales per square metre has been restated to exclude non-sales area of customer fulfilment centres.

Introduction of joint Maori labelling on seafood

In F22 Countdown introduced joint te reo Maori and English language labelling on all packaged New Zealand fresh seafood products. The initiative is part of Countdown's ongoing commitment to incorporate te reo into the lives of everyday Kiwi's and was driven by team members who wanted to pay respect to Tangaroa and the fishermen (kaihao) who provided the fresh seafood.

F22 CODB (%) increased by 104 bps primarily due to direct COVID costs of $61 million compared to $16 million in the prior year. H2 CODB (%) increased 178 bps also impacted by lower sales growth and other COVID-related costs like team absenteeism and supply chain disruptions. Other material increases included an 8.7% increase in depreciation and amortisation arising from investment in the store network, including spend to facilitate eCommerce growth and innovation, and spend on the supply chain transformation and digital capability.

EBIT declined 12.5% on the prior year to $316 million with the EBIT margin down 87 bps on last year to 4.2%. H2 EBIT declined 30.8% to $116 million at an EBIT margin of 3.3%.

ROFE declined 1.4 pts to 7.0%, primarily due to lower EBIT and higher average funds employed due to investment in the store network.

Despite the broader supply chain disruptions, good progress was made in transforming New Zealand Food's supply chain during the year. A new Hilton meat plant opened in July 2021 supplying case-ready meat to all Countdown stores on the North Island and the Palmerston North Ambient DC opened in August 2021. A state-of-the-art Auckland Fresh DC opened on 23 June 2022 which is expected to materially improve the quality, availability and distribution of fresh produce for customers.

The New Zealand Commerce Commission published its final recommendations following the conclusion of the Retail Grocery Market Study in March. Woolworths New Zealand supports these recommendations and will continue to engage constructively with the Government on their implementation.

Initiatives supporting our sustainability agenda included launching our new 2025 Health and Nutrition targets, fundraising to support the Red Cross Pacific Tsunami Appeal, supporting and celebrating our rainbow team communities during Pride month and fundraising for RainbowYOUTH. In F22 we launched new funding for climate change combatting projects under our Growing for Good initiative.

Continued progress on supply chain transformation

In F22 New Zealand Food made significant progress on its supply chain transformation with the opening of three new distribution centres including the Hilton meat plant in July 2021, Palmerston North Ambient DC in August 2021 (PNRDC) and Auckland Fresh DC in June 2022 (AFDC). New Zealand's supply chain business was also rebranded to Primary Connect during the year.

The PNRDC and AFDC have both been awarded 4 Star Green Star accreditations and have been designed with sustainability features such as rainwater harvesting, energy-efficient LED lighting, electric forklifts and low energy and water use condensers. The AFDC's solar panels are expected to generate 22% of the site's electricity needs. In addition, the AFDC is located next to the new Hilton plant which allows for a single truck to be used for both meat and produce deliveries to North Island stores, delivering greater efficiencies and helping to reduce carbon emissions.

Packaging changes for the better

Countdown continued to progress its sustainability agenda in F22 through the introduction of more sustainable packaging. This includes new soaker-pad-free meat trays in the North Island which has removed 90 tonnes of plastic from New Zealand waste streams; as well as recyclable two litre ice cream containers and a first-to-market ready meal tray, which will see more than 121 tonnes of plastic recycled rather than sent to landfill.

Kete accelerator program supporting New Zealand small businesses and driving innovation

Countdown's Kete business accelerator program was launched in F22 to support its efforts to develop a more diverse supplier base and empower small businesses. These small businesses include those owned by Māori, Pasifika, youth, women, LGBTQ+ and people with disabilities.

In its first year, Countdown selected five small businesses from the 150 applicants to help get their products shelf ready through resources and support delivered through the 12-month program. This included providing each business with customer marketing support, access to customer insights, product development and manufacturing support and mentorship from a range of industry experts within Countdown. The program is delivered in partnership with Amotai, New Zealand's supplier diversity intermediary, throughout Kete to ensure the program provides meaningful results for the businesses involved. The five small businesses selected are a diverse mix, all with a strong focus on sustainability, community and innovation. Upcycled food, a new range of nut and seed milk concentrates and poi are among the products that may soon be appearing on Countdown shelves with the support of the Kete accelerator program.

Increasing convenience

29

Stores with Drive solutions at the end of F22

46

Stores with eLocker solutions at the end of F22

BIG W

F22 was a challenging year for BIG W, but it maintained strong customer scores and made good progress on its digital and eCommerce transformation during the year.

Sales

$4,431M

▼ 3.3% from F21

EBIT

$55M

▼ 68.2% from F21

eCom sales

$619M

▲ 48.0% from F21

Trading performance

BIG W's continued focus on its purpose of making a real difference for families had a positive impact on customer metrics through F22. Despite the disruption in H1, the team focused on delivering consistent service and shopping experiences with VOC NPS (Store and Online) ending the year at 64, up two points on the prior year and Store-controllable VOC ending the year at 83%, stable on last year with both broadly in line with Q3.

BIG W's total sales declined 3.3% to $4,431 million in F22 with comparable sales down 2.9%. Following a period of store closures in H1 when a quarter of trading days were impacted, sales in H2 increased 4.0% to $2,083 million. Q3 sales were impacted by limited customer mobility due to Omicron early in the quarter but Q4 sales growth recovered strongly to 11.9% with strong Easter, Mother's Day and Toy Mania events and cycling lockdown impacts in some Victorian stores in the prior year. The trading performance also reflects range improvements in Apparel and Home, better customer availability and promotions that resonated with customers.

F22 eCommerce sales growth was 48.0% after being up 69.4% in H1 due to store closures. Sales growth remained strong in H2 at 17.6% but penetration moderated to 9.7% as lockdown restrictions eased, and all stores reopened to customers. In Q4, the new BIG W app was launched and a further 17 Direct to boot locations were added, bringing total locations to 84. Extending BIG W's offer and reach to more customers continues through other platforms, with BIG W ranges launched on the MyDeal marketplace in late August F23.

BIG W brands designed in Australia

Our team of Australian designers and garment technicians are the creative innovators behind BIG W's exclusive brands. With sustainability at the heart of our ranges, customers are choosing the quality and reliability of our Dymples range for babies, KID for kids, &Me for women and Brilliant Basics across the whole range. Our ambition is to deliver great value, quality and low prices.

BIG W's store network remained unchanged at 176 stores with a reduction in sales per square metre of 2.4%, reflecting lower sales due to H1 store closures. The lease at BIG W's Warwick DC in Queensland has been extended to provide more stability to the network and the transition of the Hoppers Crossing DC in Victoria from a third party to Primary Connect is now complete.

Gross profit (%) declined by 28 bps in F22 due to a H1 reduction of 83 bps due to higher markdowns and shipping and delivery costs, and a mix shift to lower margin categories. Gross profit (%) in H2 increased by 34 bps on the prior year driven by a sales improvement in higher margin categories, higher own brand penetration and other strategic initiatives. BIG W's prices have remained competitive and provided customers with great value resulting in Product and Price VOC remaining stable in H2.

$ MILLION	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
Total sales	**4,431**	4,583	(3.3)%
EBITDA	**245**	348	(29.3)%
Depreciation and amortisation	**(190)**	(176)	8.6%
EBIT	**55**	172	(68.2)%
Gross margin (%)	**33.4**	33.6	(28) bps
CODB (%)	**32.1**	29.9	223 bps
EBIT to sales (%)	**1.2**	3.7	(251) bps
Sales per square metre ($)	**4,409**	4,517	(2.4)%
Funds employed	**1,247**	1,194	4.4%
ROFE (%)	**4.6**	16.5	(11.9) pts
Scope 1 & 2 emissions (tonnes)	**110,390**	115,882	(4.7)%

CODB (%) increased by 223 bps again impacted by H1 where CODB (%) increased by 326 bps. H2 CODB (%) increased 85 bps, impacted by Omicron in Q3 as well as the impact of high levels of absenteeism and sick leave. Other increases in CODB were also due to higher team wages, higher supply chain costs driven by DC transition costs, eCommerce mix and investment in team and capabilities to support BIG W's transformation agenda.

For F22, BIG W's EBIT declined by 68.2% to $55 million with an EBIT margin of 1.2%. H2 EBIT was $30 million, 23.5% below the prior year with an EBIT margin of 1.4%.

Closing inventory was lower than the prior year due to cycling a period of higher inventory to support increased sales volume in H2 F21, and from effective inventory management. Despite lower closing inventory, average inventory days increased on the prior year due to lower sales as store closures and COVID impacted mobility, particularly in H1.

ROFE decreased by 11.9 points to 4.6% due to the materially lower EBIT.

During the year, we continued to show real care for our communities and contributed to the Group's 2025 Sustainability Plan, including the activation of ethical partnerships within the value chain such as memberships to Action Collaboration Transformation and Better Cotton Initiative. BIG W launched its partnership with the Australian Literacy and Numeracy Foundation and the Free Books for Kids initiative continued for a third consecutive year, distributing over 2.4 million free books to families in F22. The Toys for Joy initiative rolled out to all stores and helped prevent 18 tonnes of toys going to landfill.

Continued digital acceleration in F22

BIG W's digital acceleration continued in F22 with double digit growth in online traffic, customer transactions and eCommerce sales. More and more BIG W customers continued to choose eCommerce services and F22 saw a material improvement in the eCommerce customer experience. To support this BIG W continued to expand its eCommerce services with 17 Direct to boot locations added to the network, with a total number of 84 locations at the end of F22. The BIG W mobile app was launched in April 2022, creating a great platform to grow our digital experience in F23.

Making a real difference through the Breakfast Library program

Since January 2022, BIG W has partnered with the Australian Literacy and Numeracy Foundation to make a real difference for children in First Nations communities across Australia. Together with Woolworths Supermarkets, BIG W has continued to support the Breakfast Library program, providing breakfast and books to over 800 school students with a focus on First Nations pre-school and primary school aged children. The program provides a healthy breakfast to kids who might not otherwise have access to one, along with a book to take home each week to further their literacy journey. BIG W donated over 30,000 books to the program in F22.

F22 highlights

Top 10

most trusted brand in Australia (Roy Morgan)

17

Direct to boot locations added in F22

64

VOC NPS (Store and online)

▲ 2 points from F21

BIG W's commitment to zero waste in partnership with Good360

Over the six-year partnership with Good360, BIG W has continued to divert new, unused and excess stock to communities in need across Australia. Good360's mission is to ensure that the excess goods and services businesses produce flow to people in need rather than going to waste, which is beneficial to both the business and the community. In F22 BIG W supported communities impacted by COVID and flooding with relief through Good360's 1,500 member charities by diverting 401 tonnes of products from landfill and donating over one million items.

Our material risks

Woolworths Group is a Food and Everyday Needs Ecosystem which includes some of Australia and New Zealand's most trusted retail brands, unified by our purpose to create better experiences for a better tomorrow. Our ability to make sound risk-informed decisions enables the Group to protect the value of our assets today and execute our strategy to deliver sustainable growth.

In the last year, Woolworths Group's risk landscape continued to be challenged by a number of issues, including extreme weather events, global supply chain and food disruptions as well as the prolonged impact of COVID on the wellbeing of our team and customers. Throughout these challenges, we remained focused on care for our customers and team and continued to work together to provide food and everyday needs for our communities.

Since the beginning of 2022, there has been an increased level of macroeconomic uncertainty, such as cost and wage inflation, increases in interest rates, geopolitical tensions, and pressures on retaining and attracting talent. We have teams in place to actively monitor and manage these risks in the short-term whilst assessing and preparing for the longer-term impact.

Our risks are reviewed, assessed, and where necessary adjusted through regular meetings with leaders, and senior management with Board oversight. We monitor macro risk factors such as cyber security and climate change that have multiple impacts on a number of our material risks, including: supply chain and operational resilience; legal, regulatory and governance; and meeting customer expectations. In addition, monitoring climate change is a key focus of our sustainability commitments and is considered through all strategy and transformation activities. As part of this approach, we equip our team across the Group to make decisions that lead to better outcomes for our customers, shareholders, and communities.

Thorough planning helps us to identify and respond to current and emerging risks relating to our people, planet, products, and the experiences we provide. Strategic risks are considered throughout our annual and quarterly planning cycles. Working together, we make sure we are flexible and agile in our ability to respond to themes, including changing customer and community expectations, digital innovation, and meeting our sustainability ambitions.

We have expanded our capability to manage our risks through the appointment of subject matter experts and risk partners across our business. We have mobilised a risk community that guides our approach to managing risk which enables our team and businesses to make better decisions.

Further information in relation to risk management can be found throughout the Annual Report and in the Corporate Governance Statement which is available on the Woolworths Group website. The material risks faced by the Group and our risk management approach to each of them are outlined on pages 46 to 49.

At Woolworths Group, managing risk is central to our efforts to live our purpose.

Risk management oversight

Below is an overview of risk governance and management at Woolworths Group together with 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

1ST LINE OF ACCOUNTABILITY	2ND LINE OF ACCOUNTABILITY	3RD LINE OF ACCOUNTABILITY
Business	Oversight functions	Independent assurance
Owns and manages risk	Oversees and sets frameworks and standards. Independently monitors and provides analysis and reporting on risks and controls	Provides independent assurance of frameworks and controls effectiveness
Group businesses Group platforms	Group Risk People team Group Safety, Health & Wellbeing Group Legal & Compliance Group Finance Group Sustainability	Internal audit External audit

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Safety, health and wellbeing

Through the effective management of our safety, health and wellbeing risks, we can reduce the risk of serious injury, illness, or fatalities, as well as prevent potential claims, regulatory impacts, and reputational damage. We also recognise psychosocial hazards that can cause psychological or physical harm such as bullying and harassment, mental stress, workplace violence, and aggression.

Our risk management approach includes:

- dedicated safety, health and wellbeing team working across the Group
- a comprehensive set of frameworks, policies and procedures to proactively manage our material safety, health and wellbeing hazards
- testing of controls to meet our legislative requirements, supported by independent assurance and audit activities to assess the robustness of our controls
- embedding and utilising Sonder as a proactive wellbeing aid, alongside support during challenging times or after an incident
- providing our People Committee with updates on material risks, key metrics and updates on the effectiveness of our critical controls, including our safety management systems
- regular safety, health, and wellbeing training is provided to all team members

Committee: B P G

Pay and entitlements

Paying our team correctly and rewarding them fairly is critical to maintaining trust and reputation through our legal compliance. We acknowledge the ongoing challenges in this area and we have remained focused on rectifying any payment shortfalls while bolstering our internal processes to help ensure these issues do not arise again.

Our risk management approach includes:

- significant focus and investment in mapping, understanding and building confidence in our pay processes, including a dedicated end-to-end pay program across the Group
- a proactive cadence of reviews over our industrial instruments (including over 30 enterprise and collective agreements in Australia and New Zealand, and over 10 modern awards in Australia) to check correct system configuration and identify any shortfalls
- reviewing, enhancing and testing, and monitoring our baseline controls across our end-to-end pay processes
- intentional change management testing and assurance, including being confident that new processes and solutions are implemented well
- continuing our significant remediation programs, including making back payments to current and former team members and implementing systemic changes to our go-forward pay processes
- a range of governance and oversight mechanisms, including specific management forums and regular Board and committee reporting

Committee: B P G

People

Our team is critical to our success. Our ability to attract, retain and engage team members with diverse skills, capabilities and backgrounds, with particular focus on digital and technology talent is crucial.

Our risk management approach includes:

- attracting and retaining a diverse workforce that reflects the communities in which we operate, with clear targets and programs focused on gender equality, First Nations workforce participation and accessibility
- 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
- listening to our team members through Voice of Team surveys to adapt and refine our existing people strategies and plans
- embracing agile and flexible working, including international 'work from anywhere' trials
- providing collaboration spaces to bring teams together in person and facilitate hybrid ways of working
- focused attention on labour force needs and planning across our businesses, particularly in digital and data roles, and in store and distribution operational environments
- investment in dedicated people risk management initiatives to understand and build confidence across our broader people ecosystem (including underpayment, resourcing, conduct, data, privacy and other related risks)

Committee: B P G

Committee:

A **Audit and Finance Committee**	G **Group Executive Committee**	R **Risk Committee**
B **Board**	P **People Committee**	S **Sustainability Committee**

Product safety

The safety of our customers is 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:

- having clear end-to-end procedures and processes for managing product safety in our supply chain from design, manufacturing, transport and storage to customer purchase
- testing of controls to meet our legislative requirements, supported by independent assurance and audit activities to assess the robustness of our controls
- providing assurance and testing to comply with mandatory and internal safety requirements. The learnings from these reviews assist us with continuous improvement
- having 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

Committee: B R G

Privacy and data management

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

Our risk management approach includes:

- having an established privacy framework for managing privacy and data ethics risk throughout the data lifecycle and an established data governance framework to ensure appropriate data governance
- implementing training programs across the Group to ensure team members have an understanding of privacy and data risks and their roles and responsibilities
- embedding privacy, data ethics, and risk experts across the business to provide specialist support
- defining privacy, data ethics and security standards for protecting personal information
- processes to assess risks, impacts, and respond to changing initiatives in line with the evolving regulatory, industry, and customer landscape
- defining processes to respond to data or privacy-related incidents or complaints should they occur

Committee: B R G

Customer

Changing customer expectations requires us to continually evolve our business model to meet their needs and preferences. Our ability to respond to our customers' needs and expectations has been pivotal in our digital and online areas especially through continued disruptions that we have faced from COVID and weather conditions.

There could be potential negative impacts to our brand and reputation if we are unable to respond appropriately to changing customer preferences, market conditions and community sentiment.

Our risk management approach includes:

- 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 which is used to improve our customer proposition in our stores and online
- 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 our food and everyday needs ecosystem

Committee: B G

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 risk areas impacted by climate include: strategy and transformation; customer; legal; regulatory and governance; product safety; supply chain and operational resilience; and sustainability.

Cyber

The material risk areas 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.

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Sustainability

Our commitment to sustainability is based on our purpose, values, and ways of working and is core to how we conduct our business. 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 negatively affect stakeholder and societal expectations if not managed appropriately.

Our risk management approach includes:

- monitoring our commitments within the Group Sustainability Plan 2025 with periodic progress updates reported to the Sustainability Committee and shareholders
- monitoring our responsible sourcing program to address human rights-related risks across our supply chain. 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 50 to 57 as well as our Sustainability Report, available in September 2022.

Committee: B S G

Technology

Our technology environment is becoming increasingly complex with sophisticated cyber security threats, changing regulatory requirements, and business needs. This means we need to continuously evolve to prevent impacts of any breaches or disruption to critical business operations resulting from the loss of technology systems or services.

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 and stable platforms
- regular review, testing, 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
- formalising the technology third-party risk management framework to enable us to assess and monitor third parties' general technology and cyber security controls
- 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
- replacing obsolete technology assets and migrating applications into the cloud

Committee: B R G

Supply chain and operational resilience

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 pandemic-related absenteeism and isolation, COVID lockdowns, 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
- 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
- business resilience frameworks standards and tools to provide guidance on how we prevent, prepare and respond to, and recover from key events
- monitoring and responding to key events that threaten the continuity of our operations through crisis and emergency management teams and protocols

Committee: B G

Financial

The Group is 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:

- regular monitoring of financial performance, including key performance metrics, and regular 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 define the Group's funding headroom requirements and long-term liquidity position, including the Group's ability to deliver strategic initiatives
- where appropriate, establishing cross-functional working groups to monitor and respond to risk items. For example, the impact of inflationary pressures
- managing specific treasury risks, interest rates, foreign currency, and counterparty risk in line with our approved treasury policy
- having an insurance program that protects the Group against accidents, natural disasters, and other events. The Group has a range of externally placed insurance policies and self-insured programs which we monitor to help us pre-empt and mitigate risks and losses
- ongoing monitoring of new accounting, financial and tax regulations and implementing required changes to enable compliance

Committee: B A G

Strategy and transformation

We aspire to create better experiences for a better tomorrow for our customers, team members, communities, and stakeholders. Our businesses 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 at pace and with agility and working end-to-end as one team.

Our risk management approach includes:

- 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 and developments of the approved strategy
- having 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
- dedicated strategy teams and change management capabilities that assist with evaluating and mitigating the impact of continued and significant change on our operations and our team
- consideration of risks when developing significant projects through our risk in change framework

Committee: B G

Legal, regulatory and governance

The complexity and diversity of our business and retail environment means we are subject to a wide range of legal and regulatory requirements, including health and safety, product safety, employment, competition, anti-bribery and corruption, and anti-money laundering.

Failure to comply with these requirements could negatively impact our team, customers, and operations, and expose the Group to investigations, legal claims, or litigation which may adversely impact our reputation and have financial impacts.

Our risk management approach includes:

- having a compliance framework, business-specific operational compliance plans, and assurance programs, which support effective operations while managing our compliance obligations considering any emerging regulatory change and monitoring changes to existing laws and regulations
- dedicated Legal and Compliance teams who partner with our leaders to advise on and monitor legal, regulatory, and public policy changes, legal issues, and claims, and support innovative and new opportunities
- our ethics reporting service (Speak Up) as well as a whistleblowing process where we actively encourage current and former team members, suppliers, and their families to report wrongdoing and breaches of the law
- our code of conduct which provides a clear statement on our core values and includes doing the right thing
- new starter and annual compliance training programs which are required to be completed by all team members

Committee: B R G

Understanding our climate risk

Over the past 12 months, we have seen significant rain events causing widespread flooding across several parts of Australia, and La Niña events contributed to some of the wettest times on record on the east coast.

We continue to focus on increasing our understanding of the potential impacts of significant climate events, and climate change more broadly, on our business, and to implementing mitigation and adaptation actions to manage current and future risk according to our management framework.

As Australia and New Zealand's largest retailer, Woolworths Group has a major role in feeding millions of households each week and providing essential everyday needs. The short and long-term risks of climate change present us with potentially significant challenges to ensure our services remain available to the public, particularly following extreme weather events.

The latest Intergovernmental Panel on Climate Change (IPCC) reports tell us that the continued lack of global emissions reduction progress has increased the required rate of reduction to stay within a 1.5 degree environment. We acknowledge that this will be a significant challenge. We have plans in place to reduce our operational (scope 1 & 2) emissions, and understand the different sectors in which our value chain (scope 3) emissions are generated, and how these could potentially reduce over time. We look forward to partnering with our suppliers, customers and industry more broadly to tackle this shared challenge.

Governance and risk management approach

The Woolworths Group Board is responsible for reviewing, appraising and approving the Group's climate change strategy, targets and material investments to manage actual or potential climate-related impacts to the Group. The Board does so on recommendation from its Sustainability Committee. The Sustainability Committee reviews and monitors performance against our climate strategy and targets, reviews effectiveness of Group frameworks and policies in relation to climate change, and provides external perspectives of climate matters within the investment landscape. The CEO and Group Executive Committee, including the Chief Sustainability Officer, have accountability for the implementation of our climate strategy, and report progress to the Sustainability Committee quarterly.

The Group Sustainability team includes a dedicated General Manager with responsibility for our climate strategy, and has a robust process in place for measuring and tracking emissions which are reported to the Group Executive Committee and Sustainability Committee on a quarterly basis.

Woolworths Group Board

Responsible for reviewing and appraising the Group's climate change strategy, policies and performance, approving actions where necessary.

Sustainability Committee

The Sustainability Committee monitors progress against the climate change strategy, and is responsible for reviewing and endorsing our targets to manage actual or potential climate-related impacts to the Group.

Audit and Finance Committee

The Audit and Finance Committee has oversight of financial reporting, financial disclosures and the Group's accounting policies.

Risk Committee

The Risk Committee has oversight of the risk management framework and the Group risk profile.

CEO and Group Executive Committee

The CEO and Executive Committee, including the Chief Sustainability Officer, have accountability for the implementation of our climate change strategy, and report progress to the Sustainability Committee quarterly.

Group Sustainability

Responsible for driving climate risk and opportunity identification across the business, and preparing our sustainability disclosures, including reporting in line with the TCFD recommendations and quarterly Sustainability Committee reporting.

Heads of business units

Responsible for identifying, assessing, responding to, managing, and reporting upon climate risks within their scope and implementing appropriate risk treatment.

Woolworths360

Responsible for energy efficiency and managing the Board-endorsed energy strategy targeting supply, demand and innovation opportunities to reduce our carbon emissions.

Woolworths Group maintains a system to address and proactively manage risk in accordance with relevant legislation, regulatory obligations, shareholder expectations and good corporate governance principles. Climate-related risks and opportunities are identified through the Woolworths Group risk management process in line with our risk management framework (RMF). The RMF, which has regard to the ISO 31000 risk management standards, sets out our commitment and approach to identifying, assessing, responding to, managing and reporting risks that could impact the Group. Our Group Risk team provides us with independent oversight and advice on risk management practices and monitoring risk within agreed tolerances.

Climate change has been identified as a causal risk factor that could contribute to multiple material risks. As a result, climate-related scenarios are assessed and monitored in line with the RMF. The Risk Committee has oversight of the RMF and the Group risk profile. Governance is supported by the Woolworths Group Executive Committee and relevant committees and forums across the Woolworths Group. Specific oversight of climate risk is managed by the Sustainability Committee.

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Strategy and risk management

Our climate change strategy has been endorsed by the Woolworths Group Board and covers the following five pillars:

1 Reduce and green our power use

- Implementing energy efficiency improvements across our network of stores and offices, and optimising new design and construction across our distribution centres
- Sourcing 100% renewable electricity across the Group by 2025

2 Introduce low-carbon tech and practices

- Upgrading to low global warming potential (GWP) refrigeration systems across our store network. By 2030, over two thirds of our stores will use this technology
- Testing zero emissions transport solutions across our fleet

3 Increase resilience in our value chain

- Assessing climate risks and opportunities associated with physical, transition and food security risks, and how these impact our customers, suppliers and operations
- Adopting resilience measures to address acute and chronic physical risks. For example, stores with high risk of power outages are supported by backup or portable generation
- Working with our suppliers to increase food production resilience, in conjunction with our nurturing nature strategy

4 Support industry, customer and team carbon neutrality

- Enabling our customers and team to reduce their emissions through information and education campaigns to inspire responsible use of natural resources
- Supporting suppliers in their own decarbonisation efforts

5 Support community climate change resilience

- Providing direct support for natural disaster affected communities through our Woolworths Group S.T.A.N.D program
- Mitigating the impact of store closures and helping to maintain stock where it is needed through physical store and network resilience

We aim to reduce our scope 1 and 2 emissions by 63% from our 2015 baseline by 2030, and our scope 3 emissions by 19%. These targets were validated by the Science Based Targets initiative (SBTi) in 2020. As SBTi requires organisations to regularly review their progress and baselines, Woolworths Group is in the process of submitting our targets for re-validation. Our emissions reporting this year includes the demerger of Endeavour Group and the acquisitions of PFD Foods and Quantium. We operate as a Group and have a single emissions reduction target and climate change strategy. Our aspiration towards an absolute net positive goal does not change.

Further information in relation to our climate change strategy, and our progress on these initiatives, is set out in our **Sustainability Report**, available from September 2022.

Climate scenario analysis update

Overview

Following our initial scenario analysis work completed in 2020, in the last 12 months we completed a significant update to further enhance our understanding of the risks that the changing climate poses to our business. We examined four physical climate scenarios and associated changes in 2030 and 2050; selected based on plausible warming pathways referenced by the IPCC, bounded by a low warming pathway representing a 1.5 degree world, and a high warming pathway representing a 4.5 degree world (IPCC, Climate Change 2021, The Physical Science Basis). The in-between scenarios represent trajectories closer to the current rate of emissions and existing national and global policy commitments (representing 2–3 degrees of warming).

Key policy and development assumptions were drawn from the Shared Socioeconomic Pathways (SSPs) used in the IPCC Sixth Assessment Report; where possible adapted to Australian trajectories. This included use of the latest Australian Energy Market Operator (AEMO) Integrated Service Plan 2022 to inform emissions from grid electricity as well as electric vehicle take up. Further national parameters were drawn from the CSIRO's Australian National Outlook. Carbon pricing varies by each SSP, which allocates a value required to meet global emissions reduction levels.

A single 'middle of the road' shared socioeconomic pathway (IPCC reference SSP2) was used across all four climate scenarios to enable focus on the climate-related variables. Under this 'middle of the road' pathway, our customers demand a wide range of healthy and convenient products. Globally, consumer demand for sustainable products is maintained, whereas animal protein consumption grows. In order to test the impact of varying global population growth on the food supply chain and food security, sensitivity analysis was undertaken using projections from SSP1 and SSP3.

Finally, Woolworths Group-specific inputs were common across all scenarios; material inputs included: application of our current climate change strategy, a consistent market share, forecasts of store growth and store mix, and existing data on store closure impacts relating to historic extreme weather events.

As we develop our approach to climate scenario analysis, we have kept our analysis limited to Woolworths Supermarkets and Metro Food Stores, which comprises approximately 80% of Group revenue. We will expand this in future iterations.

A more detailed table of assumptions associated with each scenario is provided at the end of this section under *Key assumptions*.

A note on scenario analysis: 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.

Climate scenario themes and opportunities

To analyse the potential impact these climate scenarios have on our business and our customers, we looked at three key themes across transition, physical infrastructure and food security. Below we present insights as well as mitigation approaches and opportunities.

Overall position

The climate scenario analysis indicated that our future business could evolve into one with near-term transition risks coupled with increasing physical infrastructure and food security risks due to climate change. Our near-term transition risks are partially mitigated through our existing emissions reduction approaches across energy and refrigerants in particular. Physical infrastructure risk – borne out by recent severe flooding events – will increase over time. This will require further consideration of our supply chain, in addition to the supermarket initiatives already in place, particularly in northern Queensland. For example, the expansion of our Townsville distribution centre and the decision to hold safety stock levels enabled northeast Queensland supermarkets to continue to be serviced while major supply routes from interstate were interrupted. Food security represents a more significant challenge for both Woolworths Group and the Australian food sector more broadly, requiring mitigating actions to be taken in order to retain the breadth of range and value for money provided for our customers. Driving a robust ongoing food security position – underpinned by our product portfolio and sourcing approaches – is key to our future competitiveness, and will represent a particular focus as our climate resilience strategy is evolved in future iterations.

Changes to risk under the lower and higher warming scenarios

The table below explores the risks to our Group resulting from the transition and physical impacts modelled in the lower and higher warming scenarios.

RISK CHANGES IN A 1.5 DEGREE SCENARIO	RISK CHANGES IN A 4.5 DEGREE SCENARIO
Our existing business strategy is already closely aligned with a lower warming scenario that sees more aggressive transition to a low carbon economy. A residual level of operational emissions in both 2030 and 2050 will add some cost burden due to a carbon price, if not addressed. In our value chain, carbon pricing would also increase the cost of goods and transport, requiring consideration of how these costs are managed. Two positive outcomes in the lower warming scenario relate to technology and market opportunities. The acceleration in zero emissions transport will see earlier commercial availability of light, medium and heavy vehicles. Given we are working toward identifying a pathway to decarbonise our fleet, earlier commercial availability of cars, light vehicles and trucks will help achieve this. Considering market opportunities, a continued increase in consumer preference toward lower carbon intensity products (combined with complementary concerns around animal welfare, and broader nature- and biodiversity-based awareness) would further validate the existing goals of the Woolworths Group Sustainability Plan.	Under the higher warming pathway, a larger number of themes drive increases in risk. A slow pace in availability of zero emissions technology makes our net positive commitment more challenging, most clearly across our transport operations. There is a noticeable, albeit modest increase in expected weather-related interruptions to our supermarkets; in future iterations of our analysis we will seek to understand whether physical disruptions to our supply chain will have more of an impact. Climate-impacted food security represents our most uncertain risk, and this is most noticeable in a high warming scenario. Globally, areas harvested increase, but yields decrease due to a variety of climate-related factors. These impacts will already be felt by 2030 and more so by 2050.

Risk themes, what we already do, and further opportunities

THEME	MITIGATION AND OPPORTUNITY
Physical – Operations	
In a lower warming world we still anticipate a mild increase in store exposure because of existing and predicted changes to physical climate while any anthropogenic net emissions remain. Store revenue impacts due to increased fire and rain events are real, but not materially significant in the context of our total store portfolio. In 2030, less than one store day per year could be affected by extreme weather, and in 2050, approximately two store days per year. Substantial growth in online shopping occurs across all scenarios and will likely change the mix of asset types that require climate resilient design. While most supermarket locations are situated within leased shopping centres, Woolworths Group has more responsibility and control over online customer fulfilment centres.	Previous climate scenario work and store-level engineering reviews have identified more than 12 focus impacts and identified existing measures to mitigate these current risks. For example, we are working through the following actions: • Stores in the monsoonal north are built to standards addressing cyclone risk • Stores with high risk of power outages have back up generation or portable generator connection points • Flood barriers in stores in flood prone areas • Rainwater harvesting in high stress water areas Chronic factors such as increases to average temperatures and in turn higher energy use are being addressed through ongoing improvements to store refrigeration design. Increasing resilience in our supply chain is evident through our evolving network planning process, for example the Townsville distribution centre was expanded due to the risk of this region becoming isolated due to extreme weather. In future years we will extend our climate risk analysis to cover our logistics supply chain in relation to factors such as extensive railroad and/or trucking route disruptions and warehouse disruptions.
Transition – Policy and legal	
Aggressive mitigation policies may increase the costs of electricity, fuel and raw materials. A residual risk associated with our net emissions increases under the lower warming scenario, and more so once the emissions associated with our value chain are considered.	Our current renewable electricity and refrigerant transitions strategy addresses 80–90% of our operational (scope 1 and 2) emissions that would otherwise be exposed to a potential carbon price. Our recently launched program to work with our suppliers to address our scope 3 supplier emissions will help us understand and quantify the opportunities to reduce emissions across key commodities. We have also joined the Climate Leaders Coalition and are contributing as part of the scope 3 workstream, which looks to understand and address common challenges with scope 3 measurement and management.
Transition – Technological	
Delayed adoption of new technologies could reduce our competitiveness. This is evident through the lack of opportunities to decarbonise transport in the short to medium term, particularly within the Australian and New Zealand markets.	Our existing climate strategy has delivered an ongoing rollout of onsite renewable energy and low-GWP refrigeration. This year's commitment to develop a group-wide transport decarbonisation plan will provide us with a clearer picture of the opportunities to reduce fleet emissions. In an aggressive transition we would anticipate faster availability of zero emission transport opportunities to meet our goals. In contrast, in a much slower uptake of low carbon technology in the high warming scenario, lack of zero emission transport will make achievement of our goal more challenging.

THEME	MITIGATION AND OPPORTUNITY
Transition – Reputational	
Customer expectations for sustainable products continue to build, as do investor expectations for corporate behaviour.	We continue to engage with our stakeholders through our Voice of Customer, Team, and Supplier channels. Our disclosure of climate-related risk continues to increase via our first dedicated TCFD update in the 2022 Annual Report. Independent recognition, such as Woolworths Group's recent third place ranking in a Global retailers sustainability maturity survey by Boston Consulting Group and World Retail Congress, helps to provide confidence that we are making good progress. We regularly have targeted meetings with investors on sustainability to get direct feedback. Ongoing reputational performance will be determined using the RepTrak measure that regularly tracks corporate reputation and includes a score for ESG performance and initiatives, and is linked to remuneration.
Transition – Market	
Consumer preferences could affect our mix of product sales and revenue. A continued increase in consumer preferences toward lower carbon intensity products complements growing concerns around animal welfare, and broader nature and biodiversity-based awareness.	We conduct monthly customer research which points to growing momentum towards less carbon intensive products. This implies a need to decarbonise across all product categories, with the early focus on high emissions intensity livestock-based commodities. Our work in sustainable protein is an example of the opportunities created by leveraging these consumer preferences.
Food security	
Our latest modelling suggests climate-impacted food security represents a material and uncertain risk for the Australian grocery market, and despite Australia producing far more than we consume, our prices for many of our categories are tightly linked with global markets. In the absence of improved farming techniques, the future agricultural system will likely evolve into one where the areas harvested increase, but yields decrease due to a variety of climate-related factors. As a result, while Australians will be able to continue to access the food that they require, the associated costs could accelerate in real terms and could impact our competitiveness.	As Australia's largest grocery supplier, we have both a responsibility and an ability to manage this risk via our strong supplier partnerships. Early progress in this area includes the recent launch of our nurturing nature strategy which addresses the future of protein, nature-climate co-benefits, and our recently launched value chain emissions program to understand and work to reduce our scope 3 supplier emissions. We will continue to analyse food security risks in future iterations of our climate resilience modelling. Outcomes will help inform a more flexible and resilient range portfolio strategy, with a focus on commodities identified as having the greatest supply security challenges.

More information will be outlined in our **Sustainability Report**, which will be released in September

Building a more climate resilient future

We continue to focus on monitoring, managing and reducing, where possible, greenhouse gas emissions of our operations, and we are working to enhance our understanding of, and to address, the risks and opportunities created by climate change for our business.

Extending our analysis to cover all parts of the Group and wider value chain, and continuation of climate change adaptation planning across our own operations is a multi-year commitment.

Our focus for the next 12 months will be in the areas of:

- Performing a more detailed assessment of climate risk for specific commodities – allowing portfolio mitigation and adaptation plans to be devised for particularly challenged areas
- Commencement of climate change resilience plans for our logistics networks and physical infrastructure
- Integrating our improved understanding of food security risk into our portfolio risk mitigation strategies to minimise exposure to food security impacts.

Finally, and in acknowledgement of the growing momentum connecting climate change to broader impacts on nature and biodiversity, we are a member of the Taskforce for Nature-related Financial Disclosures (TNFD) Forum supporting the consideration of evolving nature-related risks in global supply chains. As this space evolves we will monitor and where possible integrate our climate and nature-stewardship strategies.

Key assumptions

The following table presents key assumptions informing our latest climate scenario analysis.

SCENARIO	1.5 DEGREE SCENARIO	2.0 DEGREE SCENARIO	2.7 DEGREE SCENARIO	4.5 DEGREE SCENARIO
IPCC reference, socioeconomic pathway and carbon pricing	SSP1-1.9	SSP1-2.6	SSP2-4.5	SSP5-8.5
Australia and global population values	SSP2, with sensitivity analysis based upon population growth according to SSP1 (low growth) and SSP3 (high growth).			
AEMO Draft 2022 Integrated System Plan[1]	Step change	Progressive change	Slow change	Slow change
Australian National Outlook (CSIRO)[2]	Green and Gold	Thriving Australia	Slow decline	Slow decline
Woolworths Group inputs	As these relate to business strategy, they are the same across all scenarios: • 100% renewable electricity by 2025 • Existing emissions transition plans (e.g. green electricity, lower emissions refrigerants) • Store growth and mix as well as product mix integrated with existing business forecasts • Consistent market share • Existing revenue impacts to stores based on extreme weather-related closures			

1 Australian Energy Market Operator, Draft 2022 Integrated System Plan, December 2021.
2 Australian National Outlook 2019 Technical report, CSIRO, April 2019.

A complete reference table on Woolworths Group TCFD content and the location of information relating to governance, strategy, risk management and metrics and targets will be available in the 2022 Sustainability Report Appendix, released September 2022. These disclosures will continue to be refined in the future as we progress our work in this area.

Governance

Good corporate governance is central to our approach to creating sustainable growth and enhancing long-term shareholder value. Woolworths Group is committed to the highest standards of corporate governance.

Our ambition goes beyond legal compliance. Our purpose of we create better experiences together for a better tomorrow shapes our commitment to better meet the needs of our customers, teams and key stakeholders.

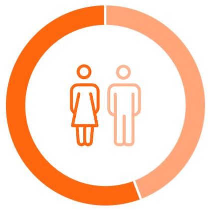
Woolworths Group has followed each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) throughout the reporting period. Further details of the key corporate governance policies and practices of Woolworths Group during the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

The members of the Board of Directors and the current composition of the Board's Committees are set in the Board of Directors section. Further information about their skills and experience is set out on pages 59 to 62.

Board skills and experience

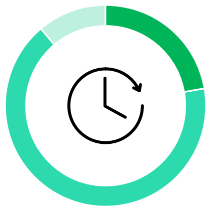
The Woolworths Group Board comprises directors with a diverse range of skills, experience and backgrounds to support the effective governance and robust decision-making of the Group, with a particular focus on the key desired areas listed below. An assessment of the optimum mix of these skills and experience takes place at least annually, noting not all directors are expected to hold advanced capability in every area. In addition to skills and expertise, we consider personal attributes of directors as an element of the non-executive director renewal process, and the annual Board performance review process, to continuously enhance director engagement, interaction and effectiveness. A summary of the key skills and experience of the current directors against those identified in the skills matrix is set out below:

Skill/Experience	Summary	Directors with skill/experience
Retail markets	Extensive experience in retail, knowledge and experience of customer outcome focused transformation in the food, drinks or general merchandise sectors, including global experience	7/9
Governance	Demonstrated experience in, or a commitment to best practice corporate governance standards	9/9
Risk management	Expertise and experience anticipating, identifying and managing key risks, including financial, non-financial and emerging risks and monitoring the appropriateness and effectiveness of risk management frameworks and controls	9/9
Strategic thinking	Expertise and experience in identifying and critically assessing strategic opportunities and threats, including constructively questioning and challenging business plans and overseeing successful transformation execution in large, complex organisations to create sustained, resilient business outcomes	9/9
Sustainability	Knowledge, experience, and commitment to social and climate responsibility, including in relation to sustainability, governance, climate change, carbon emissions reduction, human rights and responsible sourcing to create long-term sustainable value and benefits	8/9
Digital data and innovation	Expertise and experience in innovation, adoption and implementation of new technologies, digital disruption, leveraging digital technologies, understanding the use of data and data analytics, and accelerating digital, eCommerce and convenience propositions responding to rapidly increasing demand	8/9
Financial acumen	Proficiency and expertise in capital management, financial accounting and corporate reporting, including understanding the key financial drivers of the business and the ability to probe the adequacies of internal financial controls and systems	9/9
Culture, people and remuneration	Experience in organisational culture and overseeing the operation of consequence management frameworks, people management and succession planning, setting strategy linked remuneration and reward frameworks, end-to-end remuneration governance and promoting diversity and inclusion	9/9
Regulatory and public policy	Expertise identifying and managing legal, regulatory, public policy and corporate affairs issues, including professional experience working or interacting with government and regulators	7/9



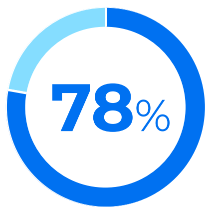
Board gender diversity

- Female **56%**
- Male **44%**



Board tenure

- 0–3 years **22%**
- 3–6 years **11%**
- 6–10 years **67%**



Board global experience

International business experience and exposure to different political, cultural, regulatory and business environments

Board of directors

Key:

- B Board
- A Audit and Finance Committee
- N Nomination Committee
- P People Committee
- R Risk Committee
- S Sustainability Committee

- Denotes Chair of Board/Committee (blue)
- Denotes member of Board/Committee (green)

Gordon Cairns B A N P R S

INDEPENDENT CHAIR
MA (Hons)

Appointed: 1 September 2015

Background and experience: Gordon has extensive Australian and international experience as a chair, director and senior executive. He has over 30 years of food and retail experience, including his time as Chief Executive Officer of Lion Nathan, and as a senior manager in marketing, operations and finance roles with PepsiCo, Cadbury and Nestle.

Other roles: Previously Chair of Origin Energy (Chair from October 2013 to October 2020, Director from 2007 to October 2020), Director of Macquarie Group and Macquarie Bank (2014 to May 2021), Chair of David Jones and Rebel Group, Director of Westpac Banking Corporation and a senior advisor to McKinsey & Company.

Brad Banducci B

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
MBA, LLB, BComm (Acc)

Appointed: 26 February 2016

Background and experience: Brad was appointed Managing Director of Woolworths Food Group in March 2015 followed by Chief Executive Officer of the Group in February 2016. Prior to his appointment, he was Director of the Group's Drinks business between 2012 and March 2015. Brad joined the Group in 2011 after the acquisition of the Cellarmasters Group. 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.

Maxine Brenner B A N R

INDEPENDENT NON-EXECUTIVE DIRECTOR
BA, LLB

Appointed: 1 December 2020

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 (Australia) Limited. 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.

Other roles: Director of Orica Limited (since April 2013), Qantas Airways Limited (since August 2013), Origin Energy Limited (since November 2013) and a member of the University of NSW Council. Previously a Director of Growthpoint Properties Australia Limited (March 2012 to November 2020).

Jennifer Carr-Smith B N P S

INDEPENDENT NON-EXECUTIVE DIRECTOR
BA Economics, MBA

Appointed: 17 May 2019
(Term expires 2022 AGM)

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 and President and CEO of Peapod, an online grocery delivery service.

Other roles: Chair of Blue Apron since September 2021 (Director since October 2020), Director of Full Harvest (since January 2020) and Perdue Farms (since February 2019).

Philip Chronican B A N P R

INDEPENDENT NON-EXECUTIVE DIRECTOR
BCom (Hons), MBA (Dist), GAICD, SF Fin

Appointed: 1 October 2021

Background and experience: Philip has extensive strategic, financial and management expertise. He has around 40 years of experience in banking and finance in Australia and New Zealand. 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), where he established his role in Australian banking as the Group Chief Financial Officer of Westpac and Group Executive of its Institutional business consecutively. At ANZ he was CEO Australia responsible for the bank's retail and commercial businesses from 2009 to 2015. He also served as NAB Interim Group CEO from 1 March 2019 to 14 November 2019. Mr Chronican 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).

Holly Kramer B N R S

INDEPENDENT NON-EXECUTIVE DIRECTOR
BA (Hons), MBA

Appointed: 8 February 2016
(Term expires 2022 AGM)

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 has long been an advocate for gender equality, business ethics/culture and sustainability. She is the former CEO of Australian retailer, Best & Less. She has more than 25 years of experience in general management, marketing and sales, including roles at the Ford Motor Company (in the US and Australia), Telstra Corporation and Pacific Brands. In her role as Chair of the Board Sustainability Committee, Holly is engaged with numerous external organisations, primarily focused on the issues of natural capital, food security/waste, human rights and consumer education.

Other roles: Director of Endeavour Group Limited (since June 2021), Fonterra Co-operative Group Limited (since May 2020), Abacus Property Group (since December 2018) and Pro Chancellor of Western Sydney University (since January 2018). Previously Deputy Chair of Australia Post and Director of AMP Limited (October 2015 to May 2018).

Siobhan McKenna B A N P

INDEPENDENT NON-EXECUTIVE DIRECTOR
B.Ec (Hons), MPhil

Appointed: 8 February 2016
(Retiring 2022 AGM)

Background and experience: Siobhan has a significant international background in strategy and policy in the public and private sectors. As a CEO, she has led consumer-facing businesses in the media and digital sectors. She was a Commissioner of the Australian Productivity Commission and Partner of McKinsey & Company. Siobhan is currently CEO Broadcasting, News Corp.

Other roles: Chair of Foxtel, Fox Sports and Australian News Channel, Director of Amcil (since March 2016) and Nova Entertainment.

Scott Perkins B A N R S

INDEPENDENT NON-EXECUTIVE DIRECTOR
BCom, LLB (Hons)

Appointed: 1 September 2014

Background and experience: Scott is an experienced public company director and has extensive Australian and international experience as a leading corporate adviser on strategy, mergers and acquisitions and capital markets matters. He held senior executive leadership positions at Deutsche Bank from 1999 to 2013. These included 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 Brambles (since June 2015).

Kathryn (Kathee) Tesija B N P S

INDEPENDENT NON-EXECUTIVE DIRECTOR
BSRMM (Fashion Merchandising)

Appointed: 9 May 2016
(Term expires 2022 AGM)

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 a Director of Verizon Communications, Inc. (from 2012 to May 2020).

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

Michael Ullmer AO

INDEPENDENT NON-EXECUTIVE DIRECTOR
BSc (Maths) (Hons), FCA, SF Fin

Appointed: 30 January 2012
Retired: 27 October 2021

Background and experience: Michael has extensive strategic, financial and management expertise. He was Deputy Chief Executive at National Australia Bank (NAB) from October 2007 until he stepped down from the Bank in August 2011. He joined NAB in 2004 as Finance Director. Prior to NAB, Michael was Chief Financial Officer and then Group Executive for Institutional and Business Banking at Commonwealth Bank of Australia. Before that he was a Partner at accounting firms KPMG and Coopers & Lybrand.

Other roles: Chair of Lendlease Group since November 2018 (Director since December 2011).

Group Executive Committee

Brad Banducci
CHIEF EXECUTIVE OFFICER

Biography available in Board of Directors, refer to page 60.

Amanda Bardwell
MANAGING DIRECTOR, WOOLIESX

Amanda Bardwell was appointed Managing Director of WooliesX in May 2017. WooliesX includes Woolworths Digital and Media, B2C eCommerce and Everyday Rewards. Amanda started her retail career in Queensland working for a food retail franchise for five years before joining Woolworths Group in 2001. During her time at Woolworths, Amanda has worked across both the Supermarket and Drinks businesses. Amanda has held positions in both general management and specialist senior executive roles across omni-channel retailing, eCommerce, marketing, buying, private label, and business development. Amanda has an MBA from University of New South Wales and a Bachelor of Business from the University of Technology Queensland and is a member of Chief Executive Women.

Christian Bennett
CHIEF REPUTATION OFFICER

Christian Bennett has 25 years of experience in senior government-related roles, across both private and public sectors.

Christian joined Woolworths Group in November 2017. Previously, he has led government relations efforts for General Electric Inc across Southeast Asia, Australia and New Zealand, for BHP Billiton Ltd and was Group Executive of Public Affairs at Santos Ltd.

In government, Christian spent 14 years in Australia's diplomatic service, including postings in southern Africa, Asia and the United States and secondments into the Office of the Foreign Minister and the Department of Prime Minister & Cabinet.

Guy Brent
MANAGING DIRECTOR,
WOOLWORTHS FOOD COMPANY

Guy Brent was appointed Managing Director, The Woolworths Food Company in August 2019. Prior to this, Guy was Director of BWS from August 2014, and before that, was the General Manager of Pinnacle Drinks which he was responsible for setting up in July 2012. Guy joined Woolworths Group in April 2011 after the acquisition of the Cellarmasters Group, where he was Chief Financial Officer from 2007 to 2011. Before that, Guy was a Commercial Director at Optus for two years after emigrating from the UK to Australia in 2005. Guy is a qualified Chartered Accountant and has a BSC from the University of Bristol in the UK. Guy is also a non-executive Director of OzHarvest, Woolworths Group's main food relief partner.

Natalie Davis
MANAGING DIRECTOR, WOOLWORTHS SUPERMARKETS

Natalie Davis was appointed Managing Director of Woolworths Supermarkets in October 2020. Prior to this, Natalie was Managing Director, Woolworths New Zealand from July 2018, and before that, Chief Customer Transformation Officer, Woolworths Group from May 2017, leading the development of the Group's Customer 1st strategies, transformation and culture. Natalie joined the Group in July 2015 as Director of Customer Transformation, Food Group. Before joining Woolworths, Natalie was a Partner at McKinsey & Co, where she worked in the UK and Australia for 15 years advising on strategy and commercial transformation. Natalie holds an MBA from INSEAD France, and Bachelor of Commerce and Law degrees with Honours from the University of Sydney. Natalie is also a member of Chief Executive Women.

Stephen Harrison
CHIEF FINANCIAL OFFICER

Stephen Harrison was appointed Chief Financial Officer of Woolworths Group in August 2019. Prior to his appointment, Stephen held the role of Finance Director for Australian Food from July 2015 and before that, was Finance Director for Endeavour Drinks from July 2013. Before joining the Group in 2013, Stephen worked for a number of leading FMCG businesses in Australia and New Zealand, including as Finance Director for Valspar ANZ (formerly Wattyl Paints) and Finance Director for Bluebird Foods in New Zealand, a subsidiary of PepsiCo. Stephen also spent time working for PepsiCo in Australia and prior to that worked for Foster's for four years. Stephen is a Chartered Accountant, spending over a decade with KPMG, following his graduation from Macquarie University.

Andrew Hicks
CHIEF MARKETING OFFICER

Andrew Hicks was appointed Chief Marketing Officer, Woolworths Group in June 2019. Andrew was previously Director of Marketing, Food Group and Supermarkets since November 2015. Prior to this, Andrew was General Manager, Marketing, Woolworths Liquor Group from 2012, leading the transformation of the BWS brand and extending Dan Murphy's lead as Australia's most iconic drinks retail brand. Andrew originally joined the Group in 2008 as National Marketing Manager of Dan Murphy's. Prior to Woolworths Group, Andrew was the National Marketing Executive for Musica in South Africa. Andrew has a Bachelor of Social Science and Marketing Honours degrees from the University of KwaZulu-Natal as well as a Diploma in Advertising (Copywriting) from The Red & Yellow School.

Alex Holt

CHIEF SUSTAINABILITY OFFICER

Alex Holt was appointed Chief Sustainability Officer of Woolworths Group in June 2021. Prior to this, Alex oversaw the group's sustainability portfolio as General Manager of Sustainability, Health and Quality from April 2016. Alex joined Woolworths Group in 2011 from Tesco having worked across a number of roles in business improvement, buying and category management. Alex is also a non-executive director of Foodbank Australia, one of Woolworths Group's key hunger-relief partners.

John Hunt

CHIEF INFORMATION AND REPLENISHMENT OFFICER

John Hunt joined Woolworths Group in 2017 as Chief Information Officer and was appointed Chief Information and Replenishment Officer in September 2021. A graduate from the Cape Peninsula University of Technology, John spent over 25 years at Woolworths Holdings Limited, South Africa where he held a range of senior IT and core retail leadership roles, including CIO and Senior Executive for Food Planning and Value Chain. A retailer through and through, John is passionate about how information technology is fully leveraged to power innovation, enable our teams and to ensure our customers have the best shopping experience.

Von Ingram

CHIEF CUSTOMER TRANSFORMATION OFFICER

Von Ingram joined Woolworths Group as Chief Customer Transformation Officer in July 2018, leading transformation and Customer 1st strategy for Woolworths Group. Prior to this, Von was Managing Director and Partner at The Boston Consulting Group, working in Australia and US retail for 10 years, leading strategy, customer insight and retail transformation roles across a range of retail players in food and general merchandise. Von holds an MBA from Melbourne Business School and has also completed a Bachelor of Commerce, with First Class Honours from the University of Western Australia.

Annette Karantoni

CHIEF SUPPLY CHAIN OFFICER & MANAGING DIRECTOR, PRIMARY CONNECT

Annette Karantoni was appointed Chief Supply Chain Officer of Woolworths Group and Managing Director of Primary Connect in October 2021. Prior to this, Annette was Director of B2C eCommerce within WooliesX. Annette has spent the last 20 years working in various leadership roles across Woolworths Group. Annette's roles over the years have included eCommerce, logistics, buying, marketing and replenishment. Annette also led the redesign of the Group's supply chain network. Passionate about our customers and team, Annette brings a wealth of experience and passion to the Group Executive Team, with a track record of delivering customer-led strategies, delivering change, innovation and scalable ways of working.

Caryn Katsikogianis
CHIEF PEOPLE OFFICER

Caryn Katsikogianis was appointed Chief People Officer in November 2016, leading our Team 1st strategy for Woolworths Group, including our focus on team experience, holistic wellbeing, safety, talent and inclusion. Prior to this Caryn was the HR Director of the Woolworths Food Group and General Manager Business Transformation and held various senior HR roles across BIG W, Supply Chain, and Corporate Support. Caryn holds a Bachelor of Commerce degree from the University of South Africa. Caryn is an experienced HR leader with over 25 years of experience within the retail industry. Caryn has been a member of Chief Executive Women since 2017.

Amitabh Mall
CHIEF ANALYTICS OFFICER

Amitabh Mall was appointed Chief Analytics Officer in July 2021 and leads the advanced analytics agenda for Woolworths Group. He is also the Managing Director of wiq where he helps to build a globally leading retail analytics capability by combining the best of Quantium data science and product capabilities with the retail experience in Woolworths Group. Prior to this, Amitabh was a Senior Partner & Managing Director at The Boston Consulting Group where he most recently led their Consumer and Retail practice in Asia-Pacific. In a career spanning 20 years at BCG, Amitabh advised leading retailers and consumer companies across Australia, North America and Asia. He has worked extensively in the area of transformation, powered by digital and analytics capabilities. Amitabh holds an MBA from the Indian Institute of Management, Bangalore and a Bachelor's degree in Commerce from Osmania University, Hyderabad.

Rob McCartney
MANAGING DIRECTOR, FORMAT & NETWORK DEVELOPMENT

Rob McCartney was appointed Managing Director, Format & Network Development, Woolworths Group in July 2020. Prior to this, Rob held the role of Format Development Director for Australian Food where he led the Woolworths Renewal program, repositioning the supermarket customer proposition. Rob is an experienced retailer with over 26 years' experience driving innovation and operationalising strategy. Starting his career in stores for Woolworths Holdings Limited, South Africa, Rob progressed through various roles within the business, including operations, buying and supply chain. In 2001, Rob joined Cap Gemini Ernst & Young in Sydney where he specialised in retail and supply chain transformation across Asia. Following this, Rob joined Coles to work in its supply chain group before moving into format transformation and also held senior roles at 7-Eleven and Target prior to joining Woolworths Group in December 2015.

Pejman Okhovat
MANAGING DIRECTOR, BIG W

Pejman Okhovat was appointed Managing Director of BIG W in April 2021. Prior to joining the Group, Pejman was Chief Operating Officer of New Zealand-based The Warehouse Group, having previously been the Chief Executive of The Warehouse value retailing business and Warehouse Stationery brands, following joining the Group in 2005. Pejman started his retail career in the UK with Marks and Spencer 27 years ago, subsequently working for other well known UK retailers such as ASDA, Sainsbury's and Iceland across many regional, national and senior roles within operations, format development and category management. Pejman holds a BA Hons in Business Studies from Leeds Business School and has attended Insead's AMP course.

Claire Peters

MANAGING DIRECTOR, B2B AND EVERYDAY NEEDS

Claire Peters was appointed Managing Director of B2B and Everyday Needs in October 2020, and is also the Chair of Woolworths Group's newly created First Nations Advisory Board. Prior to this, Claire was Managing Director, Woolworths Supermarkets from June 2017. Claire is an experienced retailer with over 25 years' experience. Claire started her retail career as a graduate for grocery retailer, Tesco. During this time she held a variety of senior roles, including Regional Retail Director; Managing Director, Large Stores; and Commercial Director, Healthcare & Baby, Beauty and Toiletries. In March 2014 Claire moved to Thailand to be COO for Tesco Thailand, with the responsibility for over 3,000 stores. Claire holds a BSC Hons in Economics & Sociology from the University of Loughborough, UK and has been a member of Chief Executive Women since 2017.

Spencer Sonn

MANAGING DIRECTOR, WOOLWORTHS NEW ZEALAND

Spencer was appointed Managing Director of Woolworths New Zealand in March 2021. Prior to this, Spencer held the role of Managing Director Food at Woolworths Holdings Limited, South Africa, from 2015 to 2021 where he was responsible for the Groups' Food Division across more than 400 supermarkets and 33,000 team members. During this time he also served as a board member on the Consumer Goods Forum of South Africa. Spencer has a 27 year career in grocery, starting out on a store management graduate program and progressing through a variety of roles, including operations, and has held various senior roles in commercial, buying and procurement in fresh and long life food. He also led the Groups' Food Division's entry into a new food service format. Spencer completed the General Management Program at Harvard Business School 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 for many years, leading the firm's Competition team, and in various management positions across Australia and Asia. Bill has long experience in responding to regulatory issues, litigation, and corporate transactions. Bill holds an MBA from Melbourne Business School and a Bachelor of Laws from the University of Adelaide.

David Walker

CHIEF RISK OFFICER

David Walker was appointed Chief Risk Officer for Woolworths Group in November 2020. Prior to this appointment, David was Managing Director of BIG W from November 2016 and served as CEO of Masters Home Improvement for 10 months to November 2016. David joined Woolworths Group in 1998 and has worked extensively in finance and business transformation, including in Dick Smith and Primary Connect. David is a member of Chartered Accountants Australia and New Zealand and prior to Woolworths Group he worked for Coopers and Lybrand for 10 years.

Notes:

- Paul Graham ceased as Chief Supply Chain Officer and Managing Director of Primary Connect effective August 2021
- Christian Bennett was appointed Chief Reputation Officer effective 1 September 2021
- John Hunt was appointed Chief Information and Replenishment Officer effective 1 September 2021

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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 26 June 2022 (together referred to as the Group).

Principal activities

The Group operates primarily in Australia and New Zealand, with 1,453 stores (F21: 3,418, including Endeavour Group) and approximately 198,000 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 1,087 Woolworths Supermarkets and Metro Food Stores (including two Summergate 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. During the financial period, the Group acquired a 65% equity interest in PFD Food Services (PFD), which delivers a range of dry goods, frozen and chilled products, fresh seafood and meat, confectionery, paper products, and cleaning products.
- **New Zealand Food:** procurement of food and drinks for resale and provision of services to retail customers in New Zealand, operating 190 Countdown Supermarkets.
- **BIG W:** procurement of discount general merchandise products for resale to retail customers in Australia, operating 176 BIG W stores.
- The Group also has online operations for its primary trading divisions and from the acquisition date of Quantium in the prior financial year, provides 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 26 June 2022.

	BOARD MEETINGS		AUDIT & FINANCE COMMITTEE		PEOPLE COMMITTEE		RISK COMMITTEE		SUSTAINABILITY COMMITTEE		NOMINATION COMMITTEE	
DIRECTOR	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Non-executive Directors												
G M Cairns	15	15	4	4	5	5	4	4	5	5	6	6
M N Brenner	15	15	4	4	–	–	4	4	–	–	6	6
J C Carr-Smith	15	15	–	–	5	5	–	–	5	5	6	6
P W Chronican [1]	11	11	3	3	3	3	3	3	–	–	4	3
H S Kramer	15	15	–	–	–	–	4	4	5	5	6	5
S L McKenna	15	15	4	4	5	5	–	–	–	–	6	6
S R Perkins	15	15	4	4	–	–	4	4	5	5	6	6
K A Tesija	15	14	–	–	5	5	–	–	5	5	6	6
Executive Director												
B L Banducci	15	15	–	–	–	–	–	–	–	–	–	–
Former Director												
M J Ullmer AO [2]	5	5	1	1	3	3	1	1	–	–	3	3

(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 Philip Chronican was appointed as a director and member of the Audit and Finance, People and Risk Committees on 1 October 2021.
2 Michael Ullmer retired as a director on 27 October 2021.

In addition to these formal meetings of the Board and its Committees, 23 further unscheduled or special purpose Board Sub-Committee meetings were held during the financial period ended 26 June 2022. 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 60 to 62.

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 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 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 6.3 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 57 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 6.4 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 25 August 2022.
- Performance rights granted during the financial period and subsequent to year end as outlined in Note 6.2 to the financial statements.
- Remuneration Report from pages 70 to 93.
- Auditor's Independence Declaration on page 94.

This Report is made in accordance with a Resolution of the Directors of the Company and is dated 25 August 2022.

Gordon Cairns
Chair

Brad Banducci
Managing Director and Chief Executive Officer

Remuneration Report

Dear Shareholder,

On behalf of the Board, I am pleased to share with you our F22 Remuneration Report. Throughout F22, our team continued their outstanding efforts to support our customers and the communities we serve. The team's response to the challenges throughout the year – continuing disruption from COVID, supply chain issues and flooding across the Eastern Seaboard – showed tremendous agility, commitment and the strength of our customer 1st, team 1st culture.

Our remuneration framework is based on market competitive fixed pay, a balanced scorecard for short-term incentive (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.

F22 reward outcomes: STI

We entered F22 with a plan to enable our transition to the "New" Woolworths Group given the demerger of Endeavour and acquisitions of PFD and Quantium, and a base setting that COVID impacts would materially unwind as vaccines rolled out and restrictions eased. The subsequent waves of COVID significantly impacted trading through ongoing high levels of in-home consumption, store closures, team member absenteeism, elevated costs to operate and material disruption to our operating and logistics teams. Inflation and the dislocation resulting from geopolitical conflict in Europe and supply chain pressures worldwide also accelerated through H2.

The raw F22 STI scorecard outcome of 60% reflects these factors, with strong Sales performance offset by adverse impacts on EBIT, Customer Satisfaction and Working Capital Days metrics, which were all below Entry. Pleasingly, we improved our team Safety performance, with an outcome above Stretch.

The Board reviewed this scorecard outcome in light of its long-standing incentive adjustment principles. In relation to the Working Capital Days metric, the drivers of the below-Entry outcome were considered, the most material of which was the Board-endorsed decision to build inventory across key categories from early 2022. The Board exercised its discretion to set the outcome on the Working Capital Days measure at Entry. This results in the Group STI scorecard outcome increasing from 60% to 70% of Target. A full breakdown of scorecard outcomes can be found on page 76.

F22 reward outcomes: LTI

The F20–22 Woolworths Group Incentive Share Plan (WISP) achieved an outcome between Target and Stretch, resulting in 66.7% of the maximum performance rights vesting. Sales per square metre achieved a result above Stretch reflecting our growth in market share driven by sustained operational execution and growth in our eCommerce business. The significant impacts of COVID on F22 EBIT resulted in a below Entry outcome for the ROFE metric. The Board is pleased that despite recent volatility, our team delivered substantial value to our shareholders over the three-year performance period, achieving a total shareholder return (TSR) of 38.4%, ranking Woolworths Group at the 78th percentile of our comparator group.

Pay compliance review and underpayments

After identifying a number of underpayment issues in F20 for our award covered salaried team, the Board commissioned a rigorous end-to-end payroll review to proactively identify any other instances of non-compliance. This review has been closely monitored by a Sub-Committee of the Board and is expected to be completed by the end of this calendar year. We were disappointed that a number of further issues were identified during F22. Some of these impacted the financial results on which incentives were paid to our senior leaders in prior years. In response, the Board has reduced F22 STI incentives for some current Group Executive Committee members and LTI or DSTI vesting for some past Group Executive Committee members to recover any incentives inadvertently overpaid to those leaders. The Board will continue to actively monitor this program until the work is completed.

Management changes in F22

We continually develop our management team, and have succession planning strategies in place to ensure we have a strong team to deliver on our strategic priorities into the future. Following the demerger of Endeavour Group, we reviewed the Group's Key Management Personnel (KMP) and determined that the Managing Director of WooliesX would be included as KMP, reflecting WooliesX's growth and contribution as a critical enabler of the Group's strategy.

Executive remuneration framework review

Each year the Board reviews the remuneration framework and the measures used to reward short and long-term performance to maintain alignment with the Group's strategic priorities. In F22 we implemented a new safety measure for our STI plan and introduced a reputation measure into our LTI plan. The Board believes that the current framework aligns executives to the delivery of the Group's strategy and growth of shareholder value and has not proposed any changes for F23.

In summary

Despite a challenging year with various disruptions and a financial result below our expectations, F22 saw continued progress against our strategic priorities. We continued to make progress on the reshaping of Woolworths Group, with the successful demerger of Endeavour Group, integration of Quantium and PFD, and the announcement in May of our intent to acquire 80% of MyDeal. We remain focused on progressing our strategic agenda in F23 and beyond to deliver more value to our customers and shareholders.

S McKenna

Siobhan McKenna
Chair – People Committee

Remuneration Report 2022 Table of Contents

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

Who is covered by this report?

The Remuneration Report outlines Woolworths Group's remuneration framework and the outcomes for the year ended 26 June 2022 for Key Management Personnel. KMP have the authority and responsibility for planning, directing and controlling the activities of Woolworths Group. F22 KMP are:

	NAME	POSITION	APPOINTED	PEOPLE COMMITTEE
Non-executive KMP	Gordon Cairns [1]	Chair	1 September 2015	✓
	Maxine Brenner	Non-Executive Director	1 December 2020	–
	Jennifer Carr-Smith	Non-Executive Director	17 May 2019	✓
	Philip Chronican [2]	Non-Executive Director	1 October 2021	✓
	Holly Kramer	Non-Executive Director	8 February 2016	–
	Siobhan McKenna	Non-Executive Director	8 February 2016	Chair
	Scott Perkins [1]	Non-Executive Director	1 September 2014	–
	Kathryn Tesija	Non-Executive Director	9 May 2016	✓
	Michael Ullmer AO [2]	Non-Executive Director	30 January 2012 to 27 October 2021	✓
Executive KMP	Brad Banducci	Managing Director & CEO	26 February 2016	
	Amanda Bardwell [2]	Managing Director, WooliesX	1 May 2016	
	Natalie Davis	Managing Director, Woolworths Supermarkets	1 October 2020	
	Stephen Harrison	Chief Financial Officer	1 August 2019	

1 On 26 July 2022, Mr Cairns announced his intention to retire as Chair following the 2022 AGM on 26 October 2022. Mr Perkins has been appointed to succeed Mr Cairns as Chair.

2 Mr Chronican and Ms Bardwell became KMP in F22. Mr Ullmer ceased as KMP from 27 October 2021.

1 F22 Remuneration at a glance

1.1 Our remuneration framework aligned 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

- Be better together for a better tomorrow
- Connect our customer experience for good food and more everyday
- Reimagine our Food retail proposition
- Activate Everyday for our customers
- Grow food into B2B channels
- Evolve our Supply Chain and Retail Platforms for the future

Remuneration principles

Objective: Support Business Transformation

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

1.1 Our remuneration framework aligned to our strategic priorities (continued)

F22 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 median of our comparator group, which includes the ASX25 plus additional reference as required to major national and international retailers. Generally, executives who are new to role will start on a TTR package below median, and move towards median as they develop skills and experience in the role.

Short-Term Incentive (STI)

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

Business performance is measured through a STI balanced 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)
- Return On Funds Employed (ROFE)
- Reputation.

1.2 F22 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.

Total Target Mix

	Performance based	
Total fixed remuneration 33.4%	Target STI 33.3% (100% of TFR)	Target LTI 33.3% (100% of TFR)
	16.65% cash 16.65% deferred share rights	Performance rights

Total Maximum Mix

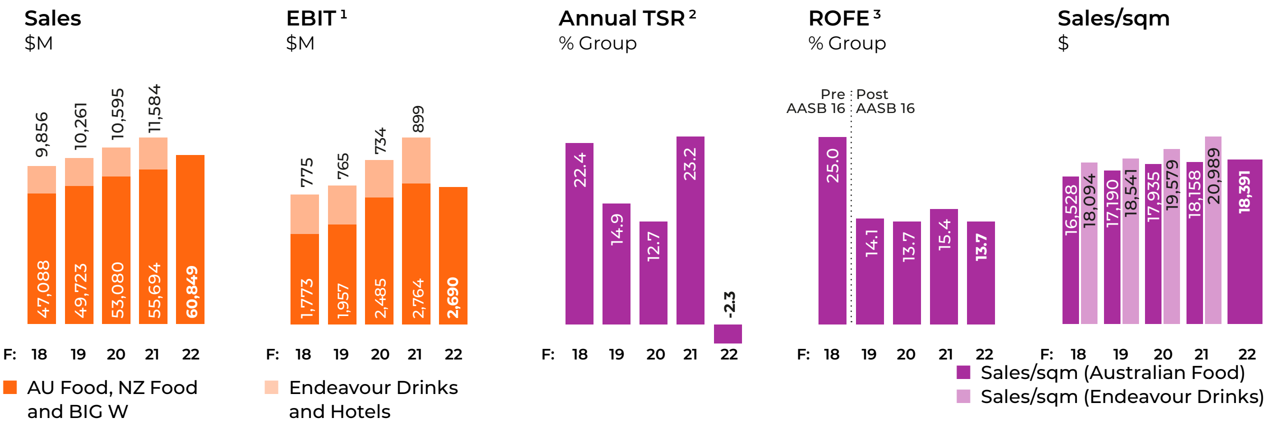
	Performance based	
Total fixed remuneration 23.8%	Maximum STI 35.7% (150% of TFR)	Maximum LTI 40.5% (170% of TFR)
	17.85% cash 17.85% deferred share rights	Performance rights

1.3 How we performed 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

	F18	F19	F20	F21	F22
STI (% of Target)	91.2	68.1	70.0 [4]	115.5	**70.0 [5]**
LTI (% of Maximum)	Nil	78.4	64.3	77.5	**66.7**
Woolworths Group ordinary share price closing ($) [6]	25.38	28.15	30.83	36.78	**35.46**

1 EBIT from continuing operations before significant items. For F22, significant items from continuing operations was a net gain before tax of $1 million. Details of significant items are included in the 2022 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 77.
4 The F20 STI scorecard outcome of 104% was capped at 70% for the Group Executive Committee. Mr Banducci waived his F20 STI.
5 Adjusted scorecard outcome. Further details of adjustment outlined on page 76.
6 Closing Woolworths Group share price on the last trading day of Woolworths Group's financial year, adjusted to exclude Endeavour Group. Source: FactSet.

F22 executive KMP remuneration received

The table below presents the remuneration actually paid to, or vested for, executive KMP in F22. This differs from the executive KMP statutory disclosures on page 89, which presents remuneration in accordance with accounting standards (i.e. on an accruals basis).

EXECUTIVE KMP	TOTAL FIXED REMUNERATION $	OTHER BENEFITS [1] $	F22 CASH STI $	VESTED F20 DSTI [2] $	VESTED F20–22 LTI [2] $	TOTAL $
Brad Banducci Chief Executive Officer	2,600,000	4,734	766,627	–	4,018,835	7,390,196
Amanda Bardwell Managing Director, WooliesX	965,000	4,734	300,967	367,968	1,236,526	2,875,195
Natalie Davis Managing Director, Woolworths Supermarkets	965,000	4,734	294,850	366,746	1,347,804	2,979,134
Stephen Harrison Chief Financial Officer	900,000	4,734	263,985	346,912	1,391,101	2,906,732

1 Other benefits represents the deemed premium in respect of Directors and Officers Indemnity Insurance.
2 Vested F20 Deferred STI and Vested F20-22 LTI is based on the five-day volume weighted average price (VWAP) of Woolworths Group shares up to and including 1 July 2022 ($35.9309) which is the vesting date of these awards. Mr Banducci does not have any vested F20 DSTI because he waived his F20 STI award as part of taking accountability for the salary underpayment issues identified in F20.

2 Executive KMP remuneration

2.1 Short-term incentive

Our approach and rationale: F22 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 transforming Woolworths Group. Individual STI outcomes reflect business performance against the STI scorecard, individual contribution to these results and 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:

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), based on 12-months rolling average outcomes. Outcomes are weighted 30% to eCommerce customers and 70% to in-store customers. Scores reflect outcomes across the Group, weighted 75% Australian Food, 15% New Zealand Food and 10% 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.

Sales, EBIT 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 and Working Capital Days performance are all key financial performance metrics used to measure the creation of value for our shareholders.

Assessing individual performance:

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

- business strategy and performance goals that capture how individuals contribute to the performance of the business during the year, and their contribution to initiatives that will transform our business for the future
- ways of working and people goals that capture how business strategy and performance goals have been delivered, and how leaders set their teams up for success.

The Board also has discretion to adjust STI or the vesting of deferred STI (DSTI) for individuals where it is appropriate to do so (see malus policy on page 86). In F22, the Board applied this discretion to reduce the STI outcomes for some current Group Executives, and DSTI or LTI vesting outcomes for some former Group Executives (see page 79).

Delivering STI outcomes:

Depending on business and individual 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 also has discretion to vary STI awards due to factors that are beyond these performance measures so that rewards appropriately reflect complete performance. In F22, the Board exercised this discretion resulting in an increase to the Group scorecard outcome from 60% to 70%. See page 76 for further details.

Group Executive STI awards are delivered:

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

The 50% deferred component supports increased share ownership, facilitates retention, and is a risk management lever to facilitate malus policy application during the deferral period.

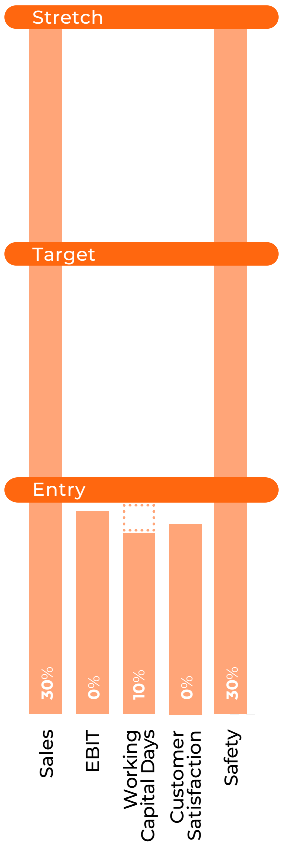
2.1 Short term incentive (continued)

Performance against: F22 STI measures

The F22 plan assumed COVID impacts would unwind throughout the year as vaccination rates increased. The subsequent waves of COVID significantly impacted trading, and inflation, supply chain pressures worldwide and geopolitical disruption also accelerated through H2. The raw F22 STI scorecard outcome of 60% reflects these factors, with strong Sales offset by adverse impacts on EBIT, Customer Satisfaction and Working Capital Days metrics. In relation to the Working Capital Days metric, the drivers of the below Entry outcome were considered by the Board, the most material of which was the Board-endorsed decision to build inventory across key categories from early 2022. After reviewing the flow through impact, including on other STI and LTI metric outcomes, the Board exercised its discretion to set the outcome on the Working Capital Days metric at Entry. This results in the Group STI scorecard outcome increasing from 60% to 70% of Target.

F22 performance against the STI scorecard was 60% of Target. Discretion exercised on Working Capital Days increased outcome to 70% of Target.

F22 STI MEASURE OUTCOMES



Sales[1]

Sales from continuing operations was $60,849 million, representing growth of 9.2%. Strong sales growth was achieved despite the growth achieved in prior years. Strong operational execution and the strength of our eCommerce capabilities supported growth in a period that was also characterised by high in-home consumption and rising inflation towards the end of the year. **Overall performance was above Stretch.**

ENTRY	TARGET	STRETCH	ACTUAL F22
$59.10BN	$59.71BN	$60.32BN	$60.85BN[1]

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

Earnings Before Interest and Tax

EBIT from continuing operations before significant items[2] was $2,618 million, 5.3% below F21. Performance across the Group was mixed. Australian Food EBIT was broadly flat vs F21 following a much improved second half. New Zealand Food's EBIT was below F21 reflecting supply chain and COVID additional costs and challenges, and BIG W was materially impacted by store closures in H1.
Overall performance was below Entry.

ENTRY	TARGET	STRETCH	ACTUAL F22
$2.83BN	$2.89BN	$2.94BN	$2.62BN

2 For F22, EBIT from continuing operations before significant items for the STI scorecard excludes the Group's share of profit of Endeavour Group of $72 million. Significant items for F22 was a net gain of $1 million. Refer to 2022 Financial Report for details.

Working Capital Days

Average Trade Working Capital Days were -4.5 days, missing target by 0.8 days. Performance was impacted by investment in inventory to secure supply and COVID-related BIG W store closures. In early 2022, a decision was made to build additional inventory to mitigate supply chain risks related to COVID impacts.
Overall performance adjusted to Entry.

ENTRY	TARGET	STRETCH	ACTUAL F22
(5.0) DAYS	(5.3) DAYS	(5.6) DAYS	(4.5) DAYS

Customer Satisfaction

Group VOC NPS was 49.2 for F22, below Entry by 3.8 points. VOC NPS results were materially impacted by the operational and supply chain disruption of COVID, impacts of floods on availability and fruit and vegetable supply.
Overall performance was below Entry.

ENTRY	TARGET	STRETCH	ACTUAL F22
53.0	54.0	55.0	49.2

Safety

In F22 the new Severity Rate metric was introduced so that the most serious incidents have the biggest impact on outcomes for the safety measure. There was a strong improvement in Severity Rate in F22, with an outcome of 1.74. This result was driven by a reduction in high potential operationally controlled material risk events, a 6.4% reduction in team member recordable injuries/illnesses and a 13.8% reduction in customer claims. A particularly strong improvement was achieved in Australian and New Zealand Food.
Overall performance was above Stretch.

ENTRY	TARGET	STRETCH	ACTUAL F22
1.92	1.90	1.88	1.74

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, and this will continue for F23–25. Sales per square metre applied for the F20–22 plan that recently vested and the F21–23 plan.

LTI vesting for executive KMP is subject to Board approval (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
rTSR is used as a measure in our LTI plan to align executive outcomes and long-term shareholder value creation. The peer group is the ASX30, excluding metals and mining companies. Vesting of 50% is achieved when our peer group ranking is at the median and 100% vesting when it is at the 75th percentile or higher. Between the median and the 75th percentile there is pro-rata vesting from 50% to 100%. Peer group ranking below the median results in zero vesting.

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, including significant item provisions.

Reputation
Reputation plays a key role in the extent to which customers choose to engage with Woolworths Group. It represents delivery against our purpose (internally), commitments (externally) – including our response to climate change – and evolving expectations of our customers. It also takes into account our relationship with our team, suppliers, and other key 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.

Vesting Schedule
The vesting schedule for these measures is:

	rTSR [1]	ROFE	Reputation	TOTAL % MAX
Entry	20%	8%	4%	32%
Target	n/a	24%	12%	
Stretch	40%	40%	20%	100%

1 Consistent with market practice, 50% of the rTSR tranche vests at the 50th percentile, the entry point for vesting to occur, with stretch achieved at the 75th 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 on page 86).

Delivering LTI outcomes:

Executive KMP are awarded a maximum value of 170% of TFR as 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 also provides a risk management lever to facilitate malus policy application during the performance period.

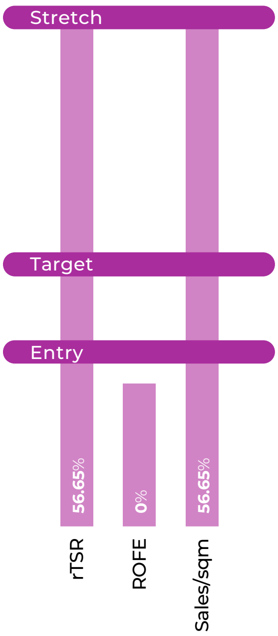
2.2 Long term incentive (continued)

Performance against: F20–22 LTI measures

The F20–22 WISP was granted effective July 2019, with challenging performance targets so that maximum outcomes would only be delivered if demanding stretch objectives were achieved. Although COVID has had a significant impact on ROFE, resulting in an outcome below Entry for this measure, significant value has been created for shareholders, which is reflected in the strong LTI vesting outcome.

The F20–22 Award achieved 113.3% of Target (66.7% of Max)

F20–22 LTI MEASURE OUTCOMES



Relative Total Shareholder Return

Woolworths Group's TSR over the three-year performance period was 38.4%, ranking 7th in our peer group, which was a 78th percentile performance. The demerger of Endeavour Group has been taken into account in the assessment of TSR. **Overall performance was above Stretch.**

ENTRY: 50TH PERCENTILE	TARGET: 63RD PERCENTILE	STRETCH: 75TH PERCENTILE	ACTUAL RESULT: 78TH PERCENTILE

Return on Funds Employed[1,2]

ROFE for F22 was 13.7%. ROFE was impacted by lower EBIT in F22 due to COVID-related supply chain disruptions and higher costs as well as BIG W store closures in H1. **Overall performance was below Entry.**

ENTRY: 14.7%	TARGET: 15.2%	STRETCH: 16.0%	ACTUAL RESULT: 13.7%

1 ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed, including significant item provisions.

2 The F22 average funds employed has been normalised to exclude the demerger distribution liability relating to Endeavour Group of $7,870 million.

Sales per square metre[3,4]

Total sales/sqm was $18,155 for F22 with an improvement in sales/sqm achieved over each year of the plan period and consistent growth in both Australia and New Zealand food. Over the plan period, a compound annual growth rate (CAGR) in sales of 5.3% and space of 2.1%, resulted in a 3.1% compound increase in sales per square metre. **Overall performance was above Stretch.**

ENTRY: $16,751	TARGET: $17,045	STRETCH: $17,458	ACTUAL RESULT: $18,155

3 Sales per square metre is calculated as annual turnover (AU & NZ Food)/trading sqm.

4 CAGR over the plan period has been calculated using an opening F20 sales per square metre, which includes adjacency revenue and non-sales areas of customer fulfilment centres. Adjacency revenue includes Digital, Data & Media, and Loyalty & Fintech revenues.

2.3 What we paid executive KMP in F22 & progress on minimum shareholding requirements

The following pages compare actual, target, and maximum remuneration received during F22 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 Director's and Officer's indemnity insurance
- cash STI received for business and individual performance in F22
- equity that vested during the year at face value for each plan
- equity granted in F22 and all unvested equity awards (share rights for DSTI and performance rights for LTI).

The F20 DSTI plan vested on 1 July 2022, being the portion of the F20 STI award that was deferred as share rights. This represented 50% of the F20 STI award for executive KMP, except for the CEO who voluntarily forfeited his F20 STI award in acknowledgement of his accountability as CEO for the inadvertent underpayment of some of our salaried team members. The vested face value of the F20 DSTI award uses the Woolworths Group five-day VWAP up to and including 1 July 2022 ($35.9309).

On 1 July 2022, awards from the F20-22 WISP vested for the executive KMP. The disclosed value of the vested awards was determined using the Woolworths Group five-day VWAP up to and including 1 July 2022. The increase in share price and the accumulated dividends that would have been earned and reinvested over the period in the form of additional shares at vesting are contributing factors in the final value received by the executive KMP.

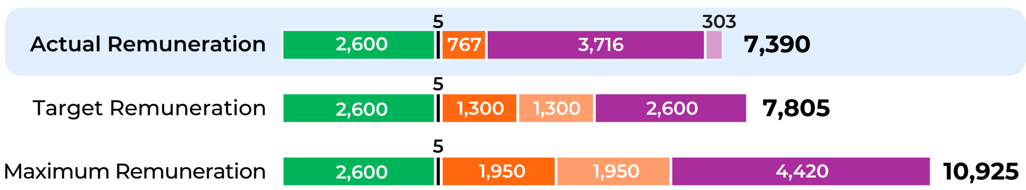
The individual tables on pages 79–81 also show progress against the minimum shareholding requirements (MSR) as at 1 July 2022. The aggregate value of current shareholdings and unvested DSTI awards are used to determine progress against MSR. Further detail on the MSR are included in Section 3.4.

F22 STI Adjustment

During F22 further payment shortfalls were identified by the Board-initiated payroll review. Some of these shortfalls impacted STI and LTI paid to executive KMP and other members of the Group Executive Committee in prior years. The F22 STI awards for executive KMP were adjusted downwards by an amount equal to the payments they received in prior STI and LTI outcomes that would not have been paid if the shortfalls identified in the review (plus interest and on costs) had been included in the results of those prior years. Similar downward adjustments have been made to F22 STI awards for other Group Executive Committee members, and to DSTI or LTI vesting for former Group Executive Committee members, who were in those roles in the impacted years.

Brad Banducci Managing Director & CEO **Term as KMP: Full Year**

Actual remuneration received for F22 v Target and Maximum ($000)



Progress on MSR as at 1 July 2022 ($000)

ACTUAL	$18,777
TARGET	$5,200

Equity granted ($000)

F22 DSTI	767
F22–24 WISP	4,223
Total	**4,990**

Unvested LTI and STI awards ($000)

F21 DSTI	1,578
F21-23 WISP	5,048
F22 DSTI	767
F22–24 WISP	4,223
Total	**11,616**

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

F20 DSTI	–
F20–22 WISP	4,019
Total	**4,019**

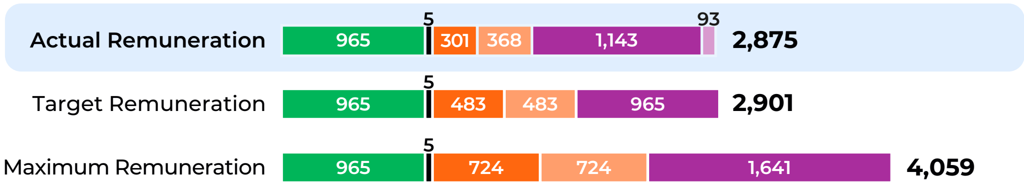
LEGEND TFR | Other benefits | Cash STI | Vested DSTI | LTI (grant share price) | Vested LTI (vested share price)

2.3 What we paid executive KMP in F22 & progress on minimum shareholding requirements (continued)

Amanda Bardwell Managing Director, WooliesX

Term as KMP: Full Year

Actual remuneration received for F22 v Target and Maximum ($000)



Progress on MSR
as at 1 July 2022 ($000)

ACTUAL $2,191

TARGET $965

Equity granted ($000)

F22 DSTI	301
F22–24 WISP	1,567
Total	**1,868**

Unvested LTI and STI awards ($000)

F21 DSTI	572
F21-23 WISP	1,699
F22 DSTI	301
F22-24	1,567
Total	**4,139**

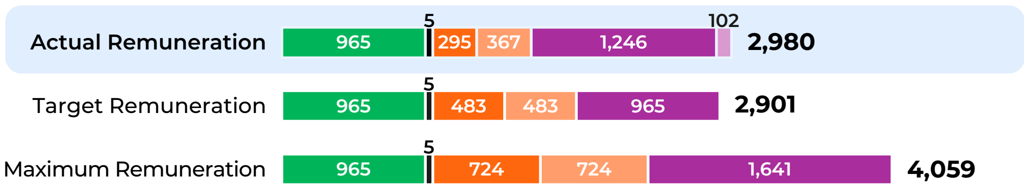
Vested LTI and STI awards ($000)
including share price uplift

F20 DSTI	368
F20-22 WISP	1,237
Total	**1,605**

Natalie Davis Managing Director, Woolworths Supermarkets

Term as KMP: Full Year

Actual remuneration received for F22 v Target and Maximum ($000)



Progress on MSR
as at 1 July 2022 ($000)

ACTUAL $7,974

TARGET $965

Equity granted ($000)

F22 DSTI	295
F22–24 WISP	1,567
Total	**1,862**

Unvested LTI and STI awards ($000)

F21 DSTI	519
F21-23 WISP	1,693
F22 DSTI	295
F22-24 WISP	1,567
Total	**4,074**

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

F20 DSTI	367
F20–22 WISP	1,348
Total	**1,715**

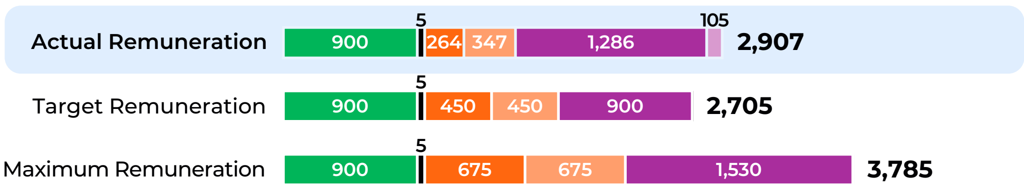
LEGEND TFR · Other benefits · Cash STI · Vested DSTI · LTI (grant share price) · Vested LTI (vested share price)

2.3 What we paid executive KMP in F22 & progress on minimum shareholding requirements (continued)

Stephen Harrison Chief Financial Officer

Term as KMP: Full Year

Actual remuneration received for F22 v Target and Maximum ($000)



Progress on MSR
as at 1 July 2022 ($000)

ACTUAL $3,603

TARGET $900

Equity granted ($000)

F22 DSTI	264
F22–24 WISP	1,462
Total	**1,726**

Unvested LTI and STI awards ($000)

F21 DSTI	497
F21-23 WISP	1,747
F22 DSTI	264
F22-24 WISP	1,462
Total	**3,970**

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

F20 DSTI	347
F20-22 WISP	1,391
Total	**1,738**

LEGEND TFR · Other benefits · Cash STI · Vested DSTI · LTI (grant share price) · Vested LTI (vested share price)

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 CEO and six 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 detail.

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 F23 outlook

Each year the Board reviews measures that are used in the STI and LTI plans to maintain relevance and alignment to the Group's strategic objectives. The Board believes the existing metrics continue to align incentive outcomes to successful delivery of the Group's strategy, and do not intend to make any changes to STI and LTI plans in F23.

Macroeconomic Outlook & Target Setting

The outlook for Woolworths Group for F23 continues to reflect uncertainty about the impact of COVID, supply chain disruptions and rising inflation on the business. Targets for F23 reflect the underlying assumptions of our plan, which include the expectation of some ongoing disruption but not to the same degree experienced in F22. The Board will continue to monitor performance and may apply discretion to outcomes should there be a significant divergence from the macro assumptions underlying the plan.

F23 Remuneration Changes

The Board reviews the remuneration for executive KMP each year to maintain alignment to the remuneration framework outlined in section 1.1. Following market benchmarking completed by PwC, and having regard to market competitiveness of total target reward packages, it was determined that an increase for executive KMP, other than the CEO, was warranted. This is the first increase for executive KMP in four years. The Board has approved the following increases, effective 1 September 2022:

- Ms Bardwell's TFR will increase to $1,075,000
- Ms Davis' TFR will increase to $1,075,000
- Mr Harrison's TFR will increase to $985,000

The Board determined that there will be no increase for Mr Banducci in F23.

Minimum Shareholding Requirements

The Board completed a review of the Group's shareholding requirement policy, including a review of market practice. The review found that the shareholding requirement policy continues to be an effective means of aligning the interests of KMP with those of shareholders. In order to simplify the policy and more closely align to market practice the period over which the Board Chair and CEO will be expected to achieve the MSR will be five years.

3 Governance

3.1 Role of the Board

The Board reviews, challenges, applies judgement and, as appropriate, approves the PC's 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 Risk Officer (CRO), Chief Legal Officer (CLO), Chief People Officer (CPO), 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.

A copy of the PC Charter is available on the website: www.woolworthsgroup.com.au.

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 annually 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. While Woolworths Group seeks regular input from PwC, and PwC provided market benchmarking reports, no remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by PwC.

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.

The approach the Board would expect to take when exercising this discretion is:

REASON FOR LEAVING	DEFERRED STI	UNVESTED LTI
Genuine retirement Death, illness and incapacity	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
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 appropriate treatment in the circumstances on a case by case basis	

In cases of resignation, the Board will consider the circumstances surrounding each case to allow for the appropriate treatment. 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 F22.

3.4 Other governance requirements

Hedging policy	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.
Malus policy	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.
Minimum shareholding requirements (MSR)	• CEO: 200% of TFR • Other executive KMP: 100% of TFR • Compliance is required within five years of appointment • MSR includes the aggregate value of current shareholdings and unvested DSTI awards for executive KMP
Dividends	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.
Blackout Periods	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: • quarter 1 sales results and Woolworths Group Annual General Meeting • quarter 3 sales results • half and full year results. 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.

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 F22 were $3,348,223 (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.

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. No changes have been made to other Board or Committee fees for F23.

The table below provides a summary of F22 Board and Committee fees:

BOARD AND COMMITTEE FEES ($)	CHAIR F22 FEE INCL. SUPER	MEMBER F22 FEE INCL. SUPER
Woolworths Group Board	$790,531	$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 four years of appointment. From 1 July 2022, the period over which the Chair will be expected to achieve the MSR will be five years. Further detail is set out on page 83.
- 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 26 June 2022 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, and was approved by shareholders at the AGM on 27 October 2021 to continue for a further three years. 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.

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 [1] $	NON-MONETARY AND OTHER BENEFITS [2] $	ADJUSTMENT DUE TO THE IMPACT OF DEMERGER [3] $	POST EMPLOYMENT BENEFITS [4] $	TOTAL $
Non-executive directors							
G M Cairns	**F22**	**768,837**	**–**	**4,734**	**–**	**23,568**	**797,139**
	F21	678,837	89,985	4,421	7,429	21,694	802,366
M N Brenner[5]	**F22**	**330,796**	**–**	**4,734**	**–**	**23,568**	**359,098**
	F21	192,964	–	2,575	–	12,655	208,194
J C Carr-Smith[6]	**F22**	**241,864**	**100,013**	**4,734**	**–**	**–**	**346,611**
	F21	253,740	49,981	4,421	13,207	–	321,349
P W Chronican[7]	**F22**	**259,881**	**–**	**3,499**	**–**	**5,892**	**269,272**
H S Kramer	**F22**	**264,637**	**66,162**	**4,734**	**–**	**23,568**	**359,101**
	F21	255,970	63,981	4,421	5,076	21,694	351,142
S L McKenna	**F22**	**330,796**	**–**	**4,734**	**–**	**23,568**	**359,098**
	F21	330,817	–	4,421	–	5,424	340,662
S R Perkins	**F22**	**363,296**	**–**	**4,734**	**–**	**23,568**	**391,598**
	F21	352,424	–	4,421	–	5,424	362,269
K A Tesija[6]	**F22**	**341,864**	**–**	**4,734**	**–**	**–**	**346,598**
	F21	319,990	–	4,421	–	–	324,411
M J Ullmer, AO[8]	**F22**	**118,121**	**–**	**1,587**	**–**	**–**	**119,708**
	F21	221,657	119,963	4,421	9,905	–	355,946

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 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 the Woolworths share price traded lower to reflect the demerger of Endeavour. To maintain the award values, non-executive directors received an adjustment increasing the number of share rights under the NEDP using a standard formula that has been applied in other comparable demerger situations.

4 Post employment benefits represent superannuation paid directly to the non-executive directors' nominated superannuation fund. If the Group is not required to pay superannuation, the payment may be made as cash and included in director fees.

5 During F21, Ms Brenner was appointed as a non-executive director on 1 December 2020.

6 Ms Carr-Smith's and Ms Tesija's director fees include an overseas directors' allowance of $10,000 per eligible flight during the current and prior period.

7 Mr Chronican was appointed as a non-executive director on 1 October 2021.

8 Mr Ullmer ceased being a non-executive director on 27 October 2021.

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					SHARE-BASED PAYMENTS [6]		
		SALARY [1] $	CASH INCENTIVE [2] $	NON-MONETARY AND OTHER BENEFITS [3] $	POST EMPLOYMENT BENEFITS [4] $	OTHER LONG-TERM BENEFITS [5] $	EQUITY GRANTS AT RISK [7] $	OTHER EQUITY GRANTS [8] $	TOTAL $
Executive KMP									
B L Banducci	**F22**	**2,633,419**	**766,627**	**4,734**	**27,500**	**36,490**	**3,227,557**	**861,130**	**7,557,457**
	F21	2,637,799	1,651,650	4,421	25,208	39,085	3,377,492	640,772	8,376,427
A Bardwell [9]	**F22**	**932,202**	**300,967**	**4,734**	**85,273**	**60,158**	**1,047,193**	**312,095**	**2,742,622**
N Davis [10]	**F22**	**947,280**	**294,850**	**4,734**	**27,500**	**13,785**	**931,687**	**283,488**	**2,503,324**
	F21	672,025	407,813	44,548	55,292	10,552	977,294	185,423	2,352,947
S Harrison	**F22**	**887,665**	**263,985**	**4,734**	**27,500**	**12,708**	**1,018,755**	**270,978**	**2,486,325**
	F21	862,442	519,750	4,421	25,208	13,232	906,811	143,989	2,475,853

1 Salary includes the net change in accrued annual leave within the period and a car allowance.
2 Cash incentive represents the cash component of the F22 STI, which was 50% of the total STI award. The remaining 50% is deferred in share rights for two years. The F22 STI was adjusted downwards, where appropriate, as a result of issues identified by the Board-initiated payroll review during the period. Refer to Section 2.3 for further details.
3 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.
4 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.
5 Other long-term benefits represents the net change in accrued long service leave within the period.
6 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 and sales per square metre or reputation. The reputation non-market based performance condition is only applicable to the F22 LTI plan 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.
7 For equity grants at risk, 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, whilst the fair value of other share rights is calculated using a Black-Scholes option pricing model.
8 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.
9 Ms Bardwell became an executive KMP on 28 June 2021.
10 During F21, Ms Davis became an executive KMP on 1 October 2020 after commencing as Managing Director, Woolworths Supermarkets.

5.2 KMP share right movements

The table below summarises the share rights granted as part of the NEDP.

	OPENING BALANCE	SHARE RIGHTS GRANTED UNDER THE NEDP		SHARE RIGHTS VESTED		CLOSING BALANCE
	NO.	NO.	$ [1]	NO.	$ [2]	NO.
Non-executive directors						
G M Cairns	1,275	–	–	(1,275)	52,466	–
M N Brenner	–	–	–	–	–	–
J C Carr-Smith	2,275	2,807	100,013	–	–	5,082
P W Chronican	–	–	–	–	–	–
H S Kramer	873	1,810	66,162	(1,732)	66,539	951
S L McKenna	–	–	–	–	–	–
S R Perkins	–	–	–	–	–	–
K A Tesija	–	–	–	–	–	–
M J Ullmer, AO	1,699	–	–	(1,699)	69,914	–

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.

The table below summarises 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, subject to applicable performance and vesting conditions.

		OPENING BALANCE	SHARE RIGHTS GRANTED		SHARE RIGHTS VESTED		SHARE RIGHTS LAPSED [4]	ADJUSTMENT DUE TO THE IMPACT OF DEMERGER [5]		CLOSING BALANCE
		NO.	NO. [1]	$ [2]	NO.	$ [3]	NO.	NO.	$	NO.
Executive KMP										
B L Banducci	**F22**	**522,659**	**173,138**	**5,627,445**	**(174,586)**	**(7,171,993)**	**(40,222)**	**–**	**–**	**480,989**
	F21	580,116	132,150	4,014,146	(186,835)	(7,429,935)	(77,032)	74,260	2,711,379	522,659
A Bardwell [6]	**F22**	**173,524**	**63,733**	**2,026,147**	**(52,711)**	**(2,165,368)**	**(11,938)**	**–**	**–**	**172,608**
N Davis [7]	**F22**	**187,644**	**62,347**	**1,968,137**	**(60,410)**	**(2,481,643)**	**(14,030)**	**–**	**–**	**175,551**
	F21	116,405	44,619	1,582,286	–	–	–	26,620	976,697	187,644
S Harrison	**F22**	**159,017**	**58,751**	**1,848,930**	**(33,351)**	**(1,370,059)**	**(9,684)**	**–**	**–**	**174,733**
	F21	135,252	53,155	1,606,953	(33,401)	(1,328,270)	(18,545)	22,556	815,715	159,017

1 The holders of 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. DERs vest on the same conditions as the underlying LTI or DSTI award to which they relate. The number of share rights granted during the period includes those share rights granted in accordance with the period's LTI and DSTI awards and DERs.

2 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.

3 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.

4 The number of share rights which lapsed as a result of failure to meet performance hurdles relates to the F19 LTI plans (F21: F18 LTI plans).

5 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, team members received an adjustment in F21 increasing the number of share rights or performance share rights in the on foot plans using a standard formula that has been applied to other comparable demerger situations.

6 Ms Bardwell's 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 KMP.

7 Ms Davis' opening balance in F21 is as at 1 October 2020, the date on which Ms Davis became an executive KMP, and includes awards granted prior to the period during which Ms Davis was KMP.

5.3 KMP share movements

The table below summarises the movements in F22 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.	SHARES PURCHASED/ (DISPOSED) NO.	CLOSING BALANCE NO.
Non-executive directors					
G M Cairns	38,681	–	1,275	–	39,956
M N Brenner	2,731	–	–	1,309	4,040
J C Carr-Smith [1]	–	–	–	–	–
P W Chronican	–	–	–	7,000	7,000
H S Kramer	13,275	–	1,732	–	15,007
S L McKenna	10,815	82	–	–	10,897
S R Perkins	17,473	–	–	–	17,473
K A Tesija	8,980	–	–	–	8,980
M J Ullmer, AO [2]	31,044	–	1,699	–	32,743
Executive KMP					
B L Banducci	332,643	–	174,586	(141,500)	365,729
A Bardwell [3]	8,166	–	52,711	(60,877)	–
N Davis	98,977	–	60,410	–	159,387
S Harrison	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 5,082 Woolworths Group shares as set out in Section 5.2.

2 Mr Ullmer's closing balance of shares is as at 27 October 2021, the date on which Mr Ullmer ceased being a non-executive director.

3 Ms Bardwell's 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.

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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 26 June 2022.

	AWARD	GRANT DATE [1]	PERFORMANCE PERIOD START DATE	PERFORMANCE PERIOD END DATE [2]	NO. OF RIGHTS EXCLUDING DERS AS AT 26 JUNE 2022
Executive KMP					
B L Banducci	F20 WISP	16/12/2019	01/07/2019	01/07/2022	155,042
	F21 WISP	12/11/2020	01/07/2020	01/07/2023	140,485
	F21 DSTI	23/09/2021	01/07/2021	01/07/2023	43,918
	F22 WISP	27/10/2021 [4]	01/07/2021	01/07/2024	117,531
					456,976
A Bardwell	F20 WISP	01/07/2019	01/07/2019	01/07/2022	47,705
	F20 DSTI	17/09/2020	01/07/2020	01/07/2022	9,733
	F21 WISP	01/07/2020	01/07/2020	01/07/2023	47,278
	F21 DSTI	23/09/2021	01/07/2021	01/07/2023	15,917
	F22 WISP	01/07/2021	01/07/2021	01/07/2024	43,622
					164,255
N Davis	F20 WISP	01/07/2019	01/07/2019	01/07/2022	51,998
	F20 DSTI	17/09/2020	01/07/2020	01/07/2022	9,700
	F21 WISP	01/07/2020	01/07/2020	01/07/2023	47,116
	F21 DSTI	23/09/2021	01/07/2021	01/07/2023	14,458
	F22 WISP	01/07/2021	01/07/2021	01/07/2024	43,622
					166,894
S Harrison	F20 WISP	01/07/2019	01/07/2019	01/07/2022	53,668
	F20 DSTI	17/09/2020	01/07/2020	01/07/2022	9,176
	F21 WISP	01/07/2020	01/07/2020	01/07/2023	48,629
	F21 DSTI	23/09/2021	01/07/2021	01/07/2023	13,820
	F22 WISP	01/07/2021	01/07/2021	01/07/2024	40,684
					165,977

	GRANT DATE FAIR VALUE OF PERFORMANCE SHARE RIGHT [5]					
	CEO			OTHER KMP		
	TSR	REPUTATION, ROFE, AND SALES PER TRADING SQM	DSTI	TSR	REPUTATION, ROFE, AND SALES PER TRADING SQM	DSTI
F20 WISP	$28.11	$38.37	–	$17.53	$33.02	–
F20 DSTI	–	–	–	–	–	$36.48
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	–

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.

1 Grant date is the date on which there is a shared understanding of the terms and conditions of the share-based payment arrangement.
2 Exercise of share rights will occur the day after the full year results are announced to the market.
3 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 26 June 2022 satisfied all relevant vesting conditions.
4 The F22 WISP grant to Mr Banducci was approved by shareholders at the 2021 AGM held on 27 October 2021 in accordance with listing rule 10.14.
5 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.

NO. OF DERS AS AT 26 JUNE 2022	TOTAL NO. OF RIGHTS AS AT 26 JUNE 2022	MAXIMUM VALUE OF AWARD TO VEST $[3]
12,649	167,691	5,523,845
7,343	147,828	4,654,831
1,094	45,012	1,746,180
2,927	120,458	3,881,265
24,013	**480,989**	**15,806,121**
3,892	51,597	1,409,249
508	10,241	358,841
2,471	49,749	1,498,620
396	16,313	632,860
1,086	44,708	1,393,287
8,353	**172,608**	**5,292,857**
4,242	56,240	1,536,068
507	10,207	357,627
2,462	49,578	1,493,484
360	14,818	574,850
1,086	44,708	1,393,287
8,657	**175,551**	**5,355,316**
4,378	58,046	1,585,403
479	9,655	338,305
2,542	51,171	1,541,444
344	14,164	549,483
1,013	41,697	1,299,447
8,756	**174,733**	**5,314,082**

MODIFIED FAIR VALUE OF PERFORMANCE SHARE RIGHT[6]		
ALL KMP		
TSR	SALES PER TRADING SQM AND ROFE	DSTI
$37.41	$40.89	–
–	–	$39.22
$18.01	$39.22	–
–	–	–
–	–	–

6 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 (including the F20 WISP, F20 DSTI and F21 WISP) 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.

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Woolworths Group Limited
1 Woolworths Way
Bella Vista
NSW 2153

25 August 2022

Dear Board Members

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the 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 26 June 2022, 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tom Imbesi
Partner
Chartered Accountants

Sydney, 25 August 2022

TElliott

Taralyn Elliott
Partner
Chartered Accountants

Sydney, 25 August 2022

$60,849M

Revenue from the sale of goods and services from continuing operations, 9.2% increase from 2021.

See page 108 ▶

PFD Acquisition

On 28 June 2021, the Group acquired a 65% equity interest in PFD resulting in the Group gaining control of PFD. Detailed disclosure of this acquisition is included in Note 5.1.

See page 150 ▶

Australian B2B

During the period, a new operating segment, Australian B2B, was established comprising B2B Food and B2B Supply Chain. Further details are included in Note 2.2.

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2022 Financial Report

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Consolidated Statement of Profit or Loss

	NOTE	2022 $M	2021 $M
Continuing operations			
Revenue from the sale of goods and services	2.1	**60,849**	55,733
Cost of sales		**(42,807)**	(39,405)
Gross profit		**18,042**	16,328
Other revenue	2.1	**297**	152
Branch expenses		**(10,701)**	(9,838)
Administration expenses		**(4,947)**	(3,819)
Earnings before interest and tax		**2,691**	2,823
Finance costs	2.3	**(600)**	(613)
Profit before income tax		**2,091**	2,210
Income tax expense	3.9.1	**(534)**	(604)
Profit for the period from continuing operations		**1,557**	1,606
Discontinued operations			
Profit for the period from discontinued operations, after tax	5.2.2	**6,387**	533
Profit for the period		**7,944**	2,139
Profit for the period attributable to:			
Equity holders of the parent entity		**7,934**	2,074
Non-controlling interests		**10**	65
		7,944	2,139
Profit for the period attributable to equity holders of the parent entity related to:			
Profit from continuing operations		**1,547**	1,606
Profit from discontinued operations		**6,387**	468
		7,934	2,074

		CENTS	CENTS
Earnings per share (EPS) attributable to equity holders of the parent entity			
Basic EPS	4.1	**649.6**	165.0
Diluted EPS	4.1	**644.8**	164.2
EPS attributable to equity holders of the parent entity from continuing operations			
Basic EPS	4.1	**126.7**	127.7
Diluted EPS	4.1	**125.7**	127.1

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

	2022 $M	2021 $M
Profit for the period	**7,944**	2,139
Other comprehensive income		
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	**98**	25
Foreign currency translation of foreign operations	**(53)**	(9)
Items that will not be subsequently reclassified to profit or loss, net of tax		
Fair value gain/(loss) on equity investments designated as at fair value through other comprehensive income	**19**	(5)
Actuarial gain/(loss) on defined benefit superannuation plans	**1**	(11)
Share of other comprehensive income of associates	**2**	–
Other comprehensive income for the period, net of tax	**67**	–
Total comprehensive income for the period	**8,011**	2,139
Total comprehensive income for the period attributable to:		
Equity holders of the parent entity	**8,001**	2,076
Non-controlling interests	**10**	63
	8,011	2,139
Total comprehensive income for the period from continuing operations attributable to:		
Equity holders of the parent entity	**1,614**	1,619
Non-controlling interests	**10**	–
	1,624	1,619

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

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Consolidated Statement of Financial Position

	NOTE	2022 $M	2021 $M
Current assets			
Cash and cash equivalents	4.5.1	**1,032**	1,009
Trade and other receivables	3.1	**1,044**	649
Inventories		**3,593**	3,132
Other financial assets	3.2	**106**	19
Other current assets		**48**	18
		5,823	4,827
Assets held for sale or distribution		**287**	10,959
Total current assets		**6,110**	15,786
Non-current assets			
Trade and other receivables	3.1	**159**	133
Other financial assets	3.2	**95**	105
Lease assets	3.3.1	**9,995**	9,553
Property, plant and equipment	3.4	**8,231**	7,477
Intangible assets	3.6	**5,278**	4,671
Investments accounted for using the equity method	3.7.3	**1,691**	30
Deferred tax assets	3.9.3	**1,337**	1,371
Other non-current assets		**377**	110
Total non-current assets		**27,163**	23,450
Total assets		**33,273**	39,236
Current liabilities			
Trade and other payables	3.10	**7,002**	6,467
Lease liabilities	3.3.2	**1,572**	1,495
Borrowings	4.6.3	**354**	119
Current tax payable		**12**	252
Other financial liabilities	3.2	**109**	165
Provisions	3.11	**1,680**	1,518
Other current liabilities	5.2	**–**	7,870
		10,729	17,886
Liabilities associated with assets held for sale or distribution		**21**	5,231
Total current liabilities		**10,750**	23,117
Non-current liabilities			
Lease liabilities	3.3.2	**10,899**	10,521
Borrowings	4.6.3	**3,938**	2,753
Other financial liabilities	3.2	**690**	251
Provisions	3.11	**846**	804
Other non-current liabilities		**46**	51
Total non-current liabilities		**16,419**	14,380
Total liabilities		**27,169**	37,497
Net assets		**6,104**	1,739
Equity			
Contributed equity	4.3	**5,207**	5,253
Reserves	4.4	**(7,400)**	(6,989)
Retained earnings		**8,173**	3,115
Equity attributable to equity holders of the parent entity		**5,980**	1,379
Non-controlling interests	5.3.3	**124**	360
Total equity		**6,104**	1,739

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

2022	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 27 June 2021	**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, net of tax	**–**	**–**	**66**	**1**	**67**	**–**	**67**
Total comprehensive income for the period, net of tax	**–**	**–**	**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**
Balance at 26 June 2022	**5,379**	**(172)**	**(7,400)**	**8,173**	**5,980**	**124**	**6,104**

2021	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 28 June 2020	6,197	(175)	391	2,329	8,742	290	9,032
Profit for the period	–	–	–	2,074	2,074	65	2,139
Other comprehensive income/(loss) for the period, net of tax	–	–	13	(11)	2	(2)	–
Total comprehensive income for the period, net of tax	–	–	13	2,063	2,076	63	2,139
Dividends paid	–	–	–	(1,277)	(1,277)	(50)	(1,327)
Demerger distribution	(904)	–	(6,966)	–	(7,870)	–	(7,870)
Issue/(transfer) of shares to satisfy employee long-term incentive plans	–	139	(139)	–	–	–	–
Issue of shares to satisfy the dividend reinvestment plan	173	–	–	–	173	–	173
Purchase of shares by the Woolworths Employee Share Trust	–	(177)	–	–	(177)	–	(177)
Recognition of non-controlling interest from acquisition of subsidiary	–	–	–	–	–	56	56
Recognition of put option liability over non-controlling interest	–	–	(390)	–	(390)	–	(390)
Share-based payments expense	–	–	102	–	102	1	103
Balance at 27 June 2021	5,466	(213)	(6,989)	3,115	1,379	360	1,739

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	2022 $M	2021 $M
Cash flows from operating activities			
Receipts from customers		**64,538**	72,688
Payments to suppliers and employees		**(59,721)**	(66,526)
Payments for the interest component of lease liabilities	3.3.2	**(542)**	(687)
Finance costs paid on borrowings		**(59)**	(113)
Income tax paid		**(838)**	(738)
Net cash provided by operating activities	4.5.2	**3,378**	4,624
Cash flows from investing activities			
Proceeds and advances from the sale of property, plant and equipment		**332**	389
Payments for property, plant and equipment and intangible assets		**(2,416)**	(2,389)
Proceeds from the sale of subsidiaries and investments, net of cash disposed		**53**	19
Payments for the purchase of businesses, net of cash acquired		**(425)**	(209)
Payments for the purchase of investments		**(32)**	(35)
Net (advances to)/proceeds from related parties		**(20)**	12
Dividends received		**51**	13
Net cash used in investing activities		**(2,457)**	(2,200)
Cash flows from financing activities			
Repayment of principal component of lease liabilities	3.3.2	**(1,019)**	(1,158)
Proceeds from borrowings	4.6.4	**2,513**	971
Repayment of borrowings	4.6.4	**(969)**	(1,525)
Proceeds from loan to related party	5.2	**1,712**	–
Distribution to related party	5.2	**(437)**	–
Payments for share buy-back	4.6.1	**(2,000)**	–
Dividends paid	4.2	**(1,007)**	(1,104)
Dividends paid to non-controlling interests		**(5)**	(50)
Payments for shares held in trust		**(125)**	(177)
Net cash used in financing activities		**(1,337)**	(3,043)
Net decrease in cash and cash equivalents		**(416)**	(619)
Effects of exchange rate changes on cash and cash equivalents		**2**	(3)
Cash and cash equivalents at start of period		**1,446**	2,068
Cash and cash equivalents at end of period	4.5.1	**1,032**	1,446

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 26 June 2022

1 General information

1.1 Basis of preparation

This section describes the financial reporting framework within which the Consolidated Financial Statements are prepared and a statement of compliance with the ***Corporations Act 2001*** and the Australian Accounting Standards and Interpretations.

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 26 June 2022 and comprises the Company and its subsidiaries (together referred to as the Group). The comparative period is for the 52-week period ended 27 June 2021.

The Financial Report was authorised for issue by the directors on 25 August 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 Consolidated Financial Statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or at 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.

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.

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group.

During the current period:

- The Group ceased to control Endeavour Group following the demerger and in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (AASB 5), the gain on demerger of the Endeavour Group was presented separately in the current period and within discontinued operations in the Consolidated Statement of Profit or Loss. Refer to Note 5.2 for further details; and
- The Board approved the establishment of a new operating segment, Australian B2B. In accordance with AASB 8 *Operating Segments* (AASB 8), the Group restated the amounts presented in the prior period to reflect the newly reportable segment as a separate segment. Refer to Note 2.2 for further details.

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, including the impact from potential climate-related risks within the foreseeable future.

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 significant accounting policies 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 Basis of consolidation

The Consolidated Financial Statements of the Company incorporate the assets, liabilities, and results of all entities controlled by the Group as at and for the period ended 26 June 2022. The Group controls an entity when it has power over the entity, it is exposed to, or has rights to, the variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. Controlled entities are fully consolidated from the date that the Group obtains control and are deconsolidated from the date that the Group loses control. Intragroup balances and transactions, and any unrealised gains and losses arising from intragroup transactions, are eliminated in preparing the Consolidated Financial Statements.

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 the acquisition date, the carrying amounts of non-controlling interests are adjusted for the non-controlling interests' share of changes in equity.

1.2.2 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis after deducting supplier rebates and settlement discounts, and includes other costs incurred to bring inventory to its present condition and location for sale. The net realisable value of inventory has been determined as the estimated selling price in the ordinary course of business, less estimated selling expenses.

1.2.3 Non-current assets (and disposal groups) classified as held for sale or distribution

Non-current assets (and disposal groups) classified as held for sale or distribution are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups 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 (or disposal group) is available for immediate sale in its present condition, and the sale is expected to occur within one year from the date of classification.

1.2.4 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).

1.2 Other significant accounting policies (continued)

(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 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 are considered to 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.

1.2.5 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.

1.2.6 New and amended standards adopted by the Group

The Group has adopted all relevant new and amended Accounting Standards and Interpretations issued by the AASB, which are effective for annual reporting periods beginning on or after 28 June 2021. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

1.2.7 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 early adopted these issued standards and interpretations, the estimated impact on adoption is not expected to have a significant impact on the Group's Consolidated Financial Statements.

Tentative agenda decision relating to cash received via electronic transfer

In September 2021, the IFRS Interpretations Committee (Committee) reached a tentative agenda decision in response to a submission relating to the recognition of cash received via an electronic transfer system as settlement for a financial asset. The submission considered that, in the event that an electronic transfer system has an automated settlement process and therefore all cash transfers made by customers is via the system and are settled at least two working days after they are initiated by the customer to settle the trade receivable, whether the Group can derecognise the trade receivable and recognise cash on the date that the cash transfer is initiated, rather than on the date that the cash transfer is settled. The decision relating to when the Group can derecognise the trade receivable and recognise cash has not been finalised. Given that the tentative agenda decision was released during the period and discussions continue, the Group has not adopted this agenda decision in the Consolidated Financial Statements for the financial period ended 26 June 2022.

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).

Notwithstanding that the Group is not an insurance business and the date of initial application of AASB 17 is for the financial period commencing 26 June 2023, the adoption of AASB 17 is expected to impact the stand-alone Statement of Financial Position of the parent entity, Woolworths Group Limited, as it provides insurance to the subsidiaries of the Group and therefore, is deemed to be an insurer. At the Group level, the impact from AASB 17 will be eliminated upon consolidation.

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 3.2 – Other financial assets and liabilities;
- Note 3.3 – Leases;
- Note 3.8 – Impairment of non-financial assets; and
- Note 3.11 – Provisions.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period; or in the period and future periods if the revision affects both current and future periods.

1.4 Individually significant items

Individually significant items have been highlighted to help users of this Financial Report understand the financial performance of the Group during the reporting period.

The significant items recognised in the Consolidated Statement of Profit or Loss are as follows:

2022	GAIN/(LOSS) BEFORE INCOME TAX $M	INCOME TAX BENEFIT/ (EXPENSE) $M	NET GAIN/ (LOSS) FOR THE PERIOD $M
Continuing operations			
End-to-end payroll review remediation	(165)	50	(115)
Supply chain network review	24	(7)	17
Revaluation of put option liabilities over non-controlling interests	164	–	164
Additional share-based payments expense as a result of the Endeavour Group demerger	(46)	–	(46)
Gain on sale of Endeavour Group shares held by the share trust	24	(11)	13
	1	32	33
Discontinued operations			
Gain on demerger of Endeavour Group	6,387	–	6,387
Total Group significant items	6,388	32	6,420

1.4 Individually significant items (continued)

End-to-end payroll review remediation

As part of the Group's end-to-end payroll review program put in place to review payroll systems and processes, and to establish robust pay processes across the Woolworths Group, certain areas of non-compliance have been identified. During the period, the Group recognised $165 million predominantly relating to prior period payment shortfalls of hourly paid team members and other one-off remediation charges, such as interest. The payment shortfalls of hourly paid team members paid under retail Enterprise Agreements (EAs) predominantly relate to the previous three annual reporting periods. The annual amount has not had a material impact on the Group's financial performance in any of the individual periods to which they relate. Refer to Note 3.11 for further details.

Supply chain network review

As part of the Group's ongoing supply chain network strategy and transformation, a provision for redundancy costs associated with the announced closure of four distribution centres in New South Wales and Victoria was recognised in prior periods. During the current period, the Group reassessed the provision for redundancy costs and due to changes to the timing of planned closures, changes in shift arrangements, and increased levels of turnover, the costs relating to future redundancies has reduced. As a result, the Group recognised a $24 million gain in the period on reassessment of this provision.

Revaluation of put option liabilities over non-controlling interests

During the period, the Group acquired an additional 2.6% equity interest in Quantium, which increased its shareholding from 75.0% to 77.6%. As a result, the Group recognised a reduction in the put option liability of $22 million, which represents the excess of the amount initially expected to be paid after 30 June 2024, over the amount paid for the shares acquired during the current period.

The Group has recognised put option liabilities over its non-controlling interests of PFD and Quantium. At each reporting period, the put option liabilities are reassessed to reflect the present value of the Group's best estimate of the amounts to be paid at the time of exercise. During the period, a net revaluation gain of $142 million was recognised and is primarily driven by the delays in the timing of expected earnings, resulting in lower than forecast earnings at the expected put option exercise date.

As a result, a total revaluation gain of $164 million was recognised during the current period.

Additional share-based payments expense as a result of the Endeavour Group demerger

During the period, the Group incurred an additional share-based payments expense of $46 million relating to additional share rights awarded to team members whose unvested employee share plans were impacted by the Endeavour Group demerger. This charge reflects the fair value of the additional share rights awarded.

Gain on sale of Endeavour Group shares held by the share trust

During the period, the Group recognised a gain of $24 million relating to proceeds from the sale of Endeavour Group shares that were received by the Group's share trust on the demerger record date of 1 July 2021.

Gain on demerger of Endeavour Group

On 28 June 2021, the Group lost control of Endeavour Group and recognised a gain of $6,387 million in discontinued operations, which mainly represents the difference between the net assets of Endeavour Group derecognised on transfer to shareholders and the combination of the (i) derecognition of the non-controlling interest share of Endeavour Group's net assets, (ii) recognition of the retained investment in Endeavour Group at fair value, and (iii) derecognition of the demerger distribution liability. Refer to Note 5.2 for further details.

1.5 Financial reporting impacts of COVID and sustainability related matters

COVID has had an impact on the Group's financial performance for the period. This section provides a summary of the key financial reporting impacts of COVID and sustainability related matters.

The financial performance of the Group and its reportable segments continues to be impacted by COVID. For the Group's period ended 26 June 2022 (F22), sales from continuing operations grew by 9.2% or 5.1%, excluding the acquisitions of PFD in H1 F22 and Quantium in H2 F21. EBIT from continuing operations declined by 4.7% compared to the prior year, reflecting higher COVID-related costs in H1 F22 in Australian Food and H2 F22 in New Zealand as well as BIG W store closures. Notwithstanding the challenging operating environment caused by supply chain disruptions, product shortages, team absenteeism, and flooding, the Group continues to make progress towards its strategic and sustainability agendas through various initiatives across the Group's reportable segments. During the period, the Group continued to advance on its strategic pillars, People, Planet, and Product, with its focus on the Planet pillar resulting in a 31% reduction in scope 1 and 2 emissions compared to its 2015 baseline.

The financial performance of the Group's reportable segments, including the impacts of COVID and sustainability related matters, is as follows:

- **Australian Food** – sales grew by 4.5%, while EBIT increased by 5.4% for the period. In H1 F22, sales grew by 3.4% from the prior period, benefitting from higher in-home consumption driven by extended COVID lockdowns in New South Wales and Victoria, however was offset by material COVID disruption to the end-to-end supply chain. In Woolworths Retail, sales increased by 4.3%, mainly driven by eCommerce sales growth and Woolworths Supermarkets store-originated sales returning to growth in H2 F22. In WooliesX, B2B eCommerce sales growth remained strong and increased by 42.3%, representing 10.3% of Woolworths Retail sales. Despite significant pressure on the Group's team members from heightened demand, absenteeism and supply chain challenges, customer experience improved materially in Q4 F22 with VOC NPS up 11 points on Q3 F22. Metro Food Stores sales increased by 6.0% due to new store growth with five net new stores opened during the period and increased traffic in On the Go stores. During the period, continued progress towards the Group's sustainability agenda was made, with the achievement of 50 million meals donated to OzHarvest, the signing of renewable energy partnerships in South Australia, and the announced group-wide removal of reusable plastic bags.
- **Australian B2B** – sales for the period were $3,963 million compared to $1,222 million in the prior period, primarily reflecting the acquisition of PFD at the beginning of the period and the first-time inclusion of Endeavour Group partnership revenue. On an underlying basis, all B2B businesses reported higher sales in F22 despite continued COVID disruptions.
- **New Zealand Food** – sales increased by 6.6% to $7,092 million with H1 F22 benefitting from nationwide lockdowns in mid-August which increased in-home consumption. In H2 F22, EBIT was negatively impacted due to significant disruptions to stores and supply chain due to Omicron. Notwithstanding the challenging F22 operating and trading conditions, which included a three-day strike in late November 2021, widespread Omicron community transmission, and global shipping challenges, good progress was made to support the Group's sustainability agenda, including the launch of new funding for climate change combatting projects under the Group's Growing For Good initiative.
- **BIG W** – sales decreased to $4,431 million or 3.3% compared to the prior period. Despite a period of store closures in H1 F22, when a quarter of trading days were impacted, sales increased by 4% in H2 F22. In Q3 F22, sales were impacted by limited customer mobility due to Omicron early in the quarter, however recovered in Q4 F22 with strong Easter, Mother's Day and Toy Mania events, and the cycling of lockdown impacts in some Victorian stores in the prior year. In Q3 F22, EBIT was also impacted by Omicron, high levels of absenteeism, and sick leave. During the period, progress towards the Group's sustainability agendas continued with the activation of ethical partnerships within the value chain such as memberships to Action Collaboration Transformation and Better Cotton Initiative. BIG W also launched its partnership with the Australian Literacy and Numeracy Foundation, the Free Books for Kids initiative, which distributed over 2.4 million free books to families, and the Toys for Joy initiative that helped to prevent 18 tonnes of toys going to landfill.
- **Other** – primarily comprises the Group's costs, the Group's share of profit or loss of investments accounted for using the equity method (including $72 million of the Group's share of profit of Endeavour Group), and Quantium, which is not considered a separately reportable segment.

1.5 Financial reporting impacts of COVID and sustainability related matters (continued)

Financial reporting impacts of COVID

In addition to the impact on financial performance, the Group has also considered the impact of COVID across its businesses. Details about the impact of COVID are included in the following notes:

- Note 3.1 – Trade and other receivables; and
- Note 3.8 – Impairment of non-financial assets.

Financial reporting impacts of sustainability related matters

On 31 March 2022, the International Sustainability Standards Board (ISSB) issued two exposure drafts in response to the demand for better information about sustainability related matters.

The exposure drafts issued were:

- Proposed 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
- Proposed 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 the exposure drafts are not mandatory for adoption for the financial period ended 26 June 2022, the Group has acknowledged the demand for sustainability related disclosures and has considered the potential impacts of sustainability related matters within the following notes:

- Note 3.4 – Property, plant and equipment;
- Note 3.8 – Impairment of non-financial assets;
- Note 3.11 – Provisions; and
- Note 4.6 – Borrowings.

During the period, acute flooding events in Northern New South Wales, Queensland and South Australia resulted in damages to critical rail and road infrastructure, which adversely affected the Group's supply chain network. As a result, the Group activated complex supply chain contingency plans to manage the transportation of essential goods to customers, which increased supply chain costs within the period as well as caused business interruptions due to store closures within the affected regions.

The impacts from these acute weather events continues to be an area of focus for the Group as it increases the resilience of its supply chain network.

2 Group performance

2.1 Revenue from continuing operations

The Group's revenue from continuing operations mainly comprises the sale of goods in-store and online.

	2022 $M	2021 $M
Sale of goods in-store	**49,925**	49,571
Sale of goods online	**6,542**	4,743
Other revenue from the sale of goods and services[1]	**4,382**	1,419
Total revenue from the sale of goods and services	**60,849**	55,733
Share of profit of investments accounted for using the equity method	**68**	35
Other[2]	**229**	117
Total other revenue	**297**	152
Total revenue	**61,146**	55,885

1 Other revenue from the sale of goods and services primarily comprises revenue from the distribution of food and related products for resale to other businesses, provision of supply chain services to business customers, commission received on financial services, consulting revenue, and revenue relating to the Endeavour Group Partnership Agreements.

2 Other comprises operating lease rental income, revenue from non-operating activities across the Group, and other revenue relating to the Endeavour Group Partnership Agreements.

Significant Accounting Policies

Revenue

The Group's revenue from continuing operations mainly comprises the sale of goods in-store and online, and revenue from the distribution of food related products for resale to other businesses.

For the sale of goods or services in-store and to other businesses, revenue is recognised when control of the goods has transferred to the customer or when the service is provided at an amount that reflects the consideration to which the Group expects to be entitled.

For the sale of goods online, control of the goods transfers to the customer at the point the goods are delivered to, or collected by, the customer. Where payment for the goods is received prior to control transferring to the customer, revenue recognition 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.

Loyalty program

Rewards points granted by the Group provide customers with a material right to a discount on future purchases. The amounts allocated to rewards points are deferred in contract liabilities within trade and other payables in the Consolidated Statement of Financial Position until they are redeemed by the customer.

2.2 Segment disclosures from continuing operations

The Group identifies different business units that are regularly reviewed by the Board in order to allocate resources and assess performance. These business units offer different products and services and are managed separately. The segment disclosures present the financial performance of each business unit and other material items.

2.2.1 Operating segment reporting from continuing operations

Reportable segments from continuing operations are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board, including the Chief Executive Officer, in order to allocate resources to the segment and assess its performance. These business units offer different products and services, or service different customer types, and are managed separately.

During the period, the Board approved the establishment of a new operating segment, Australian B2B, which comprises B2B Food and B2B Supply Chain. B2B Food includes PFD, Woolworths International, Woolworths at Work, and Australian Grocery Wholesalers. B2B Supply Chain includes external Primary Connect revenue (including Endeavour Group and other third-party customers) and Statewide Independent Wholesalers (SIW) in Tasmania.

The Group's reportable segments from continuing operations 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 customers in New Zealand;
- **BIG W** – procurement of discount general merchandise products for resale to retail customers in Australia; and
- **Other** – comprises Quantium, which is not considered a separately reportable segment, 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 (including Endeavour Group), and consolidation and elimination journals.

There are varying levels of integration between the Group's reportable segments from continuing operations. This includes the common usage of property, services and administration functions. Intersegment pricing is determined on commercial terms.

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.

2.2 Segment disclosures from continuing operations (continued)

2022	AUSTRALIAN FOOD $M	AUSTRALIAN B2B $M	NEW ZEALAND FOOD $M	BIG W $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services[1]	45,461	3,963	7,092	4,431	(98)	60,849
Other revenue	–	–	–	–	297	297
Total revenue	**45,461**	**3,963**	**7,092**	**4,431**	**199**	**61,146**
Earnings/(loss) before interest, tax, and significant items	**2,420**	**42**	**296**	**55**	**(123)**	**2,690**
Significant items[2]	24	–	–	–	(23)	1
Earnings/(loss) before interest and tax	**2,444**	**42**	**296**	**55**	**(146)**	**2,691**
Finance costs						(600)
Profit before income tax						**2,091**
Income tax expense						(534)
Profit for the period from continuing operations						**1,557**
Depreciation and amortisation – lease assets	**702**	**59**	**122**	**105**	**51**	**1,039**
Depreciation and amortisation – non-lease assets	**933**	**42**	**155**	**85**	**107**	**1,322**
Capital expenditure[3]	**1,320**	**81**	**274**	**148**	**584**	**2,407**

RESTATED[4] 2021	AUSTRALIAN FOOD $M	AUSTRALIAN B2B $M	NEW ZEALAND FOOD $M	BIG W $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services[1]	43,509	1,222	6,652	4,583	(233)	55,733
Other revenue	–	–	–	–	152	152
Total revenue	43,509	1,222	6,652	4,583	(81)	55,885
Earnings/(loss) before interest, tax, and significant items	2,413	12	336	172	(169)	2,764
Significant items	(94)	–	–	–	153	59
Earnings/(loss) before interest and tax	2,319	12	336	172	(16)	2,823
Finance costs						(613)
Profit before income tax						2,210
Income tax expense						(604)
Profit for the period from continuing operations						1,606
Depreciation and amortisation – lease assets	671	21	117	106	30	945
Depreciation and amortisation – non-lease assets	870	12	136	70	46	1,134
Capital expenditure[3]	1,179	30	322	102	541	2,174

1 Revenue from the sale of goods and services in Australian B2B includes $302 million of freight revenue relating to the transportation of the Group's owned products (2021: $251 million). However, at a Group level, this is recognised as a reduction in cost of sales. As a result, a $302 million (2021: $251 million) reduction in revenue, with a corresponding increase 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 Significant items net gain before tax of $1 million comprises a $24 million gain in Australian Food relating to the supply chain network review, which is offset by a $23 million net loss in Other. Refer to Note 1.4 for further details.

3 Capital expenditure comprises property, plant and equipment, and intangible asset acquisitions.

4 Restated to conform with the new structure of the Group. Refer to Note 1.1 for further details.

2.2 Segment disclosures from continuing operations (continued)

2.2.2 Geographical information

The table below provides information on the geographical location of revenue from continuing operations and non-current assets. Total revenue and non-current assets are allocated based on the location in which the sales originated or location of the operation to which they relate.

	AUSTRALIA		NEW ZEALAND		CONSOLIDATED CONTINUING OPERATIONS	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
Revenue from the sale of goods and services	**53,757**	49,081	**7,092**	6,652	**60,849**	55,733
Other revenue	**271**	130	**26**	22	**297**	152
Total revenue	**54,028**	49,211	**7,118**	6,674	**61,146**	55,885
Non-current assets[1]	**21,161**	17,481	**4,648**	4,591	**25,809**	22,072

1 Non-current assets excludes balances relating to derivatives and deferred tax assets.

2.3 Net finance costs from continuing operations

Net finance costs mainly includes interest on borrowings, derivatives, and lease liabilities.

	2022 $M	2021 $M
Interest expense – leases	**542**	528
Interest expense – non-leases	**90**	102
Less: interest capitalised[1]	**(13)**	(10)
Other[2]	**(19)**	(7)
	600	613

1 Weighted average capitalisation rate was 2.02% (2021: 2.72%).
2 Other primarily comprises finance income recognised by the Group, in its capacity as a lessor, over the lease term.

Significant Accounting Policies

Net finance costs

Net finance costs that are directly attributable to the acquisition, construction, or production of a qualifying asset (an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

All other finance costs are recognised in the Consolidated Statement of Profit or Loss in the period in which they are incurred. Lease finance costs comprise interest on lease liabilities calculated using the incremental borrowing rate. Non-leases finance costs comprise interest on borrowings calculated using the effective interest method and interest on derivatives.

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 and amounts paid to suppliers in advance.

	2022 $M	2021 $M
Current		
Trade receivables	**278**	137
Loss allowance	**(5)**	(6)
	273	131
Other receivables[1]	**586**	358
Loss allowance	**(3)**	(9)
	583	349
Prepayments	**188**	169
Total current trade and other receivables	**1,044**	649
Non-current		
Other receivables	**159**	133
Total non-current trade and other receivables	**159**	133
Total trade and other receivables	**1,203**	782

1 Includes supplier rebates of $82 million (2021: $52 million).

Financial reporting impacts of COVID

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. COVID has not had a material impact on the loss allowances recognised at the end of the period.

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 and days past due are grouped together and then assessed for collectability as a whole.

3.2 Other financial assets and liabilities

Other financial assets and liabilities consist of derivatives, the Group's holdings in unlisted investments, loans provided to related parties, convertible and Simple Agreement for Future Equity (SAFE) notes, and put options over non-controlling interests.

	2022 $M	2021 $M
Other financial assets		
Current		
Derivatives	106	19
Total current other financial assets	106	19
Non-current		
Derivatives	17	7
Unlisted equity securities	60	33
Loans provided to related parties	7	3
Convertible and SAFE notes	11	62
Total non-current other financial assets	95	105
Total other financial assets	201	124
Other financial liabilities		
Current		
Derivatives	34	20
Put options over non-controlling interests	75	145
Total current other financial liabilities	109	165
Non-current		
Derivatives	135	6
Put options over non-controlling interests	555	245
Total non-current other financial liabilities	690	251
Total other financial liabilities	799	416

Significant Accounting Policies

Derivatives

Refer to Note 4.7 for details of derivatives.

Unlisted equity securities

The Group's 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 in subsequent periods, are 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 options over non-controlling interests

The Group's put options over non-controlling interests are initially recognised at the present value of the amount expected to be paid at the time of exercise with a corresponding entry to other reserves (refer to Note 4.4 for further details).

At each reporting period, the Group reassesses its put options over non-controlling interests and any changes in the estimate of the amount expected to be paid at the time of exercise and the interest discount is unwound in finance costs in the Consolidated Statement of Profit or Loss.

3.2 Other financial assets and liabilities (continued)

Critical accounting estimates

Fair value of put options over non-controlling interests

The fair value of put options over non-controlling interests has been determined as the present value of the amount expected to be paid at the time of exercise.

Amount expected to be paid at the time of exercise

In determining 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 fair values of put options over non-controlling interests are determined using a revenue and/or EBITDA multiple which is applied to the forecast of the last 12 months of revenue and/or EBITDA at the expected time of option exercise. Any reasonably possible changes to these inputs would result in a change to the valuation. Refer to Note 4.7.4 for sensitivity analysis of put options over non-controlling interests.

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.

3.3 Leases

The Group leases various properties (stores, support offices, distribution centres, and warehouses), equipment, and vehicles.

3.3.1 Lease assets

2022	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)
Carrying amount at end of period	**9,801**	**178**	**16**	**9,995**
Movement:				
Carrying amount at start of period	9,406	136	11	9,553
Additions	514	69	11	594
Acquisition of businesses	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)
Carrying amount at end of period	**9,801**	**178**	**16**	**9,995**

3.3 Leases (continued)

2021	PROPERTIES $M	PLANT AND EQUIPMENT $M	OTHER $M	TOTAL $M
Cost	17,821	223	108	18,152
Less: Accumulated depreciation and impairment	(8,415)	(87)	(97)	(8,599)
Carrying amount at end of period	9,406	136	11	9,553
Movement:				
Carrying amount at start of period	11,912	133	17	12,062
Additions	460	71	6	537
Acquisition of businesses	109	1	–	110
Terminations	(29)	(3)	–	(32)
Remeasurements	1,253	–	–	1,253
Transfer of Endeavour Group's assets to held for distribution	(3,104)	(10)	(3)	(3,117)
Depreciation expense	(1,163)	(57)	(8)	(1,228)
Impairment expense	(30)	–	–	(30)
Other	(2)	1	(1)	(2)
Carrying amount at end of period	9,406	136	11	9,553

3.3.2 Lease liabilities

	2022 $M	2021 $M
Movement:		
Carrying amount at start of period	**12,016**	14,728
Additions	**570**	556
Acquisition of businesses	**369**	110
Terminations	**(44)**	(40)
Remeasurements	**616**	1,242
Transfer of liabilities to held for sale or distribution	**(8)**	(3,429)
Interest expense from continuing operations	**542**	528
Interest expense from discontinued operations	**–**	159
Payments for the interest component of lease liabilities	**(542)**	(687)
Repayment of the principal component of lease liabilities	**(1,019)**	(1,158)
Other	**(29)**	7
Carrying amount at end of period	**12,471**	12,016
Current	**1,572**	1,495
Non-current	**10,899**	10,521
Carrying amount at end of period	**12,471**	12,016

MATURITY PROFILE OF CONTRACTUAL UNDISCOUNTED CASH FLOWS	2022 $M	2021 $M
One year or less	**1,643**	1,563
One year to two years	**1,474**	1,462
Two years to five years	**3,014**	2,851
Five years to 10 years	**6,270**	6,035
Over 10 years	**3,456**	3,856
Total undiscounted lease liabilities	**15,857**	15,767

3.3 Leases (continued)

COMMITMENTS FOR LEASES NOT YET COMMENCED

At 26 June 2022, 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 would result in an increase in undiscounted lease liabilities of $1,669 million (2021: $983 million).

3.3.3 Other amounts recognised

	2022 $M	2021 $M
Consolidated Statement of Profit or Loss (included in branch expenses)		
Variable lease payments not included in the measurement of lease liabilities[1]	**110**	75
Expense relating to short-term leases	**16**	19
Consolidated Statement of Cash Flows (included in payments to suppliers and employees)		
Payments for short-term leases, service components of leases, and variable payments	**625**	601

1 Variable lease payments represent less than 5% of total lease payments (2021: 3% of total lease payments).

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 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 any 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 adopted for non-financial assets in Note 3.8.

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.

3.3 Leases (continued)

Significant Accounting Policies (continued)

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.

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 if a significant event or a significant change in circumstances occurs which affects this assessment. 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[1]		WEIGHTED AVERAGE LEASE EXPIRY[2]	
	2022 YEARS	2021 YEARS	2022 YEARS	2021 YEARS
Australian Food	**9.9**	10.5	**8.2**	9.0
Australian B2B	**9.6**	10.3	**7.4**	7.9
New Zealand Food	**9.2**	9.3	**7.8**	8.1
BIG W	**9.4**	8.7	**6.7**	7.5
Other	**7.1**	6.6	**6.4**	6.6
Group	**9.6**	10.4	**7.6**	8.6

During the current period, remeasurements include revising lease terms for reasonably certain options, which resulted in an increase in recognised lease liabilities and lease assets of $367 million (2021: $946 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 requires significant judgement. The discount rate 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. At the end of the reporting period, the weighted average incremental borrowing rate for the Group was 4.4% (2021: 4.4%).

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.

3.4 Property, plant and equipment

Property, plant and equipment represent the Group's investments in tangible assets such as development properties, freehold land, warehouses, retail and other properties, store fit-outs, distribution infrastructure, and technology.

2022	DEVELOPMENT PROPERTIES $M	FREEHOLD LAND, WAREHOUSE, RETAIL, AND OTHER PROPERTIES $M	LEASEHOLD IMPROVEMENTS $M	PLANT AND EQUIPMENT $M	TOTAL [1] $M
Cost	**1,369**	**924**	**3,716**	**10,188**	**16,197**
Less: accumulated depreciation and impairment	**(66)**	**(116)**	**(2,004)**	**(5,780)**	**(7,966)**
Carrying amount at end of period	**1,303**	**808**	**1,712**	**4,408**	**8,231**
Movement:					
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 businesses	**–**	**–**	**–**	**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 of impairment	**–**	**–**	**(11)**	**2**	**(9)**
Transfers and other	**(75)**	**76**	**27**	**(42)**	**(14)**
Effect of movements in foreign exchange rates	**–**	**(7)**	**(4)**	**(15)**	**(26)**
Carrying amount at end of period	**1,303**	**808**	**1,712**	**4,408**	**8,231**

2021	DEVELOPMENT PROPERTIES $M	FREEHOLD LAND, WAREHOUSE, RETAIL, AND OTHER PROPERTIES $M	LEASEHOLD IMPROVEMENTS $M	PLANT AND EQUIPMENT $M	TOTAL [1] $M
Cost	1,096	1,027	3,443	9,247	14,813
Less: accumulated depreciation and impairment	(71)	(163)	(1,786)	(5,316)	(7,336)
Carrying amount at end of period	1,025	864	1,657	3,931	7,477
Movement:					
Carrying amount at start of period	978	1,271	1,964	4,529	8,742
Additions	259	148	331	1,122	1,860
Acquisition of businesses	–	22	–	10	32
Disposals	(12)	(3)	(8)	(53)	(76)
Transfer to assets held for sale	(2)	(116)	–	–	(118)
Transfer of Endeavour Group's assets to held for distribution	–	(613)	(566)	(708)	(1,887)
Depreciation expense	–	(26)	(210)	(809)	(1,045)
Impairment expense	–	(9)	–	(16)	(25)
Transfers and other	(198)	191	146	(143)	(4)
Effect of movements in foreign exchange rates	–	(1)	–	(1)	(2)
Carrying amount at end of period	1,025	864	1,657	3,931	7,477

1 Carrying amount at the end of the period includes assets under construction of $974 million (2021: $638 million).

3.4 Property, plant and equipment (continued)

Significant Accounting Policies

Carrying value

The Group's property, plant and equipment is 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 (those being constructed or developed for future use) includes borrowing, holding, and development costs until the asset is complete.

Depreciation

Assets (excluding freehold land) are depreciated on a straight-line basis over their estimated useful lives to their residual values. Freehold land is not depreciated. 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 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 an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the Consolidated Statement of Profit or Loss.

Impairment

Property, plant and equipment is tested for impairment in accordance with the policy for impairment of non-financial assets as disclosed in Note 3.8.

Financial reporting impacts of sustainability related matters

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.

For the financial period ended 26 June 2022, the weighted average remaining life of the Group's property, plant and equipment is approximately eight years. Buildings, freehold land and leasehold improvements represent 46% and plant and equipment represent 54% of the Group's total property, plant and equipment, with a weighted average remaining useful life of 7.5 years and 8.5 years respectively. The Group has identified climate-related risks to its assets and is currently working through actions to address these risks, including stores in the monsoonal north are built to standards addressing cyclone risk, stores with high risk of power outages have back up generation or portable generator connection points, stores in flood prone areas have flood barriers, and rainwater harvesting in high stress water areas.

3.5 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.

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

	2022 $M	2021 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**1,246**	791
Later than one year, not later than two years	**368**	46
Later than two years, not later than five years	**159**	–
Total capital expenditure commitments[1]	**1,773**	837

1 Included within the prior year capital expenditure commitments of the Group was $14 million of capital expenditure commitments related to Endeavour Group which was classified as a discontinued operation at 27 June 2021.

3.6 Intangible assets

Intangible assets mainly represent goodwill, brand names, software, and customer relationships. Goodwill arises when the Group acquires a business at a cost which exceeds the fair value of net assets acquired and represents the synergies expected to arise from the purchase. Brand names have mainly been recognised as a result of New Zealand supermarket acquisitions and help to identify and differentiate the Group's network from others. Software includes programs and operating systems used by the Group.

2022	GOODWILL $M	BRAND NAMES $M	SOFTWARE[1] $M	OTHER $M	TOTAL $M
Cost	**3,308**	**305**	**3,015**	**351**	**6,979**
Less: accumulated amortisation and impairment	**(110)**	**–**	**(1,531)**	**(60)**	**(1,701)**
Carrying amount at end of period	**3,198**	**305**	**1,484**	**291**	**5,278**
Movement:					
Carrying amount at start of period	**2,881**	**265**	**1,358**	**167**	**4,671**
Acquisition of businesses[2]	**384**	**43**	**4**	**170**	**601**
Additions	**–**	**–**	**460**	**–**	**460**
Disposals, transfers, and other	**–**	**–**	**12**	**–**	**12**
Transfer to assets held for sale	**(23)**	**–**	**–**	**(9)**	**(32)**
Amortisation expense	**–**	**–**	**(350)**	**(37)**	**(387)**
Effect of movements in foreign exchange rates	**(44)**	**(3)**	**–**	**–**	**(47)**
Carrying amount at end of period	**3,198**	**305**	**1,484**	**291**	**5,278**

1 Carrying amount at the end of the period includes assets under development of $433 million.
2 Acquisition of businesses primarily relates to the acquisition of PFD (refer to Note 5.1 for further details).

3.6 Intangible assets (continued)

2021	GOODWILL $M	BRAND NAMES $M	LIQUOR AND GAMING LICENCES $M	SOFTWARE [1] $M	OTHER $M	TOTAL $M
Cost	2,993	265	–	2,552	189	5,999
Less: accumulated amortisation and impairment	(112)	–	–	(1,194)	(22)	(1,328)
Carrying amount at end of period	2,881	265	–	1,358	167	4,671
Movement:						
Carrying amount at start of period	4,196	259	1,979	1,219	64	7,717
Acquisition of businesses [2]	389	19	2	15	157	582
Additions	–	–	6	551	10	567
Disposals, transfers, and other	–	–	(1)	3	–	2
Transfer of Endeavour Group's assets to held for distribution	(1,696)	(12)	(1,969)	(104)	(64)	(3,845)
Amortisation expense	–	–	(17)	(318)	–	(335)
Impairment expense	(1)	–	–	(8)	–	(9)
Effect of movements in foreign exchange rates	(7)	(1)	–	–	–	(8)
Carrying amount at end of period	2,881	265	–	1,358	167	4,671

1 Carrying amount at the end of the period includes assets under development of $471 million.
2 Acquisition of businesses primarily relates to the acquisition of Quantium and the acquisition of stores and venues.

Significant Accounting Policies

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. Following initial recognition, goodwill is not amortised but is reviewed for impairment at least annually, and is measured at cost less any accumulated impairment losses.

Brand names

Brand names are indefinite life intangible assets and are not amortised but are reviewed for impairment at least annually, and are measured at cost less any accumulated 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 accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. Useful lives are reassessed annually. The useful lives of intangible assets have been assessed as follows:

Core systems	Five to 10 years
Other software	Three to five years

1 Performance highlights
2 Business review
3 Directors' Report
4 Financial Report
5 Other information

3.6 Intangible assets (continued)

Significant Accounting Policies (continued)

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.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated 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 assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.8.

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 and are amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed annually, and any change is accounted for prospectively as a change in accounting estimate.

Other intangible assets

Other intangible assets include customer relationships and contracts, intellectual property, and algorithms, which are measured at cost less accumulated amortisation and impairment losses. Where the asset is acquired in a business combination, cost represents the fair value at the date of acquisition.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. Useful lives are reassessed annually. The useful lives of intangible assets have been assessed as follows:

Customer relationships and contracts	Three to 10 years
Intellectual property and algorithms	Nine years

Other intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.8.

3.7 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.

3.7.1 Details of investments accounted for using the equity method

	2022		2021	
	OWNERSHIP INTEREST %	$M	OWNERSHIP INTEREST %	$M
Endeavour Group Limited	14.6	1,646	85.4	–
Other individually immaterial investments in associates and joint ventures	–	45	–	30
		1,691		30

On 28 June 2021, the Group lost control of Endeavour Group Limited, an Australian company, and recognised the retained 14.6% equity interest at fair value as an investment in associate. The fair value was calculated using the VWAP of Endeavour Group Limited shares trading on the ASX in their first five trading days ($6.21).

Following the initial recognition of its investment in associate, the Group applies the equity method of accounting and recognises its share of total comprehensive income of Endeavour Group Limited for the current period based on consensus data. Subsequent to 26 June 2022, Endeavour Group Limited released its 2022 Full Year Financial Results and the difference between the Group's recognition of its share of total comprehensive income based on consensus data and its actual share of total comprehensive income was not material and will be adjusted in the next reporting period.

3.7.2 Results of investments accounted for using the equity method

2022	ENDEAVOUR GROUP LIMITED $M	INDIVIDUALLY IMMATERIAL INVESTMENTS IN ASSOCIATES $M	INDIVIDUALLY IMMATERIAL INVESTMENTS IN JOINT VENTURES $M	TOTAL $M
Revenue[1]	11,597	199	45	11,841
Profit/(loss) for the period, net of tax[1]	495	2	(6)	491
Other comprehensive income for the period, net of tax[1]	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[2]	74	–	(4)	70

1 Based on the most recently announced Financial Results, where applicable, or the latest management accounts.
2 Based on consensus data for Endeavour Group Limited or the latest management accounts for the Group's remaining investments.

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

2022	ENDEAVOUR GROUP LIMITED $M	INDIVIDUALLY IMMATERIAL INVESTMENTS IN ASSOCIATES $M	INDIVIDUALLY IMMATERIAL INVESTMENTS IN JOINT VENTURES $M	TOTAL $M
Carrying amount at start of period	–	26	4	30
Acquisition of investment	1,623	–	–	1,623
Additional investment	–	–	19	19
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)
Carrying amount at end of period	1,646	26	19	1,691

3.7 Investments accounted for using the equity method (continued)

3.7.4 Summary financial position of investment in associate that is material to the Group

2022	ENDEAVOUR GROUP LIMITED $M
Current assets	1,782
Non-current assets	9,081
Total assets	**10,863**
Current liabilities	2,193
Non-current liabilities	5,102
Total liabilities	**7,295**
Net assets [1]	**3,568**
Group's share of net assets [1]	518
Fair value adjustment [2]	1,128
Carrying amount at end of period	**1,646**

1 Net assets are based on the most recently announced Financial Results and the Group's share of net assets is based on consensus data.
2 Fair value adjustment represents the difference between the recognition of the retained investment in Endeavour Group at fair value and the Group's share of Endeavour Group's net assets at the date when control was lost.

Significant Accounting Policies

Investments accounted for using the equity method

Investments accounted for using the equity method comprises 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.

3.8 Impairment of non-financial assets

An impairment loss is incurred when the carrying amount of an asset or a cash-generating unit (CGU) 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 such indication exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, and is determined for an individual asset where possible, otherwise, for the CGU to which it belongs.

3.8 Impairment of non-financial assets (continued)

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, identified according to operating segments and grouped at the lowest levels for which the assets are monitored for internal management purposes, as follows:

	2022		2021	
	GOODWILL $M	BRAND NAMES $M	GOODWILL $M	BRAND NAMES $M
Australian Food	**627**	**3**	381	3
Australian B2B[1]	**361**	**43**	–	–
New Zealand Food	**2,067**	**240**	2,112	243
Quantium[2]	**143**	**19**	388	19
	3,198	**305**	2,881	265

1 The Australian B2B reportable segment includes goodwill of $354 million recognised on acquisition of PFD and $7 million relating to the acquisition of other smaller businesses, and $43 million of brand names relating to the acquisition of PFD.

2 During the period, the Group finalised its acquisition accounting and its initial allocation of goodwill relating to the acquisition of Quantium. As a result, $245 million of the $388 million of goodwill was allocated to the Australian Food reportable segment, which is based on where the expected benefits from the Quantium acquisition are expected to be earned.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. Where the carrying value of the asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through the recognition of an impairment loss.

The Group's impairment testing is performed at the reportable segment level, business unit level and where applicable, an individual store or region level. During the period, no material impairment losses were recognised.

Financial reporting impacts of COVID

Calculation of recoverable amount

The three-year F23 Board approved business plan was used in assessing value in use for each CGU. This plan incorporates the estimated impact on the Group from COVID, which has shaped trading through the last two years. As COVID becomes endemic, customer shopping behaviour is expected to evolve, including the potential for customers to become more value seeking given the evolving inflationary environment. The base setting for the F23 plan includes the cycling of major COVID disruptions from the current year, as well as, managing inflationary impacts through sales and costs. Refer to critical accounting estimates for further details.

Inventories

The carrying value of assets subject to impairment testing includes inventories which are carried at the lower of cost or net realisable value. There have been no material changes to the Group's inventory provisions as a result of COVID.

Financial reporting impacts of sustainability related matters

The potential long-term financial impacts of climate change, including the costs of reaching the Group's 2030 emissions reduction targets are continuing to be assessed. However, at this stage, the Group does not consider the potential impacts of climate change to present a risk of impairment of the carrying value of non-financial assets.

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3.8 Impairment of non-financial assets (continued)

Significant Accounting Policies

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use (VIU) and its fair value less costs to dispose. 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 respective asset.

An impairment loss is recognised in the Consolidated Statement of Profit or Loss whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses 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.

Critical accounting estimates

Key assumptions used in determining the recoverable amount of assets include expected future cash flows, long-term growth rates, and discount rates.

Expected future cash flows

In assessing VIU, the estimated future cash flows are based on the Group's most recent Board approved business plan covering a period not exceeding five years and incorporates the estimated impact on the Group from market conditions forecast through the recovery phase of COVID.

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.

Discount rates

The recoverable amount has been determined using a VIU discounted cash flow model. In assessing VIU, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. The pre-tax discount rates used vary depending on the nature of the business and the country of operation. The ranges of rates used in determining the Group's recoverable amounts are set out below:

	2022 %	2021 %
Long-term growth rate	**2.5**	2.5
Pre-tax discount rate	**10–13**	10–13

3.9 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. The Group presents a reconciliation of its effective tax rate and a summary of changes in future income tax recoverable or payable by major category.

3.9.1 Income tax expense recognised in the Consolidated Statement of Profit or Loss

	2022 $M	2021 $M
Income tax expense		
Current tax expense	**619**	983
Adjustments recognised in the current year in relation to the current tax of prior periods	**(30)**	(10)
Deferred tax relating to the origination and reversal of temporary differences	**(55)**	(162)
	534	811
Income tax expense is attributable to:		
Profit from continuing operations (as reported in the Consolidated Statement of Profit or Loss)	**534**	604
Profit from discontinued operations	**–**	207
	534	811

3.9.2 Reconciliation between profit before income tax and income tax expense

	2022 $M	2021 $M
Profit before income tax – continuing operations	**2,091**	2,210
Profit before income tax – discontinued operations	**6,387**	740
Profit before income tax	**8,478**	2,950
Income tax expense using the Australian corporate tax rate of 30%	**2,543**	885
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	**8**	29
Non-assessable income[1]	**(1,976)**	(79)
Share of profits of investments accounted for using the equity method	**(20)**	(10)
Share-based payments expense	**13**	–
Unrecognised tax losses from the current period	**4**	3
Impact of differences in offshore tax rates	**(2)**	(5)
Other	**(6)**	(2)
	564	821
Adjustments relating to prior periods	**(30)**	(10)
Income tax expense	**534**	811

1 Includes 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.

3.9 Income taxes (continued)

3.9.3 Deferred tax balances recognised in the Consolidated Statement of Financial Position

	2022 $M	2021 $M
Deferred tax asset	**1,337**	1,371
Deferred tax liability	**–**	–
Net deferred tax asset	**1,337**	1,371

2022	OPENING BALANCE $M	RECOGNISED IN PROFIT OR LOSS $M	RECOGNISED IN OTHER COMPREHENSIVE INCOME $M	ACQUISITIONS AND OTHER $M	CLOSING BALANCE $M
Deferred tax assets					
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**
Total deferred tax assets	**4,450**	**581**	**(41)**	**14**	**5,004**
Deferred tax liabilities					
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)**
Total deferred tax liabilities	**(3,079)**	**(526)**	**3**	**(65)**	**(3,667)**
Net deferred tax asset/(liability)	**1,371**	**55**	**(38)**	**(51)**	**1,337**

2021	OPENING BALANCE $M	RECOGNISED IN PROFIT OR LOSS $M	RECOGNISED IN OTHER COMPREHENSIVE INCOME $M	ACQUISITIONS AND OTHER $M	TRANSFERS TO ASSETS HELD FOR SALE OR DISTRIBUTION $M	CLOSING BALANCE $M
Deferred tax assets						
Property, plant and equipment	73	111	–	–	(99)	85
Lease liabilities	4,549	154	–	1	(1,133)	3,571
Provisions, accruals, and other liabilities	924	(24)	5	10	(126)	789
Cash flow and fair value hedges	20	(5)	(10)	–	–	5
Total deferred tax assets	5,566	236	(5)	11	(1,358)	4,450
Deferred tax liabilities						
Intangible assets	(619)	–	–	(53)	550	(122)
Unrealised exchange differences	(33)	2	2	–	–	(29)
Lease assets	(3,796)	(22)	–	–	935	(2,883)
Prepayments	(1)	(5)	–	–	1	(5)
Other	6	(49)	(18)	(8)	29	(40)
Total deferred tax liabilities	(4,443)	(74)	(16)	(61)	1,515	(3,079)
Net deferred tax asset/(liability)	1,123	162	(21)	(50)	157	1,371

3.9 Income taxes (continued)

UNRECOGNISED DEFERRED TAX ASSETS

At the reporting date, the Group has unused capital losses of $203 million (2021: $1,170 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, the Group has unused revenue losses of $65 million (2021: $56 million). A deferred tax asset has not been recognised in respect of these revenue losses as it is not probable that there will be sufficient profit available against which these losses can be utilised during the five-year period that these losses remain available to be carried forward.

3.9.4 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 $163 million (2021: $126 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. In determining the availability of future taxable profits, any reasonably possible changes due to the potential impacts from climate-related risks may impact the recoverability of deferred tax assets.

The benefit of intangible assets with an indefinite useful life will flow to the Group on an annual basis, therefore the carrying amount will be recovered through use.

3.10 Trade and other payables

Trade and other payables mainly consists of amounts owing to the Group's suppliers that have been invoiced or accrued.

	2022 $M	2021 $M
Trade payables	**5,216**	4,832
Accruals	**1,350**	1,271
Contract liabilities	**436**	364
	7,002	6,467

Contract liabilities

Contract liabilities represent consideration received for performance obligations not yet satisfied primarily relating to the Group's loyalty programs and gift cards. Substantially all of the revenue deferred as at the end of the period will be recognised in the following period.

3.11 Provisions

Provisions are a liability recorded where there is uncertainty over the timing or amount that will be paid but the expected settlement amount can be reliably estimated by the Group. The main provisions held are in relation to employee benefits, self-insured risks, restructuring, onerous contracts, and store exit costs.

	2022 $M	2021 $M
Current		
Employee benefits	**1,445**	1,228
Self-insured risks	**177**	169
Restructuring, onerous contracts, store exit costs, and other	**58**	121
Total current provisions	**1,680**	1,518
Non-current		
Employee benefits	**121**	108
Self-insured risks	**451**	422
Restructuring, onerous contracts, store exit costs, and other	**274**	274
Total non-current provisions	**846**	804
Total provisions	**2,526**	2,322

3.11 Provisions (continued)

3.11.1 Team member remediation provisions

Included in the employee benefits provision is $291 million relating to the team member remediation provisions, of which $90 million relates to salaried team members and $201 million relates to the Group's end-to-end payroll review as outlined in the following table.

2022 ($M)	SALARIED TEAM MEMBERS	END TO END PAYROLL	TOTAL
Balance at start of period	154	–	154
Cash payments	(64)	–	(64)
Additional provision	–	201	201
Balance at end of period	**90**	**201**	**291**

SALARIED TEAM MEMBERS PROGRESS UPDATE

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 General Retail Industry Award (GRIA). The Group has provided in excess of $500 million in relation to the remediation of these salaried team members. Significant progress has been made to remediate the impacted salaried team members, with $457 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. Class action proceedings brought by Adero Law Firm against the Woolworths Group in 2019 also continue.

The Group is defending its interpretation of the clauses subject to the FWO proceedings and the class action proceedings. While the Group has been guided by extensive advice from external counsel, these proceedings are at an early stage and 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. 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.

As at 26 June 2022, the Group has a provision of $90 million to settle any remaining obligations.

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, Enterprise Agreements (EAs) and statutory entitlements for team members across the Group. As part of this review, certain areas of non-compliance have been identified.

The review to date has resulted in the Group recognising a team member pay remediation provision of $201 million for the period (of which $165 million was recognised as a significant item, refer to Note 1.4 for further details) relating to payment shortfalls, predominantly of hourly paid team members employed pursuant to the Woolworths Supermarkets, Metro and BIG W EAs. Whilst the review is ongoing, as at 26 June 2022, significant progress has been made, with more than 98% of team members obligations reviewed, representing 93% of the Group's total payroll costs.

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. The review is ongoing and may give rise to further provisions as it progresses to completion, with significant modelling required to finalise team remediation payments, which is also subject to the finalisation of the Group's engagement with the relevant regulators.

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3.11 Provisions (continued)

3.11.2 Movements in total self-insured risks, restructuring, onerous contracts, store exit costs, and other provisions

	SELF-INSURED RISKS		RESTRUCTURING, ONEROUS CONTRACTS, STORE EXIT COSTS, AND OTHER	
	2022 $M	2021 $M	2022 $M	2021 $M
Movement:				
Balance at start of period	**591**	637	**395**	518
Net provisions recognised	**160**	162	**(31)**	30
Cash payments	**(137)**	(139)	**(29)**	(129)
Transfer to liabilities held for distribution	**–**	(45)	**–**	(10)
Other	**14**	(24)	**(3)**	(14)
Balance at end of period	**628**	591	**332**	395
Current	**177**	169	**58**	121
Non-current	**451**	422	**274**	274
Balance at end of period	**628**	591	**332**	395

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 and store exit costs

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.

3.11 Provisions (continued)

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.

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.

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, onerous contracts, and store exit costs

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 and store closures are recognised based on the lower of the estimated unavoidable net costs of meeting all leases and other obligations under the stores 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.

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.

	2022	2021
Profit for the period attributable to equity holders of the parent entity used in earnings per share ($M)		
Continuing operations	**1,547**	1,606
Discontinued operations	**6,387**	468
	7,934	2,074
Weighted average number of shares used in earnings per share (shares, millions)		
Basic earnings per share	**1,221.5**	1,256.9
Diluted earnings per share[1]	**1,230.3**	1,262.6
Basic earnings per share (cents per share)		
Continuing operations	**126.7**	127.7
Discontinued operations	**522.9**	37.3
	649.6	165.0
Diluted earnings per share (cents per share)[1]		
Continuing operations	**125.7**	127.1
Discontinued operations	**519.1**	37.1
	644.8	164.2

1 Includes 8.8 million shares (2021: 5.7 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.

	2022			2021		
	CENTS PER SHARE	TOTAL AMOUNT $M	DATE OF PAYMENT	CENTS PER SHARE	TOTAL AMOUNT $M	DATE OF PAYMENT
Current year interim	**39**	**473**	**13 April 2022**	53	671	14 April 2021
Prior year final	**55**	**697**	**8 October 2021**	48	606	6 October 2020
Dividends paid during the period	**94**	**1,170**		101	1,277	
Issue of shares to satisfy the dividend reinvestment plan		**(163)**			(173)	
Dividends paid in cash		**1,007**			1,104	

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

On 25 August 2022, the Board of Directors declared a final dividend of 53 cents per share in respect of the 2022 financial period, fully franked at a 30% tax rate. The amount will be paid on or around 27 September 2022 and is expected to be $643 million. As the dividends were declared subsequent to 26 June 2022, no provision had been made at 26 June 2022.

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 2022 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 2022. The last date for receipt of election notices for the DRP is 2 September 2022. The Company intends to issue new shares to satisfy its obligations under the DRP.

During the period, 13.9% (2021: 14.0%) of the dividends paid were reinvested in shares of the Company.

Franking credit balance

	2022 $M	2021 $M
Franking credits available for future financial periods (tax paid basis, 30% tax rate)	**981**	1,740

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.

The above franking credit balance excludes $57 million attributable to other non-controlling interests (2021: $18 million). On 28 June 2021, $692 million of franking credits were transferred to Endeavour Group on demerger.

4.3 Contributed equity

Contributed equity represents the number of ordinary shares on issue less shares held by the Group. A reconciliation is presented to show the total number of ordinary shares held by the Group which reduces the number of total shares traded on-market.

	2022		2021	
SHARE CAPITAL	NUMBER M	$M	NUMBER M	$M
1,213,902,476 fully paid ordinary shares (2021: 1,267,652,417)				
Movement:				
Balance at start of period	**1,267.7**	**5,466**	1,263.1	6,197
Issue of shares to satisfy the dividend reinvestment plan	**4.2**	**163**	4.6	173
Share buy-back	**(58.0)**	**(250)**	–	–
Demerger distribution	**–**	**–**	–	(904)
Balance at end of period	**1,213.9**	**5,379**	1,267.7	5,466
SHARES HELD IN TRUST				
Movement:				
Balance at start of period	**(5.1)**	**(213)**	(5.1)	(175)
Issue of shares to satisfy employee long-term incentive plans	**3.9**	**166**	4.1	139
Purchase of shares by the Woolworths Employee Share Trust	**(3.6)**	**(125)**	(4.1)	(177)
Balance at end of period	**(4.8)**	**(172)**	(5.1)	(213)
Contributed equity at end of period	**1,209.1**	**5,207**	1,262.6	5,253

Share capital

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.

Share options and performance rights

Refer to Note 6.2 for further details of outstanding options and performance rights. Performance rights carry no rights to dividends and no voting rights.

Demerger distribution

On 18 June 2021, the Group obtained shareholder approval for the separation of Endeavour Group. Accounting for the demerger is guided by AASB Interpretations 17 *Distribution of Non-cash Assets to Owners*. A demerger distribution liability equal to the fair value of the net assets to be distributed of $7,870 million was recognised and was allocated between a capital reduction of $904 million, and a demerger dividend of $6,966 million. The value of the capital reduction has been determined in accordance with the tax allocation specified by an ATO ruling and has been recognised against share capital. Refer to Note 5.2 for further details on the accounting for the Endeavour demerger.

4.4 Reserves

Reserves represent the cumulative gains or losses that have been recognised in the Consolidated Statement of Other Comprehensive Income.

2022	CASH FLOW HEDGE RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	REMUNERATION RESERVE $M	DEMERGER RESERVE $M	OTHER RESERVES $M	TOTAL $M
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	98	–	–	–	–	98
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 over non-controlling interest[1]	–	–	–	–	(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
Balance at end of period	85	18	223	(6,966)	(760)	(7,400)

2021	CASH FLOW HEDGE RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	REMUNERATION RESERVE $M	DEMERGER RESERVE $M	OTHER RESERVES $M	TOTAL $M
Balance at start of period	(38)	80	296	–	53	391
Effective portion of changes in the fair value of cash flow hedges, net of tax	(8)	–	–	–	–	(8)
Transfers to initial carrying amount of hedged items, net of tax	33	–	–	–	–	33
Foreign currency translation of foreign operations, net of tax	–	(9)	–	–	–	(9)
Share-based payments expense	–	–	102	–	–	102
Transfer of shares to satisfy employee long-term incentive plans	–	–	(139)	–	–	(139)
Demerger distribution	–	–	–	(6,966)	–	(6,966)
Recognition of put option over non-controlling interest[1]	–	–	–	–	(390)	(390)
Change in the fair value of investments in equity securities	–	–	–	–	(3)	(3)
Balance at end of period	(13)	71	259	(6,966)	(340)	(6,989)

1 Relates to the acquisition of PFD, refer to Note 5.1 for further details (2021: relates to the acquisition of Quantium).

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 represented the difference between the fair value of Endeavour Group's net assets distributed and the capital reduction. Refer to Note 5.2 for details on the accounting for the Endeavour demerger.

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 options over non-controlling interests. Subsequent to initial recognition, the corresponding put option liability is measured at fair value with any changes recognised in the Consolidated Statement of Profit or Loss.

4.5 Cash and cash equivalents

This section presents the components of the Group's cash and cash equivalents balance and a reconciliation of the Group's profit for the period to net cash flows provided by operating activities.

4.5.1 Cash and cash equivalents as presented in the Consolidated Statement of Cash Flows

	2022 $M	2021 $M
Cash and cash equivalents (as presented in the Consolidated Statement of Financial Position)[1]	**1,032**	1,009
Cash and cash equivalents (included within assets held for sale or distribution)	**–**	437
	1,032	1,446

1 Included in cash and cash equivalents is $633 million (2021: $628 million) relating to receivables from electronic funds transfers, credit card and debit card point of sale transactions.

4.5.2 Reconciliation of profit for the period to net cash provided by operating activities

	NOTE	2022 52 WEEKS $M	2021 52 WEEKS $M
Profit for the period		**7,944**	2,139
Adjustments for:			
Gain on demerger of Endeavour	5.2	**(6,387)**	–
Net share of profit of investments accounted for using the equity method	2.1	**(68)**	(35)
Depreciation and amortisation		**2,361**	2,608
(Reversal of impairment)/impairment expense		**(27)**	56
Share-based payments expense	6.2.2	**139**	103
Gain on disposal of previously held equity interest in Quantium		**–**	(228)
Interest capitalised	2.3	**(13)**	(10)
Net (gain)/loss on disposal and write-off of assets		**(73)**	11
Dividends received		**–**	(4)
Revaluation of put option liabilities over non-controlling interests	4.7.4	**(164)**	–
Other		**(45)**	(22)
Changes in:			
(Increase)/decrease in inventories		**(343)**	103
Increase/(decrease) in trade payables		**165**	(115)
Increase/(decrease) in provisions		**175**	(183)
(Increase)/decrease in trade and other receivables		**(115)**	15
Increase in other payables		**121**	91
Increase in deferred tax assets		**(42)**	(140)
(Decrease)/increase in income tax payable		**(250)**	235
Net cash provided by operating activities		**3,378**	4,624

Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

4.6 Borrowings

This section provides a summary of the capital management activities of the Group during the period, including the Group's borrowings. The Group manages its liquidity requirements with a range of short-term money market loans, bank loans, and flexible debt instruments with varying maturities.

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 returns capital to shareholders when consistent with its long-term capital structure objectives and where it will enhance shareholder value. In October 2021, the Group returned $2 billion to shareholders through an off-market share buy-back (comprising a dividend and capital component of $1,750 million and $250 million respectively). This resulted in the purchase of 58 million shares, which were subsequently cancelled. The share buy-back complemented the payment of ordinary dividends (excluding franking credits), with a total of $3.2 billion returned to shareholders in the current period. The Group remains committed to solid investment grade credit ratings and a number of actions can be undertaken to support the credit profile, including the sale of non-core assets, further working capital initiatives, and adjusting growth capital expenditure and the property leasing profile. The Group's credit ratings[1] 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 2022

In September and October 2021, the Group successfully completed the following senior unsecured debt capital market transactions:

- EUR550 million (approximately $880 million) seven-year European Medium Term Notes issuance; and
- $700 million domestic Medium Term Notes issuance, comprising $350 million of six-year notes and $350 million of 10-year notes.

Both issuances were structured as Sustainability Linked Bonds (SLBs) and have been used for general corporate purposes, including the long-term funding of the Group's investments in Quantium and PFD.

In May 2022, the Group entered into $1.25 billion of bilateral bank facilities. These facilities are revolving in nature and have tenors ranging from two to four years. These facilities refinanced the Group's existing $1.2 billion bilateral bank facilities which were cancelled upon the Group entering into the new bilateral bank facilities. The bilateral bank facilities have been used to manage the Group's short-term cash flow requirements and to support its liquidity position.

(II) UPCOMING MATURITIES AND TRANSACTIONS

No material maturities are expected to occur in the subsequent financial year. The Group's next material maturity is the $750 million syndicated bank facility in November 2023, upon which it is intended that this facility will be refinanced.

Financial reporting impacts of sustainability related matters

The SLBs 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 that 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 to meet 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 26 June 2022, 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.

1 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)

4.6.3 Composition of debt

	CURRENCY	MATURITY	NOTIONAL VALUE 2022 $M	NOTIONAL VALUE 2021 $M	CARRYING VALUE 2022 $M	CARRYING VALUE 2021 $M
Current, unsecured						
Short-term money market loans						
Money market loan, on call	AUD	At call	**281**	44	**281**	44
Money market loan, on call	NZD	At call	**46**	–	**46**	–
Money market loan, on call	CNY	At call	**9**	–	**9**	–
Total short-term money market loans					**336**	44
Bank loans						
Bank loans	AUD	Jun-22	**–**	75	**–**	75
Bank loans	NZD	Oct-22	**18**	–	**18**	–
Total bank loans					**18**	75
Total current borrowings					**354**	119
Non-current, unsecured						
Bank loans						
Revolving Credit Facility	AUD	Jun-22	**–**	150	**–**	150
Revolving Credit Facility	AUD	Oct-22	**–**	200	**–**	200
Syndicated Bank Loan	AUD	Nov-23	**350**	500	**350**	500
Revolving Credit Facility	AUD	May-24	**100**	–	**100**	–
Revolving Credit Facility	AUD	May-25	**100**	–	**100**	–
Revolving Credit Facility	AUD	Jun-25	**118**	–	**118**	–
Syndicated Bank Loan	AUD	Nov-26	**500**	500	**500**	500
Total bank loans					**1,168**	1,350
Securities						
Medium Term Notes[1]	AUD	Apr-24	**400**	400	**387**	413
Domestic Medium Term Notes	AUD	May-25	**400**	400	**400**	400
Domestic Medium Term Notes[1]	AUD	Nov-27	**350**	–	**308**	–
European Medium Term Notes[2]	EUR	Nov-28	**880**	–	**839**	–
Domestic Medium Term Notes[1]	AUD	May-30	**600**	600	**507**	603
Domestic Medium Term Notes[1]	AUD	Nov-31	**350**	–	**350**	–
Total securities					**2,791**	1,416
Unamortised borrowing costs					**(21)**	(13)
Total non-current borrowings					**3,938**	2,753
Total					**4,292**	2,872

1 The Medium Term Notes (Green Bond) and Domestic Notes are the hedged item in a fair value hedge relationship and are subject to changes in the carrying amount due to fair value adjustments attached to each arrangement.
2 The European Medium Term Notes are the hedged item in a cash flow hedge relationship and are subject to changes in the carrying amount due to foreign exchange adjustments.

4.6 Borrowings (continued)

4.6.4 Movements in borrowings

2022	OPENING BALANCE $M	NON-CASH MOVEMENTS: EFFECT OF MOVEMENTS IN FOREIGN EXCHANGE RATES[1] $M	NON-CASH MOVEMENTS: OTHER[2] $M	CASH MOVEMENTS: PROCEEDS $M	CASH MOVEMENTS: REPAYMENTS $M	CLOSING BALANCE $M
Current, unsecured						
Short-term money market loans	44	–	–	336	(44)	336
Bank loans	75	–	–	18	(75)	18
Total current borrowings	**119**	**–**	**–**	**354**	**(119)**	**354**
Non-current, unsecured						
Bank loans	1,350	–	89	579	(850)	1,168
Securities	1,416	(41)	(164)	1,580	–	2,791
Unamortised borrowing costs	(13)	–	(8)	–	–	(21)
Total non-current borrowings	**2,753**	**(41)**	**(83)**	**2,159**	**(850)**	**3,938**
Total	**2,872**	**(41)**	**(83)**	**2,513**	**(969)**	**4,292**

2021	OPENING BALANCE $M	NON-CASH MOVEMENTS: EFFECT OF MOVEMENTS IN FOREIGN EXCHANGE RATES[1] $M	NON-CASH MOVEMENTS: OTHER[2] $M	CASH MOVEMENTS: PROCEEDS $M	CASH MOVEMENTS: REPAYMENTS $M	CLOSING BALANCE $M
Current, unsecured						
Short-term money market loans	–	–	–	44	–	44
Bank loans	220	–	(4)	77	(218)	75
Securities	1,807	(500)	–	–	(1,307)	–
Total current borrowings	2,027	(500)	(4)	121	(1,525)	119
Non-current, unsecured						
Bank loans	500	–	–	850	–	1,350
Securities	1,420	–	(4)	–	–	1,416
Unamortised borrowing costs	(16)	–	3	–	–	(13)
Total non-current borrowings	1,904	–	(1)	850	–	2,753
Total	3,931	(500)	(5)	971	(1,525)	2,872

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 (2021: $500 million represents the cumulative foreign exchange losses on facilities that matured during the period. These cumulative foreign exchange losses were offset by cumulative foreign exchange gains on cross currency swaps which also matured during the period). Refer to Note 4.7.1 for further details.

2 Other includes $164 million relating to the Medium Term Notes (Green Bond) and 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 and $89 million of borrowings recognised on acquisition of PFD (2021: $4 million of bank loans related to Endeavour Group which were transferred to liabilities held for distribution).

Significant Accounting Policies

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the Consolidated Statement of Profit or Loss over the period of the borrowings.

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 set written principles on 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 and such compliance is reviewed periodically by the Group's internal auditors.

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 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.

To hedge against the majority of this exposure, the Group uses approved derivatives to hedge up to 100% of the risk. The exposure to purchases of inventory 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. All foreign currency term borrowings are 100% hedged in this way.

Foreign currency exposures arising on translation of net investments in foreign subsidiaries are predominantly unhedged.

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	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
Cash flow hedges						
Forward exchange contracts	**1,911**	710	**94**	2	**(6)**	(19)
Foreign currency options	**–**	190	**–**	1	**–**	–
			94	3	**(6)**	(19)
Cross currency swaps						
European Medium Term Notes	**880**	–	**7**	–	**(15)**	–
Fair value hedges						
Interest rate swaps						
Medium Term Notes (Green Bond)	**400**	400	**–**	13	**(13)**	–
Domestic Medium Term Notes	**600**	600	**–**	10	**(93)**	(7)
Domestic Medium Term Notes	**350**	–	**–**	–	**(42)**	–
			–	23	**(148)**	(7)
Total			**101**	26	**(169)**	(26)

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 hedging anticipated purchases of inventory and equipment is $88 million (2021: $16 million unrealised loss).

The hedge relationships are all assessed as highly effective with insignificant hedge ineffectiveness and the gain of $88 million has been recognised in the hedge reserve (2021: $16 million loss).

The weighted average exchange rates hedged by outstanding forward exchange contracts and foreign currency options are AUD/USD: 0.73 (2021: 0.73) and AUD/EUR: 0.64 (2021: 0.63).

Cross currency swaps

At the reporting date, cross currency swaps have a net unrealised loss of $8 million (2021: nil), of which $41 million is attributable to an unrealised loss on the foreign exchange component (2021: nil) and $33 million is attributable to an unrealised gain on the interest rate component (2021: nil).

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 gain of $33 million attributable to the interest rate component has been recognised in the cash flow hedge reserve (2021: nil) at the reporting date, with insignificant hedge ineffectiveness.

The movement in the recognised loss attributable to the foreign exchange component of $41 million (2021: nil) 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, there were no interest rate swaps designated in a cash flow hedge relationship.

Interest rate swaps – fair value hedges

At the reporting date, interest rate swaps designated as fair value hedges have an unrealised loss of $148 million (2021: $16 million unrealised gain). These interest rate swaps are designated to be in a 100% hedge relationship against the identified exposure, and the movement in the unrealised loss of $164 million has been recognised in the Consolidated Statement of Profit or Loss (2021: $4 million gain), offsetting the movement in the fair value of the hedged item.
The weighted average interest rate hedged is BBSW + 1.01% (2021: BBSW + 1.20%).

4.7 Financial risk management (continued)

(IV) CASH FLOW HEDGE RESERVE

The table below details the movements in the cash flow hedge reserve during the period:

	2022 $M	2021 $M
Balance at start of period	**(13)**	(38)
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges:		
Forward exchange contracts and foreign currency options	**85**	(23)
Cross currency swaps	**33**	(19)
Interest rate swaps	**–**	31
Income tax related to gains recognised in other comprehensive income	**(33)**	3
	85	(8)
Transfers to initial carrying amount of hedged items:		
Forward exchange contracts and foreign currency options	**19**	46
Income tax related to amounts transferred to initial carrying amount of hedged items	**(6)**	(13)
	13	33
Balance at end of period	**85**	(13)

(V) SENSITIVITY ANALYSIS

At the reporting date, 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, is not considered material.

(VI) POWER PURCHASE AGREEMENT

The Group entered into a power purchase agreement (PPA) in May 2021 for a period of 10 years commencing January 2022. However, due to delays in construction, the commencement of the PPA was deferred until July 2022.

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. Similarly, 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 the possibility that unusually large amounts may fall due for payment, there is an interruption to cash inflows due to technology incidents or banking system interruption, or there is 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.

4.7 Financial risk management (continued)

At the reporting date, the Group has total undrawn committed facilities of $2,460 million (2021: $2,100 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 3.3.2.

2022	MATURITY ANALYSIS OF FINANCIAL LIABILITIES				
	ONE YEAR OR LESS $M	ONE TO TWO YEARS $M	TWO TO FIVE YEARS $M	OVER FIVE YEARS $M	TOTAL $M
Non-derivative liabilities					
Borrowings (floating)	**(380)**	**(472)**	**(754)**	**–**	**(1,606)**
Borrowings (fixed)	**(55)**	**(455)**	**(516)**	**(2,284)**	**(3,310)**
Trade and other payables[1]	**(6,566)**	**–**	**–**	**–**	**(6,566)**
	(7,001)	**(927)**	**(1,270)**	**(2,284)**	**(11,482)**
Derivative assets and liabilities					
Net foreign exchange contracts	**86**	**(7)**	**–**	**–**	**79**
Net pay cross currency swaps	**(16)**	**(16)**	**(48)**	**(23)**	**(103)**
Net receive interest rate swaps[2]	**9**	**9**	**14**	**11**	**43**
Put options over non-controlling interests	**(76)**	**–**	**(587)**	**–**	**(663)**
	3	**(14)**	**(621)**	**(12)**	**(644)**
Total	**(6,998)**	**(941)**	**(1,891)**	**(2,296)**	**(12,126)**

2021	MATURITY ANALYSIS OF FINANCIAL LIABILITIES				
	ONE YEAR OR LESS $M	ONE TO TWO YEARS $M	TWO TO FIVE YEARS $M	OVER FIVE YEARS $M	TOTAL $M
Non-derivative liabilities					
Borrowings (floating)	(135)	(363)	(524)	(504)	(1,526)
Borrowings (fixed)	(36)	(36)	(877)	(667)	(1,616)
Trade and other payables[1]	(6,103)	–	–	–	(6,103)
	(6,274)	(399)	(1,401)	(1,171)	(9,245)
Derivative assets and liabilities					
Net foreign exchange contracts	(20)	–	–	–	(20)
Net receive interest rate swaps[2]	16	16	35	38	105
Put option over non-controlling interest	–	–	(409)	–	(409)
	(4)	16	(374)	38	(324)
Total	(6,278)	(383)	(1,775)	(1,133)	(9,569)

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 short-term surplus funds or execute derivatives with approved 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 which are deliverable, 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. The following table provides information about how the fair values of these financial assets and financial liabilities are determined. They are grouped into levels 1 to 3 based on the degree to which the fair value measurement inputs are observable. There were no transfers between level 1, level 2, or level 3 during the period.

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).

		FAIR VALUE ASSET		FAIR VALUE LIABILITY		
	NOTE	2022 $M	2021 $M	2022 $M	2021 $M	FAIR VALUE HIERARCHY
Forward exchange contracts and foreign currency options	4.7.1	**94**	3	**(6)**	(19)	Level 2
Cross currency, interest rate swaps and fair value hedges	4.7.1	**7**	23	**(163)**	(7)	Level 2
Convertible and SAFE notes	3.2	**11**	62	**–**	–	Level 2
Unlisted equity securities	3.2	**60**	33	**–**	–	Level 3
Put options over non-controlling interests	3.2	**–**	–	**(630)**	(390)	Level 3

LEVEL 3 MOVEMENTS

The movements in the unlisted equity securities and put options over non-controlling interests are as follows:

	UNLISTED EQUITY SECURITIES		PUT OPTIONS OVER NON-CONTROLLING INTERESTS	
	2022 $M	2021 $M	2022 $M	2021 $M
Balance at start of the period	**33**	10	**(390)**	–
Additions	**8**	11	**(411)**	(390)
Interest unwind	**–**	–	**(13)**	–
Revaluation	**19**	12	**164**	–
Early acquisition of additional shares[1]	**–**	–	**20**	–
Balance at end of the period	**60**	33	**(630)**	(390)

1 Relates to the early acquisition of Quantium shares.

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 instruments 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 rates as at the end of the reporting period and the contract rates, discounted at a rate that reflects the credit risk of the various respective counterparties;
- 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 options 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

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 value of unlisted equity securities.

Put options over non-controlling interests

For the fair value of put options over non-controlling interests, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have resulted in the following valuations:

2022 ($M)		CHANGE IN REVENUE[1]				
		-2%	-1%	0%	1%	2%
CHANGE IN EBITDA MARGIN	-2%	(591)	(599)	(608)	(617)	(626)
	-1%	(603)	(611)	(620)	(629)	(638)
	0%	(613)	(622)	(630)	(640)	(649)
	1%	(624)	(632)	(641)	(651)	(660)
	2%	(634)	(643)	(652)	(662)	(672)

1 Change in revenue growth only applies to the Quantium put option liability.

4.7 Financial risk management (continued)

Significant Accounting Policies

Derivatives

Derivatives are initially recognised at fair value. Subsequently, at each reporting date, the derivative is 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 subsidiary

This section presents information about material acquisitions that occurred during the period, including the assets acquired and liabilities assumed, consideration transferred, and goodwill arising from the acquisition.

On 28 June 2021, the Group acquired a 65% equity interest in PFD Food Services Pty Ltd (PFD). This resulted in the Group gaining control of PFD for a total consideration of $438 million. In addition, PFD minority shareholders have a put option and the Group has an equivalent call option over the remaining 35% of the shares in PFD which is exercisable after three years from the acquisition date.

PFD delivers a range of dry goods, frozen and chilled products, fresh seafood and meat, confectionery, paper products, and cleaning products. PFD has a broad and diverse range of customers, including pubs and clubs, cafés, airlines, hotels, restaurants, aged care and retirement villages, resorts and theme parks, convenience outlets, venue and field caterers, quick service restaurants, schools and kindergartens, and sporting, child care and correctional facilities.

The investment supports the Group's Food and Everyday Needs Ecosystem strategy and will continue to unlock synergies for both businesses across the combined network and fleet. For the Group, it will enhance store range localisation and provide fleet synergies through better route and capacity optimisation across the combined network. The Group will help to support PFD's growth through access to the Group's logistics, digital and data analytics, and operational capabilities.

5.1.1 Identifiable assets acquired and liabilities assumed

During the period, the Group finalised its acquisition accounting for PFD and no material adjustments to the amounts initially recognised were made. The following table summarises the recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition, including the fair value of PFD's intangible assets.

	$M
Assets	
Cash and cash equivalents	**45**
Trade and other receivables [1]	**152**
Inventories	**127**
Lease assets	**369**
Property, plant and equipment	**47**
Intangible assets [2]	**215**
Deferred tax assets	**21**
Total assets	**976**
Liabilities	
Trade and other payables	**271**
Lease liabilities	**369**
Provisions	**47**
Borrowings	**89**
Deferred tax liabilities	**71**
Total liabilities	**847**
Total identifiable net assets acquired	**129**

1 Trade and other receivables include trade receivables which comprises gross contractual amounts due of $133 million, of which $4 million has a loss allowance recognised against it at acquisition date.

2 Intangible assets include customer contracts of $168 million, brand names of $43 million and software of $4 million, which were recognised on acquisition date. Customer contracts are being amortised on a straight-line basis over the estimated average life of the contracts, while brand names are indefinite life intangible assets and are subject to annual impairment testing.

5.1 Acquisition of subsidiary (continued)

GOODWILL

Goodwill arising from the acquisition has been recognised as follows:

	$M
Consideration	438
Non-controlling interest [1]	45
Less: Fair value of identifiable net assets acquired	(129)
Goodwill	354

1 Based on the non-controlling interest's proportion of the fair value of identifiable net assets of PFD.

The goodwill is attributable mainly to the skills and technical talent of PFD's workforce, the benefits from the inclusion of PFD in the Food and Everyday Needs Ecosystem, and intangible assets that do not qualify for separate recognition. None of the goodwill recognised is expected to be deductible for tax purposes.

PUT OPTION

The Group has a put option liability over the remaining 35% of the shares in PFD, which is expected to be exercised after 30 June 2024. On acquisition, a put option liability of $411 million was recognised, representing 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.

At each reporting period, the amount expected to be paid at the time of exercise is reassessed with reference to the key terms of the shareholders agreement and the business outlook. Refer to Note 4.7.4 fair value measurement of financial instruments for further details.

Significant Accounting Policies

Business combinations

The Group accounts for acquisitions of businesses using the acquisition method. The consideration transferred in a business combination is measured at fair value, as are the identifiable net assets acquired. 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. Any goodwill that arises is tested annually for impairment in accordance with the policy adopted for non-financial assets in Note 3.8. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about the facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

5.2 Discontinued operations

This section presents the results of discontinued operations and the gain recognised on demerger of Endeavour Group.

5.2.1 Demerger of Endeavour Group

On 28 June 2021, the Group lost control of Endeavour Group and a gain of $6,387 million was recognised within discontinued operations. Accounting for the demerger transaction is guided by AASB Interpretation 17 *Distributions of Non-cash Assets to Owners*. The demerger accounting at the date when control was lost is set out below:

	$M
Derecognition of assets held for distribution, excluding cash	**(10,327)**
Derecognition of cash held for distribution	**(437)**
Derecognition of liabilities associated with assets held for distribution	**5,231**
Derecognition of demerger distribution liability	**7,870**
Derecognition of non-controlling interest share of Endeavour Group's net assets	**282**
Recognition of intercompany loan receivable[1]	**1,712**
Recognition of the retained investment in Endeavour Group at fair value	**1,623**
Recognition of leases for BWS stores attached to Woolworths Supermarkets or Metro Food Stores	**350**
Other	**83**
Gain on demerger	**6,387**

1 Effective from the separation date of 28 June 2021, Endeavour Group repaid $1,712 million of intercompany loans.

5.2.2 Results of discontinued operations

The results of discontinued operations during the period are set out below:

	2022 $M	2021 $M
Revenue from the sale of goods and services	–	11,584
Other revenue	–	33
Expenses	–	(10,718)
Earnings before interest and tax	–	899
Finance costs	–	(159)
Profit before income tax	–	740
Income tax expense	–	(207)
Profit for the period, after tax	–	533
Gain on demerger	**6,387**	–
Profit for the period from discontinued operations	**6,387**	533

5.2.3 Cash flows from/(used in) discontinued operations

The condensed cash flows from/(used in) discontinued operations during the period are set out below:

	2022 $M	2021 $M
Net cash inflow from operating activities	–	1,114
Net cash outflow from investing activities	–	(318)
Net cash outflow from financing activities	–	(734)
Net increase in cash and cash equivalents	–	62

5.3 Subsidiaries

The following section presents information relating to the Group's subsidiaries, including wholly owned subsidiaries and non-wholly owned subsidiaries that have material non-controlling interests.

5.3.1 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.

(I) PARTIES TO THE DEED

COMPANY	
ACN 001 259 301 Pty Limited	Hydrogen Nominees Pty. Ltd
Advantage Supermarkets Pty Ltd	Hydrox Brands Pty Ltd
Advantage Supermarkets WA Pty Ltd	Jack Butler & Staff Pty. Ltd.
Andmist Pty. Limited	Josona Pty Ltd
Australian Grocery Wholesalers Pty Limited	Kiaora Lands Pty Limited
Australian Independent Retailers Pty Ltd	Leasehold Investments Pty Ltd
Australian Safeway Stores Pty. Ltd.	Macro Wholefoods Company Pty Limited
Barjok Pty Ltd	Masters Installation Pty Limited
Calvartan Pty. Limited	Metro 60 Pty Limited[1]
Cartology Pty Limited	Nalos Pty Ltd
Cenijade Pty. Limited	Oxygen Nominees Pty. Ltd.
Charmtex Pty Ltd	PEH (NZ IP) Pty Ltd
DB Deals Online Pty Limited	Philip Leong Stores Pty Limited
Dentra Pty. Limited	Primary Connect International Pty Limited
Drumstar Pty Ltd	Progressive Enterprises Holdings Limited
Drystone Pty Ltd	QFD Pty. Limited
Fabcot Pty Ltd	Queensland Property Investments Pty Ltd
Fabsky Pty Ltd	Universal Wholesalers Pty Limited
Gembond Pty. Limited	Vincentia Nominees Pty Ltd
Grand Horizons Pty Ltd[1]	W23 Pty Limited
GreenGrocer.com.au Pty Ltd	W23 Incubator Pty Limited
Grocery Wholesalers Pty Ltd	W23 Investments Pty Limited
HealthyLife Company Pty Limited	W23 Investments 4 Pty Limited
HP Distribution Pty Limited	W23 Ventures Pty Limited

1 These wholly-owned subsidiaries became a party to the Deed by way of an Assumption Deed on 22 June 2022.

5.3 Subsidiaries (continued)

COMPANY	
W360 R&D Pty Limited	Woolworths Australian Communities Foundation Pty Limited
Weetah Pty. Limited	Woolworths Custodian Pty Ltd
WGP No 1 Pty Limited	Woolworths Executive Superannuation Scheme Pty Limited
WGP No 2 Pty Limited	Woolworths Format Development Pty Limited
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	Woolworths Management Pty Ltd
Woolworths (Q'land) Pty Limited	Woolworths Marketplace Pty Limited
Woolworths (R & D) Pty Limited	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

A Statement of Profit or Loss and retained earnings, and Statement of Financial Position for the entities which are party to the Deed at the reporting date are as follows:

	2022 $M	2021 $M
Continuing operations		
Revenue from the sale of goods and services	**50,999**	48,713
Cost of sales	**(35,501)**	(34,290)
Gross profit	**15,498**	14,423
Other revenue	**7,272**	379
Branch expenses	**(8,993)**	(8,799)
Administration expenses	**(4,585)**	(3,721)
Earnings before interest and tax	**9,192**	2,282
Finance income	**(512)**	(11)
Profit before income tax	**8,680**	2,271
Income tax expense	**(461)**	(527)
Profit for the period	**8,219**	1,744

RETAINED EARNINGS	2022 $M	2021 $M
Balance at start of period	**1,617**	1,162
Profit for the period[1]	**8,219**	1,744
Dividends paid	**(1,170)**	(1,277)
Actuarial gain/(loss) on defined benefit superannuation plans, net of tax	**1**	(12)
Share buy-back	**(1,750)**	–
Demerger of Endeavour Group	**43**	–
Balance at end of period	**6,960**	1,617

1 Profit for the period includes the gain on demerger of $6,387 million.

5.3 Subsidiaries (continued)

	2022 $M	2021 $M
Current assets		
Cash and cash equivalents	**762**	819
Trade and other receivables	**713**	2,323
Inventories	**2,941**	2,695
Other financial assets	**101**	18
Other current assets	**47**	57
	4,564	5,912
Assets held for sale	**174**	185
Total current assets	**4,738**	6,097
Non-current assets		
Trade and other receivables	**891**	1,209
Other financial assets	**2,626**	4,286
Lease assets	**8,252**	8,022
Property, plant and equipment	**7,092**	6,392
Intangible assets	**2,024**	1,664
Investments accounted for using the equity method	**1,692**	30
Deferred tax assets	**1,385**	1,391
Other non-current assets	**413**	451
Total non-current assets	**24,375**	23,445
Total assets	**29,113**	29,542
Current liabilities		
Trade and other payables	**6,493**	5,563
Lease liabilities	**1,327**	1,300
Borrowings	**345**	119
Current tax payable	**(9)**	204
Other financial liabilities	**109**	165
Provisions	**1,458**	1,357
Other current liabilities	**–**	7,870
Total current liabilities	**9,723**	16,578
Non-current liabilities		
Lease liabilities	**9,259**	9,306
Borrowings	**3,820**	2,753
Other financial liabilities	**690**	251
Provisions	**831**	786
Other non-current liabilities	**45**	51
Total non-current liabilities	**14,645**	13,147
Total liabilities	**24,368**	29,725
Net assets[1]	**4,745**	(183)
Equity		
Contributed equity	**5,207**	5,253
Reserves	**(7,422)**	(7,053)
Retained earnings	**6,960**	1,617
Total equity	**4,745**	(183)

1 In the prior year, the Closed Group was in a net liability position due to the recognition of the Endeavour Group demerger distribution liability of $7,870 million. This net liability position was reversed in the current year as the Closed Group recognised a gain on demerger of $6,387 million. Refer to Note 5.2 for further details.

5.3 Subsidiaries (continued)

5.3.2 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

5.3.3 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 2022 %	2021 %
PFD Food Services Pty Limited	Australia	**35.0**	n/a
The Quantium Group Holdings Pty Limited	Australia	**22.4**	25.0

The movement in non-controlling interests is as follows:

2022	ENDEAVOUR GROUP LIMITED $M	THE QUANTIUM GROUP HOLDINGS PTY LIMITED $M	PFD FOOD SERVICES PTY LIMITED $M	INDIVIDUALLY IMMATERIAL SUBSIDIARIES $M	TOTAL NON-CONTROLLING INTERESTS $M
Balance at start of period	**282**	**55**	**–**	**23**	**360**
Profit for the period	**–**	**6**	**4**	**–**	**10**
Total comprehensive income for the period, net of tax	**–**	**6**	**4**	**–**	**10**
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)**
Balance at end of period	**–**	**52**	**49**	**23**	**124**

2021	ENDEAVOUR GROUP LIMITED $M	THE QUANTIUM GROUP HOLDINGS PTY LIMITED $M	INDIVIDUALLY IMMATERIAL SUBSIDIARIES $M	TOTAL NON-CONTROLLING INTERESTS $M
Balance at start of period	259	–	31	290
Profit for the period	65	(1)	1	65
Other comprehensive loss for the period, net of tax	(2)	–	–	(2)
Total comprehensive income for the period, net of tax	63	(1)	1	63
Dividends paid	(41)	–	(9)	(50)
Recognition of non-controlling interest from acquisition of subsidiary	–	56	–	56
Share-based payments expense	1	–	–	1
Balance at end of period	282	55	23	360

5.3 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 LIMITED	THE QUANTIUM GROUP HOLDINGS PTY LIMITED	
	2022 $M	2022 $M	2021 $M
Current assets	**394**	**125**	110
Non-current assets	**587**	**236**	246
Current liabilities	**401**	**85**	83
Non-current liabilities	**431**	**104**	113
Net cash (outflow)/inflow	**(4)**	**(13)**	17

5.4 Parent entity information

This section presents the stand-alone financial information of Woolworths Group Limited.

	2022 $M	2021 $M
Assets		
Current assets	**4,195**	5,621
Non-current assets	**29,256**	20,840
Total assets	**33,451**	26,461
Liabilities		
Current liabilities	**15,410**	16,229
Non-current liabilities	**14,885**	12,830
Total liabilities	**30,295**	29,059
Net assets	**3,156**	(2,598)
Equity		
Contributed equity	**5,207**	5,253
Reserves		
Hedging reserve	**80**	(13)
Remuneration reserve	**220**	249
Equity instrument reserve	**2**	43
Demerger reserve	**(6,966)**	(6,966)
Other reserve	**(801)**	(390)
Retained earnings		
Profit reserve	**7,418**	1,230
Loss reserve	**(2,004)**	(2,004)
Total equity[1]	**3,156**	(2,598)

	2022 $M	2021 $M
Profit for the period	**9,064**	1,238
Other comprehensive income for the period, net of tax	**94**	14
Total comprehensive income for the period	**9,158**	1,252

1 In the prior year, the parent entity was in a negative equity position due to the recognition of the Endeavour Group demerger distribution liability of $7,870 million. This negative equity position was reversed in the current year as the parent entity recognised a gain on demerger. Refer to Note 5.2 for further details.

5.4 Parent entity information (continued)

RETAINED EARNINGS	2022 $M	2021 $M
Balance at start of period	**(774)**	(723)
Profit for the period	**9,064**	1,238
Dividends paid (refer to Note 4.2)	**(1,170)**	(1,277)
Actuarial gain/(loss) on defined benefit superannuation plans, net of tax	**1**	(12)
Share buy-back	**(1,750)**	–
Demerger of Endeavour Group	**43**	–
Balance at end of period	**5,414**	(774)

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 5.3.1. 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

	2022 $M	2021 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**672**	441
Later than one year, not later than two years	**246**	1
Later than two years, not later than five years	**159**	–
	1,077	442

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 adopted for non-financial assets in Note 3.8. 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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

5.5 Related parties

This section outlines the Group's transactions with its related parties, such as its subsidiaries, Key Management Personnel, and material associates.

5.5.1 Transactions within the Group

During the reporting period and previous reporting periods, 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.

5.5.2 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:

	2022 $	2021 $
Short-term employee benefits	**10,270,422**	12,149,747
Post employment benefits	**291,505**	197,807
Other long-term benefits	**123,141**	82,043
Share-based payments	**7,952,883**	8,825,971
	18,637,951	21,255,568

5.5.3 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 has 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. The provision of these goods and services were eliminated on consolidation prior to the demerger of Endeavour Group. However, from the date that control was lost on 28 June 2021, these transactions are disclosed as related party transactions.

In certain circumstances, the Group settles liabilities with third parties on behalf of Endeavour Group and subsequently recovers these costs directly from Endeavour. As a result, these transactions have not been disclosed as related party transactions. However, balances that remain unsettled with Endeavour Group at the reporting date, including amounts relating to third-party cost recoveries, are disclosed as related party receivables. During the period, the Group entered into the following transactions with its material associate, Endeavour Group and the amounts outstanding as at 26 June 2022 are as follows:

	2022 $M
Revenue from the sale of goods and services	**506**
Other revenue	**86**
Purchase of goods and services	**(21)**
Amounts receivable from Endeavour Group[1]	**392**
Amounts payable to Endeavour Group[2]	**(106)**

1 Includes $310 million of lease receivables relating to leases for BWS stores attached to Woolworths Supermarkets or Metro Food Stores.
2 Includes $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 $628 million for self-insured risks (2021: $591 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 Employee benefits

This section presents the Group's benefits provided to its employees, including remuneration, superannuation, share schemes, and retirement plans.

6.2.1 Employee benefits expense from continuing operations

	2022 $M	2021 $M
Remuneration and on-costs	**8,812**	7,742
Superannuation expense	**687**	587
Share-based payments expense	**139**	93
	9,638	8,422

6.2.2 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.

6.2 Employee benefits (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)[1] WEIGHTING (%)	RELATIVE TOTAL SHAREHOLDER RETURN (TSR)[1] HURDLE/ RANGE (PERCENTILE)	SALES PER TRADING SQUARE METRE (SQM)/ REPUTATION[2] WEIGHTING (%)	RETURN ON FUNDS EMPLOYED (ROFE)[2] WEIGHTING (%)
F20 and F21[3]	Three	33.34	50th – 75th	33.33	33.33
F22[4]	Three	40.00	50th – 75th	20.00	40.00

1 At the end of the prior period, 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 F20 and F21 LTI plans.
2 Hurdle/range not published for 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.
3 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% respectively.
4 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 LTI plan 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.

	2022 F22 WISP	2021 F21 WISP
Grant date[1]	**1 Jul 2021**	1 Jul 2020
Performance period start date	**1 Jul 2021**	1 Jul 2020
Exercise date	**1 Jul 2024**	1 Jul 2023
Expected volatility[2]	**17.0%**	21.0%
Expected dividend yield	**4.0%**	4.0%
Risk-free interest rate	**0.2%**	0.3%
Weighted average fair value at grant date	**$31.70**	$31.62

1 Grant date represents the date on which there is a shared understanding of the terms and conditions of the arrangement.
2 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 F20, F21 and F22 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 Employee benefits (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:

	2022 NO. OF RIGHTS	2021 NO. OF RIGHTS
Outstanding at start of period	**11,873,338**	11,720,305
Granted during the period	**5,125,637**	4,733,490
Vested during the period	**(3,707,696)**	(3,963,884)
Lapsed during the period	**(1,365,400)**	(2,222,323)
Adjustments during the period[1]	**–**	1,605,750
Outstanding at end of period	**11,925,879**	11,873,338

1 At the end of the prior period, the demerger of Endeavour Group had an impact on the operation of the Group's share plans, specifically where team members were holding unvested performance rights which were not entitled to receive Endeavour Group shares upon demerger. The impact of this was a loss of award value due to the Group's share price resetting lower on 24 June 2021 to reflect the demerger of Endeavour Group which was implemented on 1 July 2021. To maintain the integrity of the Group's share plans, underlying unvested awards were adjusted, increasing the number of performance rights using a standard formula that has been applied in other comparable demerger situations.

Share-based payments expense for the period for the Group and from continuing operations was $139,325,271 (2021: $102,797,905 for the Group, including $93,001,705 from continuing operations and $9,796,200 from discontinued operations).

Significant Accounting Policies

Employee benefits expense

Employee benefits expense includes remuneration and on-costs, superannuation expense and share-based payments 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 3.11 for further details.

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 (e.g. TSR) is calculated at the date of grant 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 (e.g. SQM, reputation, and ROFE), 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 as a result of non-market based vesting conditions. Any change in original estimates is recognised in profit or loss with a corresponding adjustment to reserves.

6.2 Employee benefits (continued)

6.2.3 Share schemes

The total shares purchased during the year were 3,874,029 (2021: 4,385,989) at an average price per share of $35.28, following the Endeavour demerger (2021: $42.90) 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.

6.2.4 Retirement plans

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:

	2022 %	2021 %
Discount rate	**4.3**	2.4
Expected rate of salary increase	**3.0**	2.5
Rate of price inflation	**2.6**	2.0

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 (2021: 6.1 years) which relates wholly to active participants.

6.2 Employee benefits (continued)

(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:

	2022 %	2021 %
Equity instruments	**59**	54
Debt instruments	**16**	18
Real estate	**12**	8
Cash and cash equivalents	**3**	3
Other	**10**	17
Total	**100**	100

(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	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
Balance at start of period	**289**	281	**(335)**	(319)	**(46)**	(38)
Recognised in Consolidated Statement of Profit or Loss:						
Current service cost	**–**	–	**(5)**	(6)	**(5)**	(6)
Finance income/(costs)	**7**	9	**(8)**	(10)	**(1)**	(1)
Contributions by plan participants	**2**	3	**(2)**	(3)	**–**	–
Total amount included in branch expenses	**9**	12	**(15)**	(19)	**(6)**	(7)
Recognised in the Consolidated Statement of Other Comprehensive Income:						
(Loss)/return on plan assets	**(21)**	40	**–**	–	**(21)**	40
Actuarial gain/(loss)	**–**	–	**22**	(56)	**22**	(56)
Total amount recognised in other comprehensive income, before tax	**(21)**	40	**22**	(56)	**1**	(16)
Other movements:						
Benefits paid	**(37)**	(41)	**37**	41	**–**	–
Contributions by employer	**13**	12	**–**	–	**13**	12
Administration costs and taxes	**(3)**	(3)	**3**	3	**–**	–
Transfer of Endeavour Group's liabilities to held for distribution	**–**	(12)	**–**	15	**–**	3
Balance at end of period	**250**	289	**(288)**	(335)	**(38)**	(46)

6.2 Employee benefits (continued)

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 $681 million (2021: $580 million).

Significant Accounting Policies

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.

Defined contribution plans

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

6.3 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:

	2022 $'000	2021 $'000
Deloitte and related network firms		
Audit or review of the financial report		
Group	**1,970**	1,729
Subsidiaries[1]	**1,407**	2,713
Total audit or review of the financial reports	**3,377**	4,442
Statutory assurance services required by legislation to be provided by the auditor	**40**	40
Other assurance and agreed-upon procedures under other legislation or contractual agreements[2]	**382**	613
Other services:		
Tax compliance services	**117**	159
Consulting services[3]	**811**	371
Other non-assurance services	**8**	6
Total other services	**936**	536
	4,735	5,631

1 In the prior period, the audit or review of the financial report for subsidiaries included $1,755,000 in fees relating to the audit of Endeavour Group which has since been separated from the Group.
2 In the current period, other assurance and agreed upon procedures mainly includes $157,000 relating to the review of the Sustainability Report (2021: $255,000 relating to assurance services with respect to the Endeavour Group demerger, and $133,000 in relation to the review of the Sustainability Report).
3 In the current period, consulting services mainly includes enterprise monitoring services of $587,000 (2021: cyber security services of $352,000).

6.4 Subsequent events

This section outlines events which have occurred between the reporting date and the date the Financial Report is authorised for issue.

Acquisition of MyDeal

On 12 August 2022, the Australian Competition and Consumer Commission (ACCC) announced that it would not oppose the Group's proposed acquisition of 80.2% of the issued shares of ASX-listed online marketplace, MyDeal.com.au Limited (MyDeal), by way of a scheme of arrangement for cash consideration of approximately $218 million. This is based on consideration of $1.05 per share and the current shares on issue of 258,827,306. MyDeal is one of Australia's leading online marketplaces and the investment will enhance the Group's marketplace capabilities, particularly in furniture, homewares, and other bulky goods. The transaction is conditional on the approval of MyDeal shareholders, with completion expected to occur by the end of the calendar year 2022.

Acquisition of Shopper

On 18 July 2022, the Group announced the proposed acquisition of 100% of Shopper Media Group (Shopper) for cash consideration of approximately $150 million. Shopper is a leading Australian digital out of home media company, offering targeted shopper advertising through a national screen network of more than 2,000 screens in over 400 shopping centres. The acquisition of Shopper will further unlock the growth potential of Cartology, the Group's retail media business and is subject to ACCC approval, with completion expected to occur by the end of the calendar year 2022.

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 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 5.3 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.

Gordon Cairns
Chair

Brad Banducci
Managing Director and Chief Executive Officer

25 August 2022

Independent Auditor's Report

Deloitte.

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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 26 June 2022, 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:

(i) giving a true and fair view of the Group's financial position as at 26 June 2022 and of its financial performance for the 52-week period then ended; and

(ii) 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.

Independent Auditor's Report

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 of 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
Pay remediation As disclosed in Notes 1.4 and 3.11, the Group identified that certain team members were not paid in full compliance with the Group's obligations under relevant industrial awards or Enterprise Agreements (EAs). At 26 June 2022, the Group has estimated provisions to remediate payment shortfalls associated with the current and prior years, including interest and other associated costs, of $291 million for both salaried team members and hourly paid team members. Included in the $291 million provision is $201 million of remediation costs recognised in the current year relating to predominantly hourly paid team members employed pursuant to the Woolworths Supermarkets, Metro and BIG W EAs. The provision calculation is based on a significant volume of historical data from a number of different sources, involves a high degree of complexity, interpretation, judgement, estimation and remains subject to further analysis. As a result, we consider this is a key audit matter.	In conjunction with our payroll specialists, our procedures included but were not limited to: • Obtaining an understanding through inquiry and review of the methodology adopted by the Group to determine their best estimate of the provision and the key areas of judgement applied in determining the provision. • Evaluating the competence, capabilities and objectivity of the Group's external experts used to assist management in the calculation of the provision and the interpretation of the Supermarkets, Metro and BIG W EAs. • Obtaining and critically evaluating the data and key assumptions used by management and their experts in developing the provision, including the period over which the pay remediation provisions are required. • Assessing the appropriateness of the models used, including the key assumptions therein, and the statistical methods used. • On a sample basis, recalculating the remediation estimate for selected team members and evaluating the results. • Assessing the appropriateness of the accounting and the disclosures included in Note 1.4 and Note 3.11.
IT Systems The IT systems across the Group are complex and there are varying levels of integration. These systems are vital to the ongoing operations of the business and to the integrity of the financial reporting process and as a result, the assessment of IT systems forms a key component of our external audit and is considered a key audit matter.	In conjunction with our IT specialists, our procedures included but were not limited to: • Developing an understanding of the IT environment and the identification of key financial systems and processes. • Testing the design and implementation of the key IT controls of relevant financial reporting systems and processes of the Group. • Responding to deficiencies identified by designing and performing additional procedures which included the identification and testing of compensating controls and varying the nature, timing and extent of the substantive procedures performed.

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 26 June 2022 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 accordingly 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.

Directors' Responsibilities 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 have 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 management and 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 audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

Auditor’s Responsibilities for the Audit of the Financial Report *(continued)*

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.

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 70 to 93 of the Directors’ Report for the 52-week period ended 26 June 2022.

In our opinion, the Remuneration Report of Woolworths Group Limited, for the 52-week period ended 26 June 2022, 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

DELOITTE TOUCHE TOHMATSU

Tom Imbesi	**Taralyn Elliott**
Partner	Partner
Chartered Accountants	Chartered Accountants
Sydney, 25 August 2022	Sydney, 25 August 2022

Shareholder information (as at 1 August 2022)

The shareholder information set out below was applicable as at 1 August 2022.

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	254,387	7.00
1,001–5,000	105,151	18.52
5,001–10,000	10,157	5.84
10,001–100,000	4,490	7.13
100,001 and over	90	61.52
Total	**374,275**	**100.00**

All shares above are fully paid ordinary shares. Each fully paid ordinary share carries one voting right.

There were 9,128 holders of less than a marketable parcel of shares based on the closing market price on 1 August 2022 of $38.17.

Top 20 largest shareholders

	NAME	NUMBER OF SHARES	PERCENTAGE OF ISSUED CAPITAL
1	HSBC Custody Nominees (Australia) Limited	286,771,727	23.62
2	JP Morgan Nominees Australia Pty Limited	195,158,965	16.08
3	Citicorp Nominees Pty Limited	98,244,560	8.09
4	BNP Paribas Nominees Pty Ltd	72,630,107	5.98
5	National Nominees Limited	34,435,955	2.84
6	Pacific Custodians Pty Limited	8,451,111	0.70
7	Australian Foundation Investment Company Limited	7,174,718	0.59
8	Woolworths Custodian Pty Ltd	5,784,135	0.48
9	Netwealth Investments Limited	4,934,215	0.41
10	Custodial Services Limited	3,872,822	0.32
11	Argo Investments Limited	3,479,526	0.29
12	Australian Executor Trustees Limited	3,455,328	0.28
13	Washington H Soul Pattinson & Company Limited	2,936,973	0.24
14	Mutual Trust Pty Ltd	1,902,748	0.16
15	Navigator Australia Ltd	1,505,120	0.12
16	BKI Investment Company Limited Ltd	1,159,906	0.10
17	Nulis Nominees (Australia) Limited	1,080,484	0.09
18	Djerriwarrh Investments Limited	1,051,158	0.09
19	The Senior Master of the Supreme Court	959,970	0.08
20	BNP Paribas NOMS(NZ) Ltd	851,385	0.07

Shareholder information (as at 1 August 2022)

Substantial shareholders

As at 1 August 2022, 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

Shares held at date of percentage of shares

Unquoted equity securities

As at 1 August 2022, there were 11,426,692 rights over unissued ordinary shares.

Dividend

The final dividend of 53 cents per share is expected to be paid on or around 27 September 2022 to eligible shareholders. No discount will apply to the dividend reinvestment plan for the 2022 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

A copy of the Corporate Governance Statement can be found on our website. Visit www.woolworthsgroup.com.au

Shareholder calendar[1]

2022

SEPTEMBER	**1**	Record date for final dividend
	27	Payment date for final dividend
OCTOBER	**26**	Annual General Meeting
NOVEMBER	**3**	Announcement of first quarter sales results

2023

FEBRUARY	**22**	Announcement of 2023 half-year financial results
MARCH	**3**	Record date for interim dividend
APRIL	**13**	Payment date for interim dividend
MAY	**2**	Announcement of third quarter sales results
AUGUST	**23**	Announcement of 2023 full-year financial results

1 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
Head lease	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.
Commencement date and term	The term and further terms of each sublease align with the term and further terms under the relevant head lease, minus one day.
Option terms	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.
Occupancy costs	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.
Amenity	Endeavour must not do anything that would detract from the amenity of the supermarket premises or interfere with Woolworths' business.
Dealings	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.
Make good obligations	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

AGW	Australian Grocery Wholesalers
Cash realisation ratio (CRR)	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	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
Cost of doing business (CODB)	Expenses relating to the operation of the business
Customer fulfilment centre (CFC)	Dedicated online distribution centre
Delivery Unlimited	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
DC	Distribution centre
Direct to boot	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
eStore	Dedicated store for the fulfilment of online orders sometimes incorporating automation
Everyday Market	An integrated online marketplace that allows customers to shop products from other Woolworths Group brands and partners alongside their groceries
Funds employed	Net assets employed, excluding net tax balances
MSRDC	Melbourne South Regional Distribution Centre
Net assets employed	Net assets, excluding net debt and put option liabilities over non-controlling interests
Net cash flow	Cash flow generated by the Woolworths Group after equity related financing activities including dividends, repayment of lease liabilities and proceeds from related party
Net Promoter Score (NPS)	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)
n.m	Not meaningful
PC3	Primary Connect third-party logistics
Pick up	A service which enables collection of online shopping orders in store or at selected locations
PPE	Personal protective equipment
Renewal	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)

Glossary

GLOSSARY

Return on Funds Employed (ROFE)	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
RT3	A new team rostering and store standards solution in Woolworths Supermarkets (Right team, right task, right time)
Sales per square metre	Total sales for the previous 12 months by business divided by average trading area of stores and fulfilment centres
SIW	Statewide Independent Wholesalers
TCFD	Task Force on Climate-Related Financial Disclosures
Total net debt	Borrowings less cash balances, including debt hedging derivatives and lease liabilities
TRIFR	Total recordable injury frequency rate
Two-year/three-year average comparable sales growth	Simple average of the current period and prior period comparable sales growth
Voice of Customer (VOC)	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
VOC NPS	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)
Voice of Supplier (VOS)	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

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Five Year Summary

The Five Year Summary is available on the Woolworths Group website.

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