

23 February 2022

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

Half-Year Results Announcement

Attached for release to the market is the Half-Year Results Announcement for the period ended 2 January 2022.

Authorised by: Kate Eastoe, Group Company Secretary

For further information contact

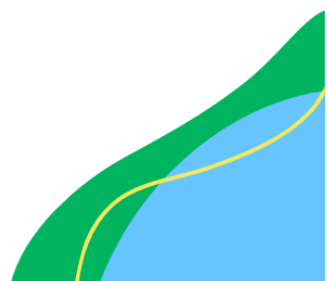
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F22 Half-Year Profit and Dividend Announcement



For the 27 weeks ended 2 January 2022



Group Sales

\$31,894m

▲8.0% 1YR, ▲9.3% 2YR²



eCommerce Sales

\$3,487m

▲48% 1YR, ▲69% 2YR²



Group EBIT¹

\$1,382m

▼11.0% 1YR, ▲1.9% 2YR¹



Group NPAT¹

\$795m

▼6.5% 1YR, ▲6.8% 2YR¹



Dividend per Share

39c

▼26.4%, ▼2.5%¹

Strong Christmas performance, focused on a more consistent operating rhythm in H2

Woolworths Group CEO, Brad Banducci, said: "While the far-reaching impacts of COVID resulted in one of the most challenging halves we have experienced, we ended H1 strongly with positive trading momentum and helped our customers enjoy a much-needed Christmas celebration and festive holiday season. Omicron created new challenges in early January with a record number of team members isolating and material supply chain and stock flow issues. However, having learned from the Delta outbreak, we responded with agility and are gradually moving into a more consistent operating rhythm."

"Group sales² grew strongly in H22, increasing by 8.0% (2-yr CAGR: 9.3%). Excluding PFD and Quantum, sales increased by 4.2%. Group EBIT¹ declined by 11.0% (2-yr CAGR: +1.9%) reflecting the challenging operating environment in Australian Food which led to higher direct and indirect COVID-related costs and BIG W store closures. Group NPAT¹ declined by 6.5% (2-yr CAGR: +6.8%)."

"While the focus during the half was firmly on our customers, team, and the broader community, we made good progress on our strategic agenda by selectively investing in building out our connected customer proposition, successfully transitioning from ownership to partnership with Endeavour Group and establishing our Advanced Analytics platform (Q-Retail) in partnership with Quantum. In H2, we remain focused on care for our customers and team, restoring our operating rhythm to realise process improvement benefits and managing the impact of inflation across our end-to-end value chain."

H22 key financial metrics

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Continuing operations before significant items			
Sales	31,894	29,535	8.0%
EBIT	1,382	1,554	(11.0)%
NPAT attributable to equity holders of the parent entity	795	850	(6.5)%
Basic EPS (cents)	64.3	67.8	(5.1)%
Group before significant items (including Endeavour Group in H21)			
Sales	31,894	35,885	(11.1)%
EBIT	1,382	2,092	(33.9)%
Group after significant items			
NPAT attributable to equity holders of the parent entity	7,063	1,135	n.m.
Basic EPS (cents)	571.0	90.5	n.m.
Dividend per share (cents)	39	53	(26.4)%
Dividend per share (cents) – excluding Endeavour Group	39	40	(2.5)%

¹ Continuing operations before significant items

² Continuing operations only

H22 Group highlights

Strong Christmas performance, focused on a more consistent operating rhythm in H2

Brad Banducci continued, "In **Australian Food**, total sales growth was solid at 3.4% (2-yr CAGR: 7.1%) but moderated over the half as lockdowns eased before strengthening in late December. EBIT declined by 7.6% (2-yr CAGR: +2.6%) to \$1,217 million reflecting the higher operating costs caused by COVID and a delay in implementing productivity initiatives. Customer scores were impacted by on-shelf availability as a result of supply chain disruption, but pleasingly, our market share and brand and reputation scores remained strong. A particular highlight is that our customer metric measuring whether our customers felt cared for remained consistently high across all Group businesses.

"**Woolworths Retail** sales increased by 3.2% (2-yr CAGR: 7.0%) with strong eCommerce growth offsetting a small decline in store-originated sales (-0.7%) as customers shifted back to in-home consumption due to COVID outbreaks. Sales growth slowed initially in Q2 as many COVID restrictions were lifted in NSW and Victoria, but ended the half strongly due to a late and strong Christmas. We were able to help our customers enjoy a much-needed Christmas and festive season through a focus on stock flow and a strong Woolworths Food Company seasonal product range.

"**WooliesX B2C eCommerce** sales growth was strong at 50.5% (2-yr CAGR: 75.9%) with higher demand due to COVID restrictions and material increases in both Home Delivery and Direct to boot capacity. Penetration was 10.8% of sales for the half but reached 15% of sales in NSW during Q1, placing enormous pressure on our teams. Pick up mix remained high at 39.2% in Q2 with the continued growth of Direct to boot, reflecting the convenience of the service and material capacity increases. eCommerce profitability improved materially but remains below the Australian Food average margin.

"Other WooliesX highlights included record visits to our digital platforms driven by app usage, good momentum in Cartology and progress in creating connected and personalised customer experiences. A particular highlight was the ongoing growth in Everyday Rewards with over a million weekly active app users and successful Save for Christmas and Team Thank You campaigns.

"**Metro Food Stores** returned to growth in the half with sales increasing 7.2% (2-yr CAGR: flat) due to store growth and strong sales in neighbourhood food stores. CBD and transit stores remain materially impacted by lower foot traffic.

"In October, we announced a new reporting segment called **Australian B2B** to reflect our investment in PFD Food Services, partnership services with Endeavour Group, and the expected growth of our other B2B businesses. While not directly comparable to the prior year, Australian B2B sales increased by 213.4% to \$1,979 million with EBIT of \$18 million. All B2B businesses reported higher revenue than the prior year.

"In **New Zealand Food**, total sales increased by 8.3% (2-yr CAGR: 6.5%) driven by new lockdown restrictions from mid-August as well as higher inflation. EBIT increased by 3.3% (2-yr CAGR: 3.9%) with growth impacted by higher costs of operating in a COVID environment. eCommerce sales increased by 22.6% to 13.5% of total sales.

"**BIG W's** sales and EBIT were materially impacted by store closures in NSW and Victoria during the half. Sales growth on a two-year basis remained strong at a CAGR of 4.5% but declined by 9.0% compared to the prior year. EBIT declined by 81.2% (2-yr CAGR: -29.3%) to \$25 million due to lower sales. eCommerce sales increased by 69.4% with growth and penetration moderating in Q2 as stores in NSW and Victoria reopened.

"**Other** now includes Woolworths Group's investments in Endeavour Group and Quantum. Quantum had a strong H1, signing new partnerships with Asda and Telstra. We also made good progress on our Advanced Analytics Roadmap with the establishment of Q-Retail to bring together Woolworths Group and Quantum's retail analytics capabilities into one cohesive team. The use of advanced analytics to optimise promotional activity and further our range localisation strategy is delivering promising results. In total, Other costs were \$69 million, \$17 million below the prior year.

"**Significant items** in H1 include the gain on demerger of Endeavour Group of \$6,387 million and a post-tax charge of \$119 million, primarily related to hourly team member remediation costs identified as part of our end-to-end payroll review.

"Achievements against our **Sustainability Plan 2025** included a 6.0%¹ decrease in Scope 1 and 2 emissions compared to the prior year driven by continuing improvements in electricity and refrigerant consumption, as well as the ongoing decarbonisation of the national grid. We also achieved a twelve-month rolling Group Safety Severity Rate of 1.88, better than our benchmark.

"In summary, it was a challenging half for our customers and team, and this was reflected in our customer scores and financial performance. But despite the various disruptions, we were able to continue our focus on building a better business and I am confident we will return to a more consistent operating rhythm and financial performance in H2. I would like to thank our team and our partners for their incredible efforts and care in delivering for our customers during the half."

Woolworths Group Chairman, Gordon Cairns, said: "I am proud of the efforts of our team in providing Australians and New Zealanders with their food and everyday needs while keeping our team and customers safe. Reflecting the Group's financial strength, we were able to return \$2 billion to shareholders through a share buy-back following the successful demerger of Endeavour Group in late June. The Board has declared an interim dividend of 39c. Excluding the 13c related to Endeavour Group in H21, the dividend is broadly in line with the prior year. I remain confident that Woolworths Group is well positioned to deliver for our customers, team and shareholders in the years ahead."

¹ Excludes Endeavour Group, PFD and Quantum; excludes transport and stationary fuel

H22 Group highlights

Progress against Woolworths Group priorities over the half

Better together for a better tomorrow

- First Nations Advisory Board established; strategy endorsed by Woolworths Group Board
- Ranked healthiest Supermarket Own Brand range (The George Institute) for third consecutive year
- Group Christmas Thank You payment to all team members of \$34 million
- Maintained strong Reputation and VOC NPS Customer Care metric across all retail businesses
- More to do to complete end-to-end payroll review and remediate team members

Connect our customer experience for good food and more everyday

- 653 Woolworths Supermarkets now offering Direct to boot services, material increase in Home Delivery capacity; Drives and eLockers in 56 stores in New Zealand
- BIG W's digital acceleration continued in H1 with record eCom penetration of 32% in August due to store closures
- Active weekly App users up 50% in Dec vs prior year
- Opening of fourth eStore in Maroochydore, Qld
- More to do to embed eCommerce capacity increases and improve our customer experience

Reimagine our Food retail proposition

- Completed 28 store Renewals in Australia and New Zealand despite COVID challenges
- CORE/VALUE/UP store tailored range and space activated in 30 categories, new UP format in development for Double Bay and VALUE format in Miller, NSW
- Second tailored Community Supermarket opened in Rhodes, NSW; multicultural ranges live in 180 stores
- RT3 (new rostering & store standards tool) rolled out to SA, NT and ACT, with national rollout to be completed in F23
- More to do to restore consistent operating rhythm and reset end-to-end stock flow in H2

Activate Everyday for our customers

- Continued increase in Everyday Rewards members and scan rates, with 13.3 million members at end of half
- Everyday Rewards App reached record level of over 1 million weekly active users in Q2
- Delivery Unlimited subscription plan relaunched with >60% increase in subscribers
- Launch of Everyday Market in September, providing customers with a curated online marketplace
- More to do to roll out Real Time Loyalty Platform, Everyday Pay and continue to grow Everyday Market

Grow Food into B2B channels

- Established a new operating segment, Australian B2B, reflecting the changing shape of Woolworths Group
- Solid performance from PFD despite challenging operating environment
- Successful transition to partnership with Endeavour Group
- Primary Connect 3rd party continues to grow; completed roll out of 26 MetroGo stores in partnership with Ampol
- More to do to embed new operating model and scale new businesses

Evolve our stores, supply chain and business platforms for the future

- MSRDC achieved record volumes during the half
- Heathwood DC, Qld opened ahead of schedule; Palmerston North DC and Hilton meat plants opened in New Zealand
- Strong growth from Cartology in Australia and New Zealand
- Successful launch of Q-Retail; pleasing progress on Advanced Analytics Roadmap
- More to do to deliver on Primary Connect investments and continue to grow Cartology and Quantum

Group profit or loss

For the 27 weeks ended 2 January 2022

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Continuing operations before significant items			
EBITDA	2,596	2,610	(0.5)%
Depreciation and amortisation	(1,214)	(1,056)	15.1%
EBIT	1,382	1,554	(11.0)%
Finance costs	(305)	(331)	(7.9)%
Income tax expense	(279)	(372)	(25.0)%
NPAT	798	851	(6.2)%
Non-controlling interests	(3)	(1)	n.m.
NPAT from continuing operations attributable to equity holders of the parent entity	795	850	(6.5)%
Significant items from continuing operations after tax	(119)	-	n.m.
NPAT from discontinued operations attributable to equity holders of the parent entity after significant items	6,387	285	n.m.
NPAT attributable to equity holders of the parent entity after significant items	7,063	1,135	n.m.

MARGINS – CONTINUING OPERATIONS

Gross margin	29.5%	29.1%	39 bps
Cost of doing business (CODB)	25.1%	23.8%	132 bps
EBIT	4.3%	5.3%	(93) bps

SUSTAINABILITY

Scope 1 & 2 carbon emissions (tonnes)	937,596	997,094	(6.0)%
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EARNINGS PER SHARE AND DIVIDENDS

	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Weighted average ordinary shares on issue (million)	1,237	1,255	(1.5)%
Total Group basic EPS (cents) before significant items	64.3	90.5	(28.9)%
Total Group basic EPS (cents) after significant items	571.0	90.5	n.m.
Total Group diluted EPS (cents) after significant items	568.0	90.1	n.m.
Basic EPS (cents) – from continuing operations before significant items	64.3	67.8	(5.1)%
Basic EPS (cents) – from continuing operations after significant items	54.7	67.8	(19.4)%
Diluted EPS (cents) – from continuing operations before significant items	64.0	67.6	(5.3)%
Diluted EPS (cents) – from continuing operations after significant items	54.4	67.6	(19.5)%
Interim dividend per share ¹ (cents)	39	53	(26.4)%
Interim dividend per share (cents) – excluding Endeavour Group	39	40	(2.5)%

¹ The 2022 interim dividend payable on or around 13 April 2022 will be fully franked

Group trading performance

Sales summary – H22

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE	2-YR CAGR
Australian Food	23,780	22,988	3.4%	7.1%
Australian B2B ¹	1,979	631	213.4%	
New Zealand Food (AUD)	3,838	3,465	10.7%	6.9%
<i>New Zealand Food (NZD)</i>	4,027	3,717	8.3%	6.5%
BIG W	2,348	2,581	(9.0)%	4.5%
Other ^{1,2}	(51)	(130)	n.m.	
Total continuing operations³	31,894	29,535	8.0%	9.3%
Discontinued operations - Endeavour Group	-	6,350	n.m.	
Total Group	31,894	35,885	(11.1)%	
Continuing operations eCommerce	3,487	2,355	48.1%	69.1%
Discontinued operations eCommerce	-	483	n.m.	
Total Group eCommerce sales	3,487	2,838	22.8%	
eCommerce sales penetration ⁴ (%)	11.6%	8.1%	353 bps	
Average weekly traffic to Group digital platforms ⁴ (million)	22.9	17.6	30.5%	

EBIT

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE	2-YR CAGR
Before significant items				
Australian Food	1,217	1,317	(7.6)%	2.6%
Australian B2B	18	9	107.0%	
New Zealand Food (AUD)	191	181	5.9%	4.4%
<i>New Zealand Food (NZD)</i>	200	194	3.3%	3.9%
BIG W	25	133	(81.2)%	(29.3)%
Other ²	(69)	(86)	(19.6)%	(1.4)%
EBIT from continuing operations before significant items	1,382	1,554	(11.0)%	1.9%
EBIT from discontinued operations before significant items	-	538	n.m.	
Group EBIT before significant items	1,382	2,092	(33.9)%	
Significant items	6,242	-	n.m.	
Group EBIT	7,624	2,092	n.m.	

¹ Sales in Australian B2B includes \$150 million of freight revenue (H21: \$130 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 \$150 million (H21: \$130 million). This has not resulted in a change to EBIT at a Group level

² Other consists of the Group's other operating segments that are not separately reportable 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

³ Restated to conform with the new structure of the Group, which reflects the establishment of the new Australian B2B segment

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

Group sales from continuing operations increased 8.0% (2-yr CAGR: 9.3%) to \$31.9 billion in the half. Sales growth reflects the first-time inclusion of Quantum and PFD. Excluding these acquisitions, Group sales from continuing operations increased by 4.2% with sales growth in Australian Food and New Zealand Food offset somewhat by lower sales from BIG W. Total Group sales from continuing and discontinued operations declined by 11.1%.

Group eCommerce sales (continuing operations) increased by 48.1% with total Group eCommerce penetration now 11.6%, up 353 bps on the prior year. Average weekly traffic to Group digital platforms increased by 30.5% through a continued focus on the connected customer.

Group gross margin – continuing operations (%) increased 39 bps with gross margin increases in Australian Food (79 bps) and New Zealand Food (16 bps) offset by an 83 bps decline in BIG W's gross margin due to higher markdowns and supply chain costs.

Group CODB – continuing operations before significant items (%) increased by 132 bps largely due to higher direct and indirect costs associated with COVID with CODB in Australian Food (140 bps), New Zealand Food (41 bps) and BIG W (326 bps) all higher.

Finance costs from continuing operations decreased 7.9% to \$305 million reflecting lower financial interest following the refinancing of borrowings at lower interest rates.

Income tax expense declined by 25.0% reflecting an overprovision for tax in the prior year and lower current year earnings.

Significant items from continuing operations after tax of \$119 million largely reflects team member remediation costs related to prior financial years.

Discontinued operations reflect the prior year inclusion of the results of Endeavour Group and the gain on demerger of Endeavour Group and related items in the current year.

NPAT from continuing operations attributable to equity holders of the parent entity before significant items declined by 6.5% to \$795 million and Group NPAT attributable to equity holders of the parent entity increased to \$7,063 million reflecting the gain on the distribution of Endeavour Group.

Team member pay remediation update

Salaried team update

On 30 October 2019, Woolworths Group announced that a number of salaried store members had not been paid in full compliance with the Group's obligations under the General Retail Industry Award (GRIA). Although these issues are now the subject of litigation with the FWO, to date Woolworths Group has paid over \$427 million, including interest and superannuation to affected salaried team members.

End-to-end payroll review

In F21, the Group launched an end-to-end payroll review to ensure robust pay processes across Woolworths Group. This includes reviewing payroll systems and processes to ensure compliance with obligations, awards and enterprise agreements.

This review has identified certain areas of non-compliance in relation to hourly paid team members employed under three different Woolworths Group retail enterprise agreements (EAs) underpinned by the GRIA in Australia and other entitlements across the Woolworths Group.

Woolworths Group CEO, Brad Banducci, said: "We have said from the outset that we would do the right thing by our team and we are being thorough in our end-to-end payroll review. We are disappointed to have identified further inadvertent underpayments and unreservedly apologise to our affected team members. We will continue to fix issues when we identify them and introduce the right controls to prevent them from happening again."

The areas of non-compliance identified under the Woolworths Supermarkets and BIG W retail EAs include where there are various rostering principles designed to provide team members with consecutive days off over a roster cycle. For example, a team member who is rostered to work three Sundays in a four-week period is required to have a break of three consecutive days, including a Saturday and Sunday, unless they request an alternative arrangement. With no agreement to the contrary initiated by the team member, any time worked on the last three days of the four-week period must be paid at overtime rates.

Another area of non-compliance arose because the Group's payroll system was incorrectly configured to account for the different long service leave rules in each state and territory across Australia. Woolworths Group is committed to fully rectifying all payment shortfalls as soon as possible.

The estimated one-off cost of remediation in relation to the matters identified so far in the end-to-end payroll review and recorded in the period is approximately \$144 million (pre-tax), with \$123 million relating to prior period payment shortfalls and other one-off remediation costs including on-costs and interest reflected as a significant item, and \$21 million included in EBIT before significant items. Refer to the Half-Year Financial Report 2022 for further detail.

The payroll review is ongoing across Woolworths Group with more than 85% of team members already reviewed representing over 70% of the total payroll cost. Testing and analysis is currently in progress across Primary Connect and Woolworths New Zealand. This work, which we aspire to have substantially completed by the end of calendar 2022, may give rise to further provisions as it progresses to completion.

Australian Food

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Total sales	23,780	22,988	3.4%
EBITDA	2,054	2,096	(2.0)%
Depreciation and amortisation	(837)	(779)	7.5%
EBIT	1,217	1,317	(7.6)%
Gross margin (%)	30.2	29.5	79 bps
CODB (%)	25.1	23.7	140 bps
EBIT to sales (%)	5.1	5.7	(61) bps
Sales per square metre (\$)¹	18,036	18,209	(0.9)%
Funds employed ²	9,458	9,069	4.3%
ROFE (%) ²	24.8	26.5	(166) bps
Scope 1 & 2 carbon emissions (tonnes) ³	858,072	909,054	(5.6)%

Sales performance by channel

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Woolworths Supermarkets (store-originated) ⁴	20,630	20,779	(0.7)%
Metro Food Stores (store-originated) ⁴	489	456	7.2%
WooliesX B2C eCommerce	2,554	1,697	50.5%
Woolworths Retail (stores and eCommerce)	23,672	22,931	3.2%
Adjacency revenue ⁵	108	57	90.6%
Total Australian Food sales	23,780	22,988	3.4%

Operating metrics

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
Customer metrics				
VOC NPS (Store and Online)	50	51	53	50
Store-controllable VOC ⁶ (%)	78	79	80	78
Sales productivity metrics				
Total sales (\$ million)	11,509	12,271	9,673	10,849
Total sales growth	2.9%	3.9%	0.5%	(1.1)%
Comparable sales growth	1.9%	2.7%	(0.5)%	(2.5)%
Two-year average comparable sales growth	4.6%	7.2%	4.3%	4.0%
Volume productivity metrics⁷				
Comparable transactions growth	(6.5)%	(6.8)%	2.6%	(12.0)%
Comparable items per basket growth	7.4%	10.0%	(2.1)%	8.6%
Comparable item growth	0.4%	2.5%	0.4%	(4.4)%
Change in average prices				
Total	(0.6)%	(0.9)%	(1.2)%	(1.8)%
Total excluding Tobacco	(0.7)%	(1.8)%	(2.6)%	(3.4)%

1 Sales per square metre has been restated to exclude Australian B2B, adjacency revenue and non-sales area of customer fulfilment centres

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

3 Includes emissions from Australian B2B segment

4 Excludes eCommerce sales fulfilled from stores

5 Adjacency revenue includes Digital, Data & Media and Loyalty & Fintech revenues (including sales to Endeavour Group from Q1 F22). Adjacency revenue previously included SIW, Woolworths International and AGW which are now included in Australian B2B

6 In F22, Store-controllable VOC has been revised, prior periods have been restated for comparability

7 Volume productivity metrics are disclosed as percentages and therefore may not add

Australian Food

Trading performance

Australian Food VOC NPS (Store and Online) finished H1 at 50, a decrease of one point compared to the prior quarter and a decrease of three points compared to the prior year. Store-controllable VOC of 78% decreased one point compared to Q1 and decreased two points compared to the prior year, with Out of Stocks continuing to be impacted by higher trading volumes and supply chain disruptions.

Total Australian Food sales for the half increased 3.4% to \$23.8 billion, with Woolworths Retail sales increasing by 3.2%. Comparable sales for the half increased 2.3% (4.2% excluding Tobacco) despite cycling H21 comparable sales growth of 9.5%, with two-year average comparable sales growth of 5.9%. Woolworths Retail sales benefited from higher in-home consumption driven by extended COVID lockdowns in NSW and Victoria, the roll out of additional eCommerce capacity and a successful trade plan, including the sustainable Woolworths Bricks Collectibles and successful Prices Dropped for Winter and Christmas campaigns.

Woolworths Supermarkets (store-originated) sales for the half were \$20.6 billion, down 0.7% (+1.0% excluding Tobacco) impacted by COVID lockdowns resulting in a customer shift to eCommerce, as well as cycling strong sales growth of 7.3% in H21. Metro Food Store sales for the half increased 7.2% to \$489 million, driven by new store growth and strong sales in neighbourhood stores despite CBD and transit stores continuing to be impacted by reduced foot traffic. WooliesX B2C eCommerce sales increased 50.5% to \$2.6 billion, with sales penetration of 10.8% (H21: 7.4%).

Approximately 90% of eCommerce sales were fulfilled by the Woolworths Supermarket network. Adjacency revenue was \$108 million (H21: \$57 million), with growth largely driven by the first-time recognition of revenue from Endeavour Group for partnership services. The Woolworths Food Company's own and exclusive sales increased 4.8% supported by new product development and a successful seasonal product range including award winning Woolworths hams.

Sales per square metre decreased 0.9% to \$18,036, impacted by lower 12-month rolling sales growth with cycling of the initial pantry loading at the onset of COVID in H2 F20. During the half, nine net new stores were opened, including five Supermarkets and four Metro Food Stores, with 27 Renewals completed. A second Australian eStore was also opened in Maroochydore, Qld. At the end of the half, there were 1,001 Woolworths Supermarkets and 82 Metro Food Stores, with a total fleet of 1,083 stores.

Average prices decreased 0.6% (0.7% decrease excluding Tobacco) with easing deflation across Q2 driven by input cost pressures other than Fruit, which has been impacted by the lower prices of apples, avocados and citrus. Tobacco inflation moderated materially compared to recent years due to the removal of annual double-digit excise increases.

Gross margin (%) increased 79 bps to 30.2% due to COVID-related in-home consumption driving mix improvements, strong growth in Cartology and better buying initiatives. This was partially offset by higher eCommerce delivery costs. The removal of the annual excise increase in September negatively impacted gross margins in the Tobacco category. However, this was more than offset by mix benefits due a sales decline of 18% in Tobacco given its lower-than-average gross margin.

CODB (%) increased 140 bps to 25.1%. Direct COVID costs in the half were \$161 million (excluding discretionary team discount and bonus payments) with indirect costs of \$69 million reflecting material disruption to the end-to-end supply chain. Higher cash CODB also reflects a higher wages to sales ratio due to increased eCommerce penetration, new store growth and selective investment in IT platforms, digital capabilities and new businesses. Wage inflation due to EA increases was only partially offset by productivity initiatives due to COVID-related delays.

Depreciation and amortisation increased by 7.5% driven by investment in new stores, Renewals, supply chain and shorter-life technology and digital assets.

EBIT decreased by 7.6% to \$1,217 million with the EBIT margin decreasing 61 bps to 5.1%.

Funds employed increased 4.3% from H21 with investment in working capital, new stores, Renewals, eCommerce and supply chain, technology and digital assets. ROFE decreased by 166 bps due to the decline in EBIT and higher average funds employed.

Together with our customers, the OzHarvest Christmas Appeal funded 6.6 million meals for Australians in need, and over 7,200 OzHarvest Kids Hampers were delivered across greater Sydney, having a positive impact on families experiencing food insecurity. Other initiatives in the half to support our Sustainability Plan 2025 included the removal of single-use plastic picnicware nationally, expected to cut 2.1 million kilograms of plastic from landfill annually.

WooliesX

Digital & Media metrics

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
Average weekly traffic to digital platforms ¹ (million)	15.7	15.6	12.1	12.4
Average weekly traffic growth (year on year)	26.0%	36.8%	12.4%	47.7%

B2C eCommerce metrics

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
Customer metrics				
Online VOC NPS	53	56	63	60
eCommerce sales metrics				
eCommerce sales (\$ million) ¹	1,165	1,389	774	816
eCommerce sales growth	47.6%	53.1%	32.3%	97.0%
eCommerce penetration ¹	10.2%	11.4%	8.0%	7.5%
Pick up mix (% of eCommerce sales)	39.2%	38.5%	40.3%	38.1%

¹ 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

Loyalty metrics

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
Total Everyday Rewards members (million)	13.3	13.3	13.1	12.9
Scan rate ¹ (%)	54.4%	54.7%	53.7%	54.0%

¹ Scan rates excluding cigarette sales

Trading performance

WooliesX's **Digital and Media** business continued to focus on delivering personalised and connected experiences through customer communications and across the digital tools making it easy for customers to engage with catalogues, lists, recipes and apps. This was supported by the release of personalised search and recipes in the half and enhanced customer security with two-factor authentication.

Digital reach and engagement remained strong with average weekly traffic at 15.7 million visits in Q2, with the growth on the prior year primarily attributable to apps and a shift from desktop to mobile.

Further investments and enhancements to the Woolworths App enabled users to save recipes and plan meals more efficiently, as well as the ability to sign up to Delivery Unlimited, and receive notifications on specials and the Woolworths digital catalogue. This contributed to a 43.7% increase in weekly active app users compared to Q2 last year.

Cartology had another strong half of growth with a highlight being the launch of the new Cartology Reporting Platform, providing improved transparency and accountability for campaign results reporting.

The **B2C eCommerce** business was impacted by volatile trading driven by COVID outbreaks in NSW and Victoria, high absenteeism, product availability challenges, and store closures.

A strong commitment to helping customers shop safely and conveniently, as well as the management of operational challenges, drove a strong sales performance in H1. B2C eCommerce sales increased by 50.5% to \$2.6 billion, representing 10.8% of Woolworths Retail sales, up 3.4 pts on H21.

It was a challenging half for the team with record demand placing pressure on teams and drivers, and a decrease in VOC NPS to 53 in December reflected higher than normal Out of Stocks and delivery delays caused by the Omicron outbreak.

Pick up penetration reached 39.2% of sales in Q2, and Direct to boot capacity was expanded and available in 653 stores at the end of the half. As restrictions eased in Q2, one-hour Same Day Delivery and Delivery Now were reintroduced. A partnership was also launched with Uber Eats and rolled out to 59 stores by the end of the half to deliver groceries in under 60 minutes.

Delivery Unlimited was relaunched in the half with an updated subscription proposition, driving improved loyalty and engagement with subscriber growth of over 60% on the prior year.

Everyday Market went live nationwide in September providing customers with a curated online marketplace to complement the food and grocery range with products across household appliances, baby, toys, pet care, and health and beauty.

As part of the Group's Sustainability agenda, eCommerce Green Windows were activated, empowering customers to select more environmentally conscious home delivery options.

Everyday Rewards continued to increase its membership, up 4.5% compared to Q2 last year to 13.3 million, achieving record numbers of active numbers, scan rates and customer engagement. The launch of new partnerships with Marley Spoon, Everyday Market, and HealthyLife, provides members more offers and ways to earn points on their everyday spend.

Everyday Rewards member engagement and app usage also increased through a continued focus on real time loyalty improvements and the delivery of more value through personalised offers with record participation in customers choosing to save their rewards using the 'Bank for Christmas' option. Weekly active app users increased by over 60% on the prior year.

Significant investments were made in customer trust by enhancing security to protect members' data and their saved points.

Australian B2B

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Sales	1,979	631	213.4%
EBITDA	69	29	145.2%
Depreciation and amortisation	(51)	(20)	162.5%
EBIT	18	9	107.0%
EBIT to sales (%)	0.9	1.4	(48) bps

Sales performance by channel

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
B2B Food	1,426	299	376.6%
B2B Supply Chain (PC3)	553	332	66.5%
Total Australian B2B	1,979	631	213.4%

Trading performance

The Board approved the establishment of a new operating segment, Australian B2B, in October 2021. Australian B2B comprises B2B Food and B2B Supply Chain. B2B Food includes PFD Food Services, Woolworths International, Woolworths at Work and Australian Grocery Wholesalers (AGW). B2B Supply Chain includes external Primary Connect revenue (Endeavour Group and other third-party customers) and Statewide Independent Wholesalers (SIW) in Tasmania. Operating segment results have been restated to conform with the new structure.

Australian B2B total sales for the half were \$1,979 million compared to \$631 million in the prior year. All B2B businesses reported higher sales; however, dollar growth in comparison to the prior year was largely as a result of the acquisition of PFD Food Services, and the recognition of Endeavour Group revenue under the partnership agreements.

B2B Food sales were \$1,426 million (H21: \$299 million), of which approximately 70% relates to PFD. PFD's sales growth improved in Q2 following the easing of restrictions in NSW and Victoria with sales for the half up on the prior year despite the COVID impacts on PFD's customers.

Woolworths at Work, Woolworths International and AGW all reported strong sales growth on the prior year with an increasingly diversified product range in addition to new customer and channel growth.

B2B Supply Chain (PC3) revenue for the half was \$553 million compared to \$332 million in the prior year. Primary Connect revenue increased largely through the recognition of Endeavour Group revenue with primary freight revenue of \$202 million in the half. SIW sales also increased due to the recognition of Endeavour Group revenue, as well as an increase in underlying trading volumes.

Australian B2B EBITDA for the half was \$69 million, \$40 million above the prior year reflecting the acquisition of PFD offset somewhat by selective investment to grow the Australian B2B businesses. EBIT was \$18 million, an increase of \$9 million compared to the prior year impacted by higher amortisation of intangible assets on the acquisition of PFD.

New Zealand Food

\$ MILLION (NZD)	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Total sales	4,027	3,717	8.3%
EBITDA	353	333	6.4%
Depreciation and amortisation	(153)	(139)	10.7%
EBIT	200	194	3.3%
Gross margin (%)	25.2	25.0	16 bps
CODB (%)	20.2	19.8	41 bps
EBIT to sales (%)	5.0	5.2	(24) bps
Sales per square metre (\$)¹	17,827	17,966	(0.8)%
Funds employed	4,590	4,430	3.6%
ROFE (%)	8.2	8.9	(70) bps
Scope 1 & 2 carbon emissions (tonnes)	27,479	31,393	(12.5)%

Sales performance by channel

\$ MILLION (NZD)	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Countdown Supermarkets (store-originated)	3,144	2,968	5.9%
SuperValue, FreshChoice and other revenue ²	340	307	10.7%
eCommerce	543	442	22.6%
Total New Zealand Food sales	4,027	3,717	8.3%

Operating metrics

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
Customer metrics				
VOC NPS (Store and Online)	40	46	45	47
Store-controllable VOC (%)	75	77	78	80
Sales productivity metrics				
Total sales growth	6.9%	9.7%	(3.9)%	(6.9)%
Comparable sales growth	6.0%	9.0%	(4.2)%	(7.5)%
Two-year average comparable sales growth	3.4%	7.4%	4.9%	3.0%
Volume productivity metrics				
Comparable transactions growth	(12.3)%	(3.7)%	30.9%	(6.9)%
Comparable items per basket growth	14.0%	8.2%	(27.5)%	(2.0)%
Comparable item growth	(0.1)%	4.1%	(1.0)%	(9.0)%
Change in average prices				
Total	1.7%	1.1%	(0.5)%	(2.4)%
Total excluding Tobacco	1.7%	1.1%	(0.6)%	(2.7)%

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

2 Includes franchise and export sales

CountdownX

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
Customer metrics				
Online VOC NPS	52	59	62	64
eCommerce sales metrics				
eCommerce sales (\$ million)	273	270	205	214
eCommerce sales growth	28.3%	17.4%	(0.5)%	26.6%
eCommerce penetration	13.9%	13.1%	12.5%	11.9%
Loyalty				
Countdown Onecard members (million)	1.8	1.8	1.8	1.9
Onecard scan rate	61.0%	60.5%	59.3%	59.9%

Trading performance

New Zealand Food's customer metrics softened in H1 mainly due to strong demand and significant supply chain challenges including a three-day strike in late November which impacted product availability.

Total sales in the half increased by 8.3% to \$4,027 million benefitting from prolonged COVID restrictions, with market growth moderating in Q2 after the initial nationwide Level 4 lockdown in mid-August. Comparable sales increased by 7.5% for the half and 6.0% in Q2, with growth increasingly driven by average selling prices.

eCommerce sales grew by 22.6% in the half with penetration reaching a new high of 13.9% during Q2. Ultra-convenient Drive solutions and eLockers were rolled out to 56 stores. Other digital highlights include continued growth in weekly app users, an increase in Onecard Rewards scan rates and strong growth in Cartology New Zealand.

Sales per square metre declined by 0.8% on the prior year as sales growth for the rolling 12-month period of 1.5% was offset by an increase in average space of 2.3%. New store and renewal activity experienced some disruption due to COVID restrictions with one Renewal completed and one net new store opened during the period. An innovative new Wanaka Pick up Metro was opened in late December.

New Zealand Food's franchise stores (FreshChoice and SuperValue) had strong sales growth despite the impact from a decline in international tourists, particularly over the summer period.

Average prices increased by 1.7% driven by inflation across Grocery, Fruit and Vegetables and Perishables due to cost inflation and limited supply. Product mix also continued to benefit from customers trading into more expensive products and larger pack sizes.

Gross profit (%) increased 16 bps on last year assisted by continued progress in stock loss, mix improvements and increased use of data-driven tools in category management.

CODB (%) increased by 41 bps impacted by the COVID restrictions from 17 August and an increase in team member wage increases driven by enterprise agreements. Direct COVID costs in the half were \$29 million compared to \$8 million in the prior year. Other increases included a 10.7% increase in depreciation and amortisation arising from investment in the store network, including spend to facilitate eCommerce growth; and spend on eCommerce and digital capability.

EBIT was up 3.3% on the prior year to \$200 million with the EBIT margin down 24 bps on last year, impacted by heightened and prolonged COVID operating conditions in the half.

ROFE declined 70 bps to 8.2%, primarily due to lower EBIT on a rolling 12-month basis.

Initiatives supporting our Sustainability agenda included a successful team-led Mental Health Appeal, the completion of the inaugural Kete small business accelerator round, being first-to-market with new recyclable packaging in ice cream and ready meals and launching 50% recycled plastic soft drink bottles.

We also introduced joint te reo Māori and English language labelling on all packaged New Zealand seafood products; a project led by Countdown team members as part of the continued effort to incorporate te reo into everyday life in store.

BIG W

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
Total sales	2,348	2,581	(9.0)%
EBITDA	122	224	(45.0)%
Depreciation and amortisation	(97)	(91)	8.3%
EBIT	25	133	(81.2)%
Gross margin (%)	32.9	33.7	(83) bps
CODB (%)	31.8	28.6	326 bps
EBIT to sales (%)	1.1	5.1	(408) bps
Sales per square metre (\$)	4,323	4,430	(2.4)%
Funds employed	1,125	981	14.7%
ROFE (%)	5.8	11.9	(6.1) pts
Scope 1 & 2 carbon emissions (tonnes)	52,045	56,647	(8.1)%

Sales performance by channel

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
BIG W (store-originated)	1,932	2,335	(17.3)%
eCommerce	416	246	69.4%
Total BIG W	2,348	2,581	(9.0)%

Operating metrics

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
Customer metrics				
VOC NPS (Store and Online)	59	59	62	63
Store-controllable VOC (%)	80	84	83	82
Sales metrics				
Total sales growth	(2.6)%	(17.5)%	(10.4)%	18.3%
Comparable sales growth	(1.8)%	(16.8)%	(9.4)%	20.0%
Two-year average comparable sales growth	9.6%	2.7%	10.6%	15.0%
Volume productivity metrics				
Comparable transactions growth	(7.4)%	(23.2)%	(4.2)%	6.1%
Comparable items per basket growth	5.1%	2.4%	(4.6)%	9.8%
Comparable item growth	(2.8)%	(21.3)%	(8.6)%	16.5%

BIG W X

	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)
eCommerce sales metrics				
eCommerce sales (\$ million)	183	233	96	76
eCommerce sales growth	29.3%	123.8%	4.6%	34.8%
eCommerce penetration	12.8%	25.4%	9.9%	7.5%
Loyalty				
Everyday Rewards scan rate	52.1%	49.8%	51.1%	51.0%

Trading performance

BIG W's Store-controllable VOC was 80%, an improvement of two points compared to the prior year but four points below Q1, impacted by Stock Availability and Ease of Pickup. VOC NPS (Store and Online) was 59, consistent with Q1 and down one point compared with the prior year. Despite the challenges associated with COVID, BIG W's continued focus on its purpose of making a real difference for families helped maintain strong customer scores.

The half was significantly impacted by extended COVID lockdowns and trading restrictions, with around a fifth (6,500) trading days interrupted in the half. Sales momentum improved in Q2 as restrictions eased, with Q2 sales down 2.6% (2-yr CAGR: 8.0%), compared to a decline of 17.5% in Q1 (2-yr CAGR: -0.3%). For the half, sales declined 9.0% to \$2,348 million, with comparable sales down 8.3%. Sales in late Q2 were also impacted by the Omicron outbreak and rising community transmission which resulted in reduced customer mobility and moderating transaction numbers.

BIG W's eCommerce sales grew 69.4% in the half with eCommerce penetration reaching a record high of 17.7% (H21: 9.5%). At its peak in the half, eCommerce penetration reached over 30%. BIG W X remained focused on enhancing convenient customer experiences which included the temporary conversion of two sites into eCommerce hubs during lockdowns.

BIG W total store numbers remained unchanged at 176 with sales per square metre decreasing 2.4%, impacted by lower sales offset somewhat by less retail space in the half due to closures in the prior year. The Monarto distribution centre was decommissioned in May 2021 with a transition to the Hazelmere DC in WA and a third-party distribution centre in Hoppers Crossing in Victoria.

Gross margin (%) declined by 83 bps with deeper and broader markdowns in autumn and winter apparel ranges, higher delivery costs due to a channel shift to digital, higher shipping costs, as well as a shift in category mix to lower margin categories.

CODB (%) increased by 326 bps due to indirect COVID costs, higher supply chain costs driven by the transition of the Monarto DC, higher costs to support eCommerce sales acceleration and investment in building digital and data analytics, and insight capability across teams. Direct COVID costs of \$13 million were broadly in line with H21.

BIG W's EBIT declined 81.2% to \$25 million with an EBIT margin of 1.1%, down from 5.1% in the prior year.

Closing inventory was slightly lower than the prior year while average inventory increased by 10 days on the prior year primarily due to lower sales. Despite lower closing inventory, lower sales growth resulted in higher levels of seasonal apparel at the end of December. Closing funds employed increased by 14.7% due to capital expenditure on fixtures and fittings, and digital and eCommerce spend. ROFE declined to 5.8% from 11.9% in the prior year due to the lower EBIT.

During the half, BIG W continued to show real care for our communities through our partnership with Good360 and our commitment to zero waste, donating all purposeful and excess goods to charities in need. BIG W also continued to make progress on the Group's Sustainability Plan 2025 during the half, including expanding BIG W's partnership with Clontarf Academies which employs First Nations young men in stores in 17 communities; as well as launching and rolling out our toy recycling program to 61 stores, with plans to roll it out across the whole network in H2.

COVID costs and significant items

Other

Other now includes Group functions such as Property, Group overheads, Woolworths Group's share of Endeavour Group's net profit after tax as well as the contribution from Quantum. For the half, Other net costs were \$69 million, \$17 million below the prior year reflecting the first-time inclusion of the Group's share of Endeavour Group's net profit after tax for the half somewhat offset by higher overhead costs including the \$34 million Group Team Thank You payment. Excluding Endeavour Group's contribution, Other costs are expected to be approximately \$190 million for F22.

Group COVID costs

\$ MILLION	H1'F22 (27 WEEKS)	Q2'22 (13 WEEKS)	Q1'22 (14 WEEKS)	H2'F21 (25 WEEKS)	Q4'21 (12 WEEKS)	Q3'21 (13 WEEKS)	H1'F21 (27 WEEKS)
Cleaning and PPE	40	18	22	25	10	15	91
Contractors and security	11	5	6	7	4	3	13
Team costs ¹	85	34	51	10	5	5	60
Supply chain	69	46	23	12	5	7	61
COVID costs before discretionary payments	205	103	102	54	24	30	225
Team discounts, incentives, recognition payments and donations ²	34	34	-	1	-	1	52
Total COVID costs³	239	137	102	55	24	31	277
COVID costs (% of sales)	0.7%	0.9%	0.6%	0.2%	0.2%	0.2%	0.8%

1 Represents incremental team members, leave costs and roles, to support COVID crisis management and customer and team safety (and excludes any incremental variable cost driven by higher sales)

2 Cost of team discounts offset against sales

3 Includes Endeavour Group costs of \$20 million in H1 F21 and \$8 million in H2 F21

Group total COVID costs in H22 were \$239 million equivalent to 0.7% of sales. COVID costs before discretionary payments of \$205 million increased materially compared to H2 F21 due to the impact of COVID on the Group's stores and DCs. In Q2, supply chain costs increased due to the cost of rapid antigen testing, partly offset by lower team costs following the easing of restrictions in NSW and Victoria. Total COVID costs in Q2 and H22 include the Group Team Thank You payment of \$34 million.

Significant items

\$ MILLION	PROFIT BEFORE TAX	TAX BENEFIT/ (EXPENSE)	PROFIT FOR THE PERIOD
Continuing operations			
Team member pay remediation	(123)	37	(86)
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
	(145)	26	(119)
Discontinued operations			
Gain on demerger of Endeavour Group	6,387	-	6,387
Total Group significant items	6,242	26	6,268

Team member pay remediation

During the period, the Group recognised a provision of \$144 million relating to payment shortfalls of hourly paid retail team members. This provision comprises \$123 million relating to prior period payment shortfalls of hourly paid team members and other one-off remediation charges (including on costs and interest); and \$21 million relating to the current period, which was recognised in continuing operations.

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

The Group incurred a 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. The additional rights were to ensure team members were no worse off as a result of the demerger. This charge reflects the fair value of the additional share rights awarded.

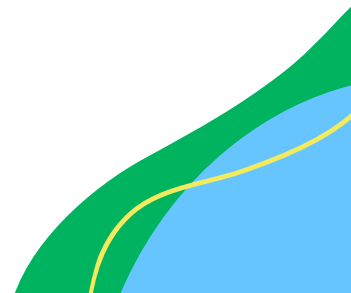
Gain on sale of Endeavour Group shares held by the share trust

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 derecognition of the non-controlling interest share of Endeavour Group's net assets, recognition of the retained investment in Endeavour Group at fair value, and derecognition of the demerger distribution liability.

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Group balance sheet

Group balance sheet as at 2 January 2022

\$ MILLION	2 JAN 2022	27 JUNE 2021	CHANGE	3 JAN 2021
Inventories	3,554	3,132	422	4,808
Trade payables	(5,404)	(4,832)	(572)	(6,552)
Net investment in inventory	(1,850)	(1,700)	(150)	(1,744)
Trade and other receivables	1,228	782	446	1,015
Other creditors, provisions and other liabilities	(4,354)	(4,008)	(346)	(4,671)
Demerger distribution liability	-	(7,870)	7,870	-
Fixed assets, investments, loans to related parties and convertible notes	9,574	7,605	1,969	9,195
Net assets held for sale and distribution	166	5,728	(5,562)	178
Intangible assets	5,309	4,671	638	7,740
Lease assets	10,178	9,553	625	12,759
Other assets	420	128	292	126
Total funds employed	20,671	14,889	5,782	24,598
Net tax balances	1,309	1,119	190	917
Net assets employed	21,980	16,008	5,972	25,515
Cash and borrowings	(2,912)	(1,863)	(1,049)	(491)
Derivatives	(15)	-	(15)	44
Net debt (excluding lease liabilities)	(2,927)	(1,863)¹	(1,064)	(447)
Lease liabilities	(12,553)	(12,016)	(537)	(15,386)
Total net debt	(15,480)	(13,879)	(1,601)	(15,833)
Put option over non-controlling interest	(808)	(390)	(418)	-
Net assets	5,692	1,739	3,953	9,682
Non-controlling interests	126	360	(234)	327
Shareholders' equity	5,566	1,379	4,187	9,355
Total equity	5,692	1,739	3,953	9,682

KEY RATIOS – CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS

CHANGE ON HI

Closing inventory days (based on cost of sales)	31.5	29.0	0.7	30.8
Closing trade payable days (based on cost of sales)	(47.6)	(44.8)	0.5	(48.1)
Normalised ROFE ²	14.1%	16.8%	(290) bps	17.0%

Closing inventory of \$3,554 million increased by \$422 million compared to F21 reflecting seasonal trends. Excluding Endeavour Group, inventory increased \$185 million compared to H21 primarily due to the PFD acquisition. Closing inventory days increased 0.7 days, with average inventory days from continuing operations declining by 0.4 days.

Trade payables of \$5,404 million increased by \$572 million from F21 primarily due to the PFD acquisition and increased volume replenishments of inventory ahead of Christmas.

Trade and other receivables of \$1,228 million increased by \$446 million compared to F21, primarily driven by the acquisition of PFD and the recognition of receivables relating to the Endeavour Group partnership agreements.

Other creditors, provisions and other liabilities of \$4,354 million increased by \$346 million compared to F21, primarily driven by a provision for team member remediation of \$144 million, the acquisition of PFD and increases in team member accruals and leave entitlement provisions.

The **demerger distribution liability** of \$7,870 million at F21 was derecognised on the demerger of Endeavour Group.

Fixed assets, investments, loans to related parties and convertible notes of \$9,574 million increased by \$1,969 million compared to F21, primarily due to the recognition of the Group's investment in Endeavour Group of \$1,637 million and an increase in fixed assets reflecting investment in new and existing stores, property development, supply chain, IT infrastructure and acquisitions of businesses.

¹ Net debt excludes \$437 million of cash included in net assets held for sale and distribution

² F21 closing funds employed included in the ROFE calculation excludes the \$7,870 million demerger distribution liability. H21 continuing operations ROFE has been restated to exclude Endeavour Group, which became a discontinued operation at the end of F21

Net assets held for sale of \$166 million decreased by \$5,562 million compared to F21 due to the derecognition of assets held for distribution on the demerger of the Endeavour Group.

Intangible assets of \$5,309 million increased by \$638 million compared to F21 largely driven by the recognition of intangible assets relating to the acquisition of PFD.

Lease assets of \$10,178 million increased by \$625 million compared to F21, driven by lease option remeasurements, lease asset additions, and the recognition of lease assets relating to PFD, partially offset by lease depreciation of \$536 million. Compared to H1 F21, the reduction in lease assets primarily reflects the demerger of Endeavour Group.

Total funds employed increased by \$5,782 million compared to F21 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 \$5,562 million decrease in net assets held for distribution following the completion of the demerger. Compared to H21, the reduction in funds employed primarily reflects the demerger of Endeavour Group.

Net debt (excluding lease liabilities) of \$2,927 million increased by \$1,064 million compared to F21 primarily due to the additional cash outflow associated with the acquisition of PFD and the share buy-back.

Lease liabilities of \$12,553 million increased by \$537 million, driven by lease option remeasurements, lease asset additions, the recognition of lease assets on the acquisition of PFD, and lease interest expense of \$281 million, partially offset by \$876 million of lease repayments made in the period.

Net assets of \$5,692 million includes put option liabilities of \$808 million over the non-controlling interest in Quantum and PFD. The liability reflects the amount expected to be paid at the exercise of the put options.

Normalised ROFE from continuing operations was 14.1%, a decrease of 290 bps on the prior year. ROFE decreased due to a lower EBIT from continuing operations despite lower funds employed as a result of the Endeavour Group demerger. Group ROFE from continuing and discontinued operations was 12.5% (H21: 14.4%) with comparability to the prior year impacted by the Endeavour Group demerger.

Group cash flow

Group cash flows for the 27 weeks ended 2 January 2022

\$ MILLION	H22 (27 WEEKS)	H21 (27 WEEKS)	CHANGE
EBITDA – continuing operations	2,454	2,608	(6.0)%
EBITDA – discontinued operations	6,387	807	n.m.
Group EBITDA	8,841	3,415	158.8%
Working capital and non-cash – continuing operations			
Increase in inventories	(292)	(207)	41.1%
Increase in trade payables	341	387	(11.9)%
Increase/ (decrease) in provisions	197	(201)	n.m.
Net change in other working capital and non-cash	(124)	39	n.m.
Net change in working capital and non-cash – discontinued operations	(6,387)	340	n.m.
Cash from operating activities before interest and tax	2,576	3,773	(31.6)%
Cash from operating activities before interest and tax – cont. ops	2,576	2,626	(1.9)%
Interest paid – leases	(322)	(407)	(20.8)%
Net interest paid – non-leases	(13)	(67)	(80.2)%
Tax paid	(510)	(419)	21.7%
Total cash provided by operating activities	1,731	2,880	(39.8)%
Proceeds and advances from the sale of property, plant and equipment, subsidiaries and investments, net of cash disposed	281	317	(11.2)%
Payments for the purchase of property, plant and equipment and intangible assets	(1,144)	(1,005)	13.8%
Payments for the purchases of businesses net of cash acquired	(396)	(16)	n.m.
Other	(21)	(6)	n.m.
Total cash used in investing activities	(1,280)	(710)	80.2%
Repayment of lease liabilities	(554)	(618)	(10.2)%
Dividends paid (including to non-controlling interests)	(608)	(524)	16.0%
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	(25)	(1)	n.m.
Net cash flow	(1,024)	1,027	n.m.
Cash realisation ratio (%)	21	115	
Adjusted cash realisation ratio (continuing operations) (%)	91	-	

The decrease in **EBITDA from continuing operations** of \$154 million reflects lower trading EBITDA as well as a significant item charge of \$123 million related to team remediation costs.

EBITDA from discontinued operations increased from \$807 million to \$6,387 million due to the non-cash gain on the demerger of Endeavour Group of \$6,387 million.

Increase in inventories (continuing operations) of \$292 million was \$85 million higher than the prior year reflecting higher inventory holdings across the Group to support elevated trading and mitigate supply chain issues.

Increase in trade payables (continuing operations) of \$341 million was \$46 million below the prior year. Increased purchases to support elevated trading were offset by reduced payment days for small suppliers and timing of payment runs.

Increase in provisions (continuing operations) of \$197 million reflects an increase in provisions for remediation costs and self-insurance. In the prior year, the decrease in provisions largely reflected the cash remediation of salaried team members.

The **net change in other working capital and non-cash** (continuing operations) was a decrease of \$124 million primarily due to the first-time recognition of receivables related to the Endeavour Group sub-leases on stores.

Cash from operating activities before interest and tax was \$2,576 million. After normalising for Endeavour Group's net cash from operating activities before interest and tax in H21 of \$1,147 million, net cash provided by operating activities

before interest and tax was \$50 million below the prior year. The normalised decrease compared to the prior year was mainly driven by lower EBITDA from continuing operations offset by a net increase in working capital and non-cash items from continuing operations.

Interest paid – leases declined due to a reduction in lease liabilities following the demerger of Endeavour Group.

Net interest paid – non-leases was \$13 million, a decrease of \$54 million compared to the prior period mainly due to interest savings on bonds which matured at higher effective rates compared to new bonds issued during the half at lower effective rates.

Tax paid increased \$91 million compared to the prior year driven by higher taxable income in F21 compared to F20.

Payments for the purchase of property, plant and equipment and intangible assets of \$1,144 million mainly relates to property development and investment in new stores, supply chain and IT software. The increase compared to the prior year is primarily due to increased property development expenditure and supply chain projects.

Payments for the purchase of businesses, net of cash acquired of \$396 million reflects the purchase of a 65% interest in PFD Food Services.

Dividends paid (including to non-controlling interests) relate to the F21 final dividend paid of \$608 million, net of dividend reinvestment with the increase reflecting a higher dividend per share compared to the prior year.

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 the half was 21% (H21: 115%). Excluding the non-cash gain of \$6,387 million on the demerger of Endeavour Group, the cash realisation ratio was 91%.

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 \$2.7 billion returned to shareholders (excluding franking credits) in H22.

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, further working capital initiatives, and adjusting growth capital expenditure and the property leasing profile. The Group's credit ratings¹ are BBB (stable outlook) from S&P and Baa2 (stable outlook) from Moody's.

Financing transactions during H22

In September 2021, the Group successfully completed two debt capital market transactions including a EUR550 million (approximately \$880 million) European Medium Term Notes issuance and a \$700 million domestic Medium Term Notes issuance.

Both issuances were structured as sustainability-linked bonds (SLB), with a direct link to the Group's commitment to reducing its carbon emissions. The SLB structure embeds a penalty (via a margin increase) into the terms of the notes where 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 target.

The proceeds of the notes have been used for general corporate purposes, including the long-term funding of the Group's investments in Quantum and PFD Food Services.

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

New store rollout plans and outlook

New store rollout plans

The store rollout is supported by detailed plans for the next three to five years, identifying specific sites.

	H22 NET STORE OPENINGS (INCL. ACQUISITIONS)	MEDIUM TERM ANNUAL TARGET (NET)
Australian Food	9	
<i>Woolworths Supermarkets</i>	5	10-25 full new range supermarkets
<i>Metro Food Stores</i>	4	5-15 new Metro Food Stores
New Zealand Food	1	
<i>Countdown</i>	1	3-4 new supermarkets
<i>Franchise stores</i>	-	
BIG W	-	

Current trading and outlook

Woolworths Group CEO, Brad Banducci, said: "The impact of Omicron in Australia has led to strong sales growth for the first seven weeks of the year in Australian Food. However, it has negatively impacted BIG W's sales. In New Zealand, sales growth has benefited from higher inflation with Omicron not yet having a material impact on customer shopping behaviour.

"Australian Food (Woolworths Retail) total sales increased by ~5% for the first seven weeks (2-yr CAGR: ~6%), with the strongest sales growth in the first two weeks of January during the Omicron case peak on the Eastern Seaboard. Inflation has also continued to trend upwards with shelf prices in H2 to date increasing by 2-3% on the prior year reflecting cost pressures being experienced by suppliers. In New Zealand Food, total sales have also increased by ~5% (2-yr CAGR: ~3%) and BIG W sales declined by ~4% (2-yr CAGR: up ~6%) as the business continues to cycle strong growth in the prior year and customers remain less mobile.

"We expect inflationary pressures to continue to intensify due to industry-wide cost increases. It is inevitable that some prices will increase; however, we will continue to work hard to ensure that we provide our customers with great value and affordable alternatives.

"Group COVID costs in the first seven weeks were approximately \$34 million or 0.4% of sales. Indirect COVID costs have also remained high, mainly due to continued end-to-end supply chain disruption. We are focused on returning to a consistent operating rhythm across the Group and we have seen some stabilisation in operating conditions in recent weeks on the Eastern Seaboard. While COVID-related costs are likely to remain elevated in Q3 and some costs will persist while COVID remains with us, we expect them to moderate over the course of the half.

"The end-to-end payroll review is ongoing across Woolworths Group. Testing and analysis is currently in progress across Primary Connect and Woolworths New Zealand. We aspire to have substantially completed the review by the end of calendar 2022 and are committed to rectifying all payment shortfalls as soon as possible.

"Assuming a continued normalisation in the operating environment during Q3, we expect an improved Group financial performance in H2. In New Zealand, we are preparing for the impact of Omicron to minimise disruption to our customers and team as much as possible. For BIG W, we expect a challenging half but expect the business to report a profit in H2. Over the longer-term, we remain confident that we will continue to progress our strategic agenda and leverage our core capabilities and platforms to deliver more value and services to our customers and achieve consistent returns for our shareholders."

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Appendices

Appendix One: Quarterly sales summary

\$ MILLION	Q2'22 13 WEEKS	Q2'21 13 WEEKS	CHANGE
Continuing operations			
Australian Food	11,509	11,180	2.9%
Australian B2B	1,027	310	231.0%
New Zealand Food (AUD)	1,876	1,727	8.6%
<i>New Zealand Food (NZD)</i>	1,967	1,840	6.9%
BIG W	1,428	1,466	(2.6)%
Other	(16)	(56)	n.m.
Sales from continuing operations¹	15,824	14,627	8.2%
Sales from discontinued operations	-	3,383	n.m.
Group sales	15,824	18,010	(12.1)%

¹ Restated to conform with the new structure, which reflects the establishment of the new Australian B2B segment

TOTAL SALES GROWTH %	Q1'22 14 WEEKS	Q2'22 13 WEEKS	H22 27 WEEKS
Australian Food	3.9%	2.9%	3.4%
Australian B2B	196.4%	231.0%	213.4%
New Zealand Food (AUD)	12.9%	8.6%	10.7%
<i>New Zealand Food (NZD)</i>	9.7%	6.9%	8.3%
BIG W	(17.5)%	(2.6)%	(9.0)%
Continuing operations	7.8%	8.2%	8.0%
Group sales from continuing and discontinued operations	(10.1)%	(12.1)%	(11.1)%

COMPARABLE SALES GROWTH %	Q1'22 14 WEEKS	Q2'22 13 WEEKS	H22 27 WEEKS
Australian Food	2.7%	1.9%	2.3%
New Zealand Food (NZD)	9.0%	6.0%	7.5%
BIG W	(16.8)%	(1.8)%	(8.3)%

Appendix Two: Five-year store and trading analysis

STORES (NUMBER)	2022 HALF YEAR	2021 FULL YEAR	2020 FULL YEAR	2019 FULL YEAR	2018 FULL YEAR
Continuing operations					
NSW & ACT	346	343	334	324	317
QLD	251	250	242	237	234
VIC	270	268	265	253	249
SA & NT	79	78	78	78	79
WA	106	104	101	101	98
TAS	31	31	31	31	31
Australian Supermarkets & Metro Food Stores	1,083	1,074	1,051	1,024	1,008
Summergate	2	2	1	1	2
Total Australian Food	1,085	1,076	1,052	1,025	1,010
New Zealand Supermarkets	185	184	182	180	181
BIG W	176	176	179	183	183
Total continuing operations	1,446	1,436	1,413	1,388	1,374
Wholesale customer stores					
SuperValue and FreshChoice	71	71	70	70	69
Statewide Independent Wholesalers	220	220	220	220	220
Total wholesale customer stores	291	291	290	290	289
Discontinued operations¹					
BWS	-	1,392	1,369	1,346	1,316
Dan Murphy's	-	251	241	230	227
Total Endeavour Drinks	-	1,643	1,610	1,576	1,543
Hotels (includes clubs)	-	339	334	328	323
Woolworths Petrol	-	-	-	-	534
Total discontinued operations	-	1,982	1,944	1,904	2,400
Total Group	1,446	3,418	3,357	3,292	3,774
Trading area (sqm)²					
Australian Food	2,450,266	2,435,065	2,382,764	2,330,830	2,281,866
New Zealand Supermarkets	410,872	410,229	405,425	404,032	405,274
BIG W	1,004,914	1,004,914	1,021,775	1,045,260	1,046,333

¹ Endeavour Drinks and Hotels became discontinued operations at the end of F21. The Petrol business became a discontinued operation at the end of H17

² Excludes eStores

Appendix Three: New stores and refurbishments

HALF-YEAR F22	GROSS NEW STORES (INC. ACQUISITIONS)	NET NEW STORES (INC. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Australian Supermarkets	6	5	26
Metro Food Stores	4	4	1
New Zealand Food	2	1	1
BIG W	-	-	-
Total Group	12	10	28
SECOND QUARTER F22	GROSS NEW STORES (INC. ACQUISITIONS)	NET NEW STORES (INC. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Australian Supermarkets	1	-	17
Metro Food Stores	3	3	-
New Zealand Food	2	1	1
BIG W	-	-	-
Total Group	6	4	18

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 Day Delivery window and three-hour Same Day Delivery windows, or reduced fees for quicker delivery options
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
FWO	Fair Work Ombudsman
MSRDC	Melbourne South Regional Distribution Centre
Net assets employed	Net assets, excluding net debt, other financial assets and liabilities and put option liabilities
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
Renewal	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
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	State Independent Wholesalers
Total net debt	Borrowings less cash balances, including debt hedging derivatives and lease liabilities
Two-year average comparable sales growth	Simple average of the current period and prior period comparable sales growth

Two-year CAGR

The two-year CAGR is the compound annual growth rate over two years

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

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