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WOOLWORTHS GROUP

24 February 2021

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

Appendix 4D and Half-Year Financial Report

Attached for release to the market are the ASX Appendix 4D and the F21 Half-Year Financial Report for the period ended 3 January 2021.

Authorised by: Michelle Hall, Company Secretary

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Appendix 4D
under ASX Listing Rule 4.2A

Current reporting period	**29 June 2020 to 3 January 2021**
Prior corresponding period	**1 July 2019 to 5 January 2020**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information

	% CHANGE		$M
Total revenue from continuing operations	**10.6**	**to**	**35,845**
Profit from continuing operations after tax attributable to equity holders of the parent entity	**28.0**	**to**	**1,135**
Profit attributable to equity holders of the parent entity	**28.0**	**to**	**1,135**

Details relating to dividends[1]

	CENTS PER SHARE	$M
2020 final dividend paid 6 October 2020	**48**	**606**
2021 interim dividend declared on 24 February 2021[2,3]	**53**	**671**[4]

1 All dividends are fully franked at a 30% tax rate.
2 Record date for determining entitlement to the 2021 interim dividend is 5 March 2021.
3 The 2021 interim dividend is payable on or around 14 April 2021, and is not provided for at 3 January 2021.
4 Represents the anticipated dividend based on the shares on issue at the date of this report. This value will change if there are any shares issued between the date of this report and the ex-dividend date.

The Dividend Reinvestment Plan (DRP) remains active. Eligible shareholders may participate in the DRP in respect of all or part of their shareholding. There is currently no DRP discount applied to the dividend 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 2021 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of Woolworths Group Limited traded on the Australian Securities Exchange (ASX) over the period of 10 trading days commencing on 9 March 2021. The last date for receipt of election notices for the DRP is 8 March 2021. The Company intends to issue new shares to satisfy its obligations under the DRP.

NET TANGIBLE ASSETS PER SHARE

	AS AT		
	3 JANUARY 2021	28 JUNE 2020	RESTATED[1] 5 JANUARY 2020
Net tangible assets per share	**127.5**	81.0	103.9

1 Restated for the re-presentation of software from property, plant and equipment to intangible assets.

DETAILS OF SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES

Entities where control was gained or lost

During the half-year ended 3 January 2021, the following entities were incorporated: W23 Incubator Pty Limited (3 August 2020), Macro Wholefoods Company Pty Limited (1 September 2020), Woolworths Group Payments Pty Limited (10 December 2020), WPay Pty Limited (11 December 2020), Point Gate Developments Pty Limited (24 December 2020), and Point Gate Properties Pty Limited (24 December 2020).

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under ASX Listing Rule 4.2A

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Details of associates and joint ventures

	OWNERSHIP INTEREST AS AT		
	3 JANUARY 2021	28 JUNE 2020	5 JANUARY 2020
Pet Culture Group Pty Limited [1]	**60.0%**	–	–
173 Burke Rd JV Pty Ltd [1]	**50.1%**	–	–
The Quantium Group Holdings Pty Limited	**47.2%**	47.2%	47.3%
SouthTrade International Pty Ltd [2]	**–**	–	25.0%
B & J City Kitchen Pty Ltd	**23.0%**	23.0%	23.0%
Sherpa Pty Ltd [3]	**20.8%**	20.4%	20.4%
FutureFeed Pty Ltd	**20.4%**	–	–

1 The Group does not exercise control over this entity notwithstanding that its ownership interest is greater than 50%.

2 On 26 May 2020, Woolworths Group Limited disposed of its 25% ownership in SouthTrade International Pty Ltd.

3 In previous reporting periods, the Group accounted for its investment in this entity as an equity investment as it did not exercise significant influence over this entity. In H1 F21, the Group increased its shareholding in this entity, which triggered a reassessment of the Group's ability to exercise significant influence, resulting in a change in classification of this entity from an equity investment to an investment in associate.

OTHER

Additional Appendix 4D disclosure requirements and further information, including commentary on significant features of the operating performance, results of segments, trends in performance, and other factors affecting the results for the current period, are contained in the Half-Year Financial Report 2021, and Press Release (2021 Half-Year Results Announcement).

The Consolidated Financial Statements contained within the Half-Year Financial Report 2021, upon which this report is based, have been reviewed by Deloitte Touche Tohmatsu.

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WOOLWORTHS GROUP



Woolworths Group Limited
ABN 88 000 014 675

HALF-YEAR FINANCIAL REPORT 2021

Half-Year Financial Report 2021
Table of Contents

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Directors' Report 2

Auditor's Independence Declaration 3

Consolidated Financial Statements
for the half-year ended 3 January 2021

Consolidated Statement of Profit or Loss 4
Consolidated Statement of Other Comprehensive Income 5
Consolidated Statement of Financial Position 6
Consolidated Statement of Changes in Equity 7
Consolidated Statement of Cash Flows 8

Condensed Notes to the Consolidated Financial Statements
for the half-year ended 3 January 2021

1 BASIS OF PREPARATION 9
1.1 Basis of preparation 9
1.2 Statement of compliance 9
1.3 New and amended standards adopted by the Group 9
1.4 Financial reporting impacts of COVID-19 10

2 REVENUE FROM THE SALE OF GOODS AND SERVICES FROM CONTINUING OPERATIONS 11

3 FINANCE COSTS FROM CONTINUING OPERATIONS 11

4 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS 11

5 LEASES 13
5.1 Lease assets 13
5.2 Lease liabilities 14
5.3 Other amounts recognised in the Consolidated Statement of Profit or Loss 14
5.4 Amounts recognised in the Consolidated Statement of Cash Flows 15

6 DIVIDENDS 15

7 CONTRIBUTED EQUITY 16

8 COMMITMENTS FOR CAPITAL EXPENDITURE 16

9 CONTINGENT LIABILITIES 17

10 SUBSEQUENT EVENTS 17

Directors' Declaration 18

Independent Auditor's Review Report 19

Company directory 21

Directors' Report

This Half-Year Financial Report is presented by the directors in respect of Woolworths Group Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 3 January 2021 (the Group).

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

THE DIRECTORS

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

Non-executive Directors

G M Cairns (Chairman)
M N Brenner (appointed on 1 December 2020)
J R Broadbent AC (retired on 12 November 2020)
J C Carr-Smith
H S Kramer
S L McKenna
S R Perkins
K A Tesija
M J Ullmer AO

Executive Directors

B L Banducci (Chief Executive Officer)

REVIEW AND RESULTS OF OPERATIONS

Refer to 2021 Half-Year Results Announcement for the 27-week period ended 3 January 2021.

ROUNDING OF AMOUNTS

The Half-Year Financial Report is presented in Australian dollars and amounts have been rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

AUDITOR'S INDEPENDENCE DECLARATION

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

The Half-Year Financial Report is made in accordance with a resolution of the Directors of the Company on 24 February 2021.



Gordon Cairns
Chairman



Brad Banducci
Chief Executive Officer

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Auditor's Independence Declaration

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24 February 2021

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

Dear Board Members

Auditor's Independence Declaration to Woolworths Group Limited

In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the Directors of Woolworths Group Limited.

As lead audit partners for the review of the financial report of Woolworths Group Limited for the half-year ended 3 January 2021, we declare that to the best of our knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

TElliott

T C Elliott
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Consolidated Statement of Profit or Loss

	NOTE	HALF-YEAR ENDED 3 JANUARY 2021 $M	HALF-YEAR ENDED 5 JANUARY 2020 $M
Continuing operations			
Revenue from the sale of goods and services	2	**35,845**	32,410
Cost of sales		**(25,323)**	(22,825)
Gross profit		**10,522**	9,585
Other revenue		**80**	101
Branch expenses		**(6,283)**	(5,817)
Administration expenses		**(2,227)**	(2,107)
Earnings before interest and tax		**2,092**	1,762
Finance costs	3	**(412)**	(440)
Profit before income tax		**1,680**	1,322
Income tax expense		**(505)**	(390)
Profit for the period from continuing operations		**1,175**	932
Discontinued operations			
Profit for the period from discontinued operations, after tax		**–**	–
Profit for the period		**1,175**	932
Profit for the period attributable to:			
Equity holders of the parent entity		**1,135**	887
Non-controlling interests		**40**	45
		1,175	932
Profit for the period attributable to equity holders of the parent entity related to:			
Profit from continuing operations		**1,135**	887
Profit from discontinued operations		**–**	–
		1,135	887
		CENTS	**CENTS**
Earnings per share (EPS) attributable to equity holders of the parent entity			
Basic EPS		**90.5**	70.6
Diluted EPS		**90.1**	70.2
EPS attributable to equity holders of the parent entity from continuing operations			
Basic EPS		**90.5**	70.6
Diluted EPS		**90.1**	70.2

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

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Consolidated Statement of Other Comprehensive Income

	HALF-YEAR ENDED	
	3 JANUARY 2021 $M	5 JANUARY 2020 $M
Profit for the period	**1,175**	932
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	**(44)**	(4)
Foreign currency translation of foreign operations	**5**	7
Items that will not be subsequently reclassified to profit or loss, net of tax		
Fair value (loss)/gain on equity investments designated as at fair value through other comprehensive income	**(6)**	9
Other comprehensive (loss)/income for the period, net of tax	**(45)**	12
Total comprehensive income for the period	**1,130**	944
Total comprehensive income for the period attributable to:		
Equity holders of the parent entity	**1,091**	899
Non-controlling interests	**39**	45
	1,130	944
Total comprehensive income for the period from continuing operations attributable to:		
Equity holders of the parent entity	**1,091**	899
Non-controlling interests	**39**	45
	1,130	944

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

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Consolidated Statement of Financial Position

	NOTE	AS AT 3 JANUARY 2021 $M	28 JUNE 2020 $M	5 JANUARY 2020 $M
Current assets				
Cash and cash equivalents		**2,135**	2,068	1,037
Trade and other receivables		**853**	740	811
Inventories		**4,808**	4,434	4,621
Other financial assets		**157**	534	294
Other current assets		**9**	16	–
		7,962	7,792	6,763
Assets held for sale		**178**	333	198
Total current assets		**8,140**	8,125	6,961
Non-current assets				
Trade and other receivables		**162**	154	154
Other financial assets		**176**	168	368
Lease assets	5.1	**12,759**	12,062	11,993
Property, plant and equipment		**8,960**	8,742	8,360
Intangible assets		**7,740**	7,717	7,763
Deferred tax assets		**1,358**	1,327	1,235
Other non-current assets		**189**	177	111
Total non-current assets		**31,344**	30,347	29,984
Total assets		**39,484**	38,472	36,945
Current liabilities				
Trade and other payables		**8,530**	7,508	7,149
Lease liabilities	5.2	**1,852**	1,826	1,676
Borrowings		**721**	2,027	1,419
Current tax payable		**256**	131	101
Other financial liabilities		**126**	84	59
Provisions		**1,818**	1,881	1,748
Total current liabilities		**13,303**	13,457	12,152
Non-current liabilities				
Lease liabilities	5.2	**13,534**	12,902	12,707
Borrowings		**1,905**	1,904	1,602
Other financial liabilities		**–**	3	11
Deferred tax liabilities		**185**	204	233
Provisions		**824**	918	753
Other non-current liabilities		**51**	52	83
Total non-current liabilities		**16,499**	15,983	15,389
Total liabilities		**29,802**	29,440	27,541
Net assets		**9,682**	9,032	9,404
Equity				
Contributed equity	7	**6,226**	6,022	6,049
Reserves		**271**	391	399
Retained earnings		**2,858**	2,329	2,625
Equity attributable to equity holders of the parent entity		**9,355**	8,742	9,073
Non-controlling interests		**327**	290	331
Total equity		**9,682**	9,032	9,404

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

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Consolidated Statement of Changes in Equity

HALF-YEAR ENDED 3 JANUARY 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	–	–	–	1,135	1,135	40	1,175
Other comprehensive loss for the period, net of tax	–	–	(44)	–	(44)	(1)	(45)
Total comprehensive (loss)/income for the period, net of tax	**–**	**–**	**(44)**	**1,135**	**1,091**	**39**	**1,130**
Dividends paid	–	–	–	(606)	(606)	(2)	(608)
Transfer of shares to satisfy employee long-term incentive plans	–	121	(121)	–	–	–	–
Issue of shares to satisfy the dividend reinvestment plan	84	–	–	–	84	–	84
Purchase of shares by the Woolworths Employee Share Trust	–	(1)	–	–	(1)	–	(1)
Share-based payments expense	–	–	45	–	45	–	45
Balance at 3 January 2021	**6,281**	**(55)**	**271**	**2,858**	**9,355**	**327**	**9,682**

HALF-YEAR ENDED 5 JANUARY 2020	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 30 June 2019, as previously reported	6,033	(205)	490	3,783	10,101	383	10,484
Adjustment on initial application of AASB 16, net of tax	–	–	–	(1,329)	(1,329)	(69)	(1,398)
Adjusted balance at 1 July 2019	6,033	(205)	490	2,454	8,772	314	9,086
Profit for the period	–	–	–	887	887	45	932
Other comprehensive income for the period, net of tax	–	–	12	–	12	–	12
Total comprehensive income for the period, net of tax	–	–	12	887	899	45	944
Dividends paid	–	–	–	(717)	(717)	(25)	(742)
Transfer of shares to satisfy employee long-term incentive plans	–	129	(129)	–	–	–	–
Issue of shares to satisfy the dividend reinvestment plan	94	(1)	–	1	94	–	94
Purchase of shares by the Woolworths Employee Share Trust	–	(1)	–	–	(1)	–	(1)
Share-based payments expense	–	–	26	–	26	–	26
Recognition of put option over non-controlling interest	–	–	–	–	–	(3)	(3)
Balance at 5 January 2020	6,127	(78)	399	2,625	9,073	331	9,404

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

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Consolidated Statement of Cash Flows

	NOTE	HALF-YEAR ENDED 3 JANUARY 2021 $M	HALF-YEAR ENDED 5 JANUARY 2020 $M
Cash flows from operating activities			
Receipts from customers		**38,659**	35,105
Payments to suppliers and employees		**(34,886)**	(32,154)
Payments for the interest component of lease liabilities	5.4	**(407)**	(414)
Finance costs paid on borrowings		**(67)**	(91)
Income tax paid		**(419)**	(385)
Net cash provided by operating activities		**2,880**	2,061
Cash flows from investing activities			
Proceeds and advances from the sale of property, plant and equipment		**298**	158
Payments for property, plant and equipment and intangible assets		**(1,005)**	(888)
Proceeds from the sale of subsidiaries and investments, net of cash disposed		**19**	18
Payments for the purchase of investments and businesses, net of cash acquired		**(28)**	(47)
Loans to related parties		**–**	(4)
Dividends received		**6**	2
Net cash used in investing activities		**(710)**	(761)
Cash flows from financing activities			
Repayment of lease liabilities	5.4	**(618)**	(602)
Proceeds from borrowings		**–**	8
Repayment of borrowings		**(956)**	(86)
Dividends paid	6	**(522)**	(623)
Dividends paid to non-controlling interests		**(2)**	(25)
Payment for shares held in trust		**(1)**	(1)
Net cash used in financing activities		**(2,099)**	(1,329)
Net increase/(decrease) in cash and cash equivalents		**71**	(29)
Effect of exchange rate changes on cash and cash equivalents		**(4)**	–
Cash and cash equivalents at start of period		**2,068**	1,066
Cash and cash equivalents at end of period		**2,135**	1,037

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

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Condensed Notes to the Consolidated Financial Statements for the half-year ended 3 January 2021

1 BASIS OF PREPARATION

1.1 BASIS OF PREPARATION

Woolworths Group Limited (the Company) is a for-profit company incorporated and domiciled in Australia. The Half-Year Financial Report of the Company is for the 27-week period ended 3 January 2021 and comprises the Company and its subsidiaries (together referred to as the Group). The comparative period is the 27-week period ended 5 January 2020.

The Half-Year Financial Report was authorised for issue by the Directors on 24 February 2021.

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 assets at fair value through other comprehensive income, derivative assets and liabilities, and certain financial liabilities measured at fair value.

The accounting policies applied in the preparation of the Half-Year Financial Report are consistent with those applied in the Company's Financial Report for the 52-week period ended 28 June 2020 (2020 Financial Report), unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

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. In addition, the Group has reclassified $266 million from non-current lease liabilities to current lease liabilities in the Consolidated Statement of Financial Position as at 28 June 2020, to reflect that these lease liabilities are expected to settle within 12 months after the reporting period. This has not resulted in a change to the total liabilities or net assets of the Group as at 28 June 2020.

1.2 STATEMENT OF COMPLIANCE

The Half-Year Financial Report of the Group is a general purpose condensed financial report prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134) and the *Corporations Act 2001*.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The Half-Year Financial Report does not include all of the information required for a full Financial Report, and should be read in conjunction with the 2020 Financial Report, and any public announcements by Woolworths Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules.

1.3 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are effective for annual reporting periods beginning on or after 29 June 2020. 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.

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1 BASIS OF PREPARATION

1.4 FINANCIAL REPORTING IMPACTS OF COVID-19

The financial performance of the Group and its reportable segments has been materially impacted by the COVID-19 pandemic. Strong sales growth for the Group for H1 F21 (10.6%) was offset by higher costs to maintain a COVIDSafe environment for the Group's customers and team, with incremental COVID costs of $277 million in the period. Despite these incremental COVID costs, and Hotels' EBIT being well below the prior period, Group EBIT grew to $2,092 million for H1 F21.

The financial performance of the Group's reportable segments, including the impacts of COVID-19, is as follows:

- **Australian Food** – sales growth for the period was 10.6%, moderating gradually over the period. EBIT grew by 13% despite incremental COVID costs of $168 million. In Woolworths Supermarkets, customer metrics improved compared to H1 F20 and store-originated sales increased by 7.2% with customers continuing to shop less frequently but with bigger baskets. In WooliesX, eCommerce sales increased by 92% to $1.8 billion in the period as the Group further increased online capacity with sales penetration of 7.7% stabilising as COVID restrictions eased in New South Wales and Victoria. Metro Food Stores continued to be impacted by reduced foot traffic in city locations and transit hubs with sales declining by 6.7% to $456 million.
- **New Zealand Food** – sales growth for the period of 2.9% slowed over the half with lower market growth impacted by fewer international tourists, while eCommerce sales continued to grow strongly. Customer transactions declined as customers continued to shop less frequently but with bigger baskets, and a preference for online and local shopping. EBIT increased by 3.0% with EBIT margin in line with H1 F20 at 5.2%.
- **BIG W** – all key metrics improved including positive momentum in customer metrics, sales growth of 20.1%, and EBIT growth of 166%. All destination areas grew sales materially driven by seasonal sales events such as Halloween, Click Frenzy, Big Sale (Black Friday), and Christmas. eCommerce sales through BIG W X increased by 120% in the period with online penetration of 9.5% in part due to increased demand for Home Delivery and Pick up. EBIT growth was driven by strong sales, gross margin improvements, and good cost control despite higher COVID-related costs.
- **Endeavour Drinks** – sales continued to benefit from increased at-home consumption due to government restrictions from COVID significantly limiting on-premise consumption, although at more moderate levels than the previous two quarters as restrictions for on-premise venues were eased. Total sales increased by 19.0% driving EBIT growth of 24.1% despite higher costs associated with COVID, team salaries and wages, and investment in digital and eCommerce. Through EndeavourX, demand for eCommerce services in the period remained high with sales growth of 50.2% and penetration reaching 8.5%.
- **Hotels** – sales and profit trends improved in the period relative to H2 F20 as Victorian venues, which were closed at the beginning of August, reopened in early November and operating restrictions eased. Other states were also impacted by temporary mandated closures when localised COVID outbreaks occurred. Although all venues had reopened by the end of the period, restrictions related to hotel capacity and social distancing requirements remained in place in all states and territories. Total sales declined by 27.5% and EBIT was 45.4% below H1 F20 at $122 million, however this was a material improvement on the loss of $52 million in H2 F20.

In addition to the impact on financial performance, the Group has also considered the impact of the COVID-19 pandemic across its businesses as follows:

- **Trade and other receivables** – the assessment of expected credit losses associated with the Group's trade and other receivables is conducted on a forward-looking basis and the impacts of COVID-19 have not had a material impact on loss allowances recognised at the end of the period.
- **Inventories** – are carried at the lower of cost or net realisable value and COVID-19 has not had a material impact on the Group's inventory provisions.
- **Impairment of non-financial assets** – the adverse impacts of COVID-19 on the Group's businesses are an observable indication that the Group's assets, individual cash-generating units (stores and venues), or groups of cash-generating units may be impaired. In such instances, the Group estimated the recoverable amount of the asset or cash-generating unit with an impairment loss recognised where the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. No material impairment charges were recognised during the period.

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2 REVENUE FROM THE SALE OF GOODS AND SERVICES FROM CONTINUING OPERATIONS

	HALF-YEAR ENDED	
	3 JANUARY 2021 $M	5 JANUARY 2020 $M
Sale of goods in-store	**31,819**	29,271
Sale of goods online	**2,937**	1,650
Leisure and hospitality services	**667**	919
Other	**422**	570
Total	**35,845**	32,410

3 FINANCE COSTS FROM CONTINUING OPERATIONS

	HALF-YEAR ENDED	
	3 JANUARY 2021 $M	5 JANUARY 2020 $M
Interest expense – leases	**357**	360
Interest expense – non-leases	**64**	93
Less: Interest capitalised	**(5)**	(4)
Other	**(4)**	(9)
Total	**412**	440

4 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and assess its performance. These business units offer different products and services and are managed separately.

The Group's reportable segments are as follows:

- **Australian Food** – procurement of food and related products for resale and provision of services to customers in Australia;
- **New Zealand Food** – procurement of food and drinks for resale to customers in New Zealand;
- **BIG W** – procurement of discount general merchandise products for resale to customers in Australia;
- **Endeavour Drinks** – procurement of drinks for resale to customers in Australia;
- **Hotels** – provision of leisure and hospitality services including food and drinks, accommodation, entertainment, and gaming in Australia; and
- **Other** – consists of the Group's other operating segments that are not separately reportable as well as various support functions including property and central overhead costs, and consolidation and elimination journals.

The financial performance of the Group, in particular BIG W, is affected by seasonality whereby earnings are typically greater in the first half of the financial period due to the Christmas trading period.

There are varying levels of integration between the Australian Food, Endeavour Drinks, and Hotels reportable segments. This includes the common usage of property and services and administration functions. Intersegment pricing is determined on an arm's length basis.

The primary reporting measure of the reportable segments is earnings before interest, tax, and significant items which is consistent with the way management monitor and report the performance of these segments.

Condensed Notes to the Consolidated Financial Statements for the half-year ended 3 January 2021

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4 SEGMENT DISCLOSURES FROM CONTINUING OPERATIONS

HALF-YEAR ENDED 3 JANUARY 2021	AUSTRALIAN FOOD $M	NEW ZEALAND FOOD $M	BIG W $M	ENDEAVOUR DRINKS $M	HOTELS $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services	23,449	3,465	2,581	5,683	667	–	35,845
Intersegment revenue	–	–	–	–	–	7	7
Segment revenue	23,449	3,465	2,581	5,683	667	7	35,852
Eliminations	–	–	–	–	–	(7)	(7)
Other revenue[1]	–	–	–	–	–	80	80
Total revenue	23,449	3,465	2,581	5,683	667	80	35,925
Earnings/(loss) before interest, tax, and significant items	1,329	181	133	419	122	(92)	2,092
Significant items	–	–	–	–	–	–	–
Earnings/(loss) before interest and tax	1,329	181	133	419	122	(92)	2,092
Finance costs							(412)
Profit before income tax							1,680
Income tax expense							(505)
Profit for the period from continuing operations							1,175
Depreciation and amortisation – lease assets	351	60	55	73	70	15	624
Depreciation and amortisation – non-lease assets	448	69	36	72	52	22	699
Capital expenditure[2]	513	111	33	54	70	228	1,009

HALF-YEAR ENDED 5 JANUARY 2020	AUSTRALIAN FOOD $M	NEW ZEALAND FOOD $M	BIG W $M	ENDEAVOUR DRINKS $M	HOTELS $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services	21,200	3,367	2,149	4,775	919	–	32,410
Intersegment revenue	–	–	–	–	–	2	2
Segment revenue	21,200	3,367	2,149	4,775	919	2	32,412
Eliminations	–	–	–	–	–	(2)	(2)
Other revenue[1]	–	–	–	–	–	101	101
Total revenue	21,200	3,367	2,149	4,775	919	101	32,511
Earnings/(loss) before interest, tax, and significant items	1,177	175	50	338	224	(71)	1,893
Significant items	–	–	–	–	–	(131)	(131)
Earnings/(loss) before interest and tax	1,177	175	50	338	224	(202)	1,762
Finance costs							(440)
Profit before income tax							1,322
Income tax expense							(390)
Profit for the period from continuing operations							932
Depreciation and amortisation – lease assets	327	58	55	70	66	13	589
Depreciation and amortisation – non-lease assets	425	65	33	57	52	27	659
Capital expenditure[2]	458	71	31	81	65	199	905

1 Other revenue comprises operating lease rental income and revenue from non-operating activities across the Group and as such is not allocated to the reportable segments.

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

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5 LEASES

5.1 LEASE ASSETS

AS AT 3 JANUARY 2021	PROPERTIES $M	PLANT AND EQUIPMENT $M	OTHER $M	TOTAL $M
Cost	21,609	228	114	21,951
Less: Accumulated depreciation and impairment	(9,022)	(71)	(99)	(9,192)
Carrying amount at end of period	12,587	157	15	12,759
Movement:				
Carrying amount at start of period	11,912	133	17	12,062
Additions	348	55	2	405
Terminations	(39)	(1)	–	(40)
Remeasurements	954	–	–	954
Depreciation expense	(593)	(27)	(4)	(624)
Other	5	(3)	–	2
Carrying amount at end of period	12,587	157	15	12,759

AS AT 28 JUNE 2020	PROPERTIES $M	PLANT AND EQUIPMENT $M	OTHER $M	TOTAL $M
Cost	20,414	179	114	20,707
Less: Accumulated depreciation and impairment	(8,502)	(46)	(97)	(8,645)
Carrying amount at end of period	11,912	133	17	12,062
Movement:				
Recognition on initial application of AASB 16	12,113	112	14	12,239
Additions	776	68	11	855
Terminations	(62)	(2)	–	(64)
Remeasurements	328	(1)	–	327
Depreciation expense	(1,111)	(39)	(8)	(1,158)
Impairment expense	(34)	–	–	(34)
Derecognition due to sub-lease	(90)	–	–	(90)
Other	(8)	(5)	–	(13)
Carrying amount at end of period	11,912	133	17	12,062

AS AT 5 JANUARY 2020	PROPERTIES $M	PLANT AND EQUIPMENT $M	OTHER $M	TOTAL $M
Cost	19,863	242	27	20,132
Less: Accumulated depreciation and impairment	(8,014)	(119)	(6)	(8,139)
Carrying amount at end of period	11,849	123	21	11,993
Movement:				
Recognition on initial application of AASB 16	12,113	112	14	12,239
Additions	257	23	11	291
Terminations	(41)	–	–	(41)
Remeasurements	74	–	–	74
Depreciation expense	(571)	(14)	(4)	(589)
Other	17	2	–	19
Carrying amount at end of period	11,849	123	21	11,993

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5 LEASES

5.2 LEASE LIABILITIES

	3 JANUARY 2021 $M	28 JUNE 2020 $M	5 JANUARY 2020 $M
Movement:			
Carrying amount at start of period	**14,728**	–	–
Recognition on initial application of AASB 16	**–**	14,711	14,711
Additions	**416**	842	294
Terminations	**(43)**	(77)	(58)
Remeasurements	**954**	327	74
Interest expense	**357**	701	360
Payments for the interest component of lease liabilities	**(407)**	(701)	(414)
Repayment of lease liabilities	**(618)**	(1,066)	(602)
Other	**(1)**	(9)	18
Carrying amount at end of period	**15,386**	14,728	14,383
Current	**1,852**	1,826	1,676
Non-current	**13,534**	12,902	12,707
Carrying amount at end of period	**15,386**	14,728	14,383

MATURITY PROFILE OF CONTRACTUAL UNDISCOUNTED CASH FLOWS	3 JANUARY 2021 $M	28 JUNE 2020 $M	5 JANUARY 2020 $M
One year or less	**1,869**	1,867	1,760
One year to two years	**1,842**	1,829	1,741
Two years to five years	**3,828**	3,830	4,959
Five years to 10 years	**7,581**	7,301	6,732
Over 10 years	**5,800**	6,101	5,416
Total undiscounted lease liabilities	**20,920**	20,928	20,608

Commitments for leases not yet commenced

At 3 January 2021, the Group had committed to leases that had not yet commenced. 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 $908 million (5 January 2020: $768 million).

5.3 OTHER AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

HALF-YEAR ENDED 3 JANUARY 2021	BRANCH EXPENSES $M	FINANCE COSTS $M
Interest expense on lease liabilities	**–**	**357**
Variable lease payments not included in the measurement of lease liabilities[1]	**46**	**–**
Expense relating to short-term leases	**13**	**–**

HALF-YEAR ENDED 5 JANUARY 2020	BRANCH EXPENSES $M	FINANCE COSTS $M
Interest expense on lease liabilities	–	360
Variable lease payments not included in the measurement of lease liabilities[1]	25	–
Expense relating to short-term leases	28	–

1 Variable lease payments represent 3.5% of total lease payments (half-year ended 5 January 2020: less than 2% of total lease payments).

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5 LEASES

5.4 AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	HALF-YEAR ENDED	
	3 JANUARY 2021 $M	5 JANUARY 2020 $M
Payments for short-term leases, service components of leases, and variable payments (included in Payments to suppliers and employees)	**(311)**	(291)
Payments for the interest component of lease liabilities [1]	**(407)**	(414)
Repayment of lease liabilities	**(618)**	(602)
Total cash outflow for leases	**(1,336)**	(1,307)

1 Includes $50 million of prepaid lease interest recognised as a reduction to the lease liability (half-year ended 5 January 2020: $54 million).

6 DIVIDENDS

	HALF-YEAR ENDED 3 JANUARY 2021			HALF-YEAR ENDED 5 JANUARY 2020		
	CENTS PER SHARE	TOTAL AMOUNT $M	DATE OF PAYMENT	CENTS PER SHARE	TOTAL AMOUNT $M	DATE OF PAYMENT
Prior year final	**48**	**606**	**6 October 2020**	57	717	30 September 2019
Dividends paid during the period	**48**	**606**		57	717	
Issue of shares to satisfy the dividend reinvestment plan		**(84)**			(94)	
Dividends paid in cash		**522**			623	

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

On 24 February 2021, the Board of Directors declared an interim dividend in respect of the 2021 financial period of 53 cents per share, fully franked at a 30% tax rate. The amount will be paid on or around 14 April 2021 and is expected to be $671 million. As the dividends were declared subsequent to 3 January 2021, no provision has been made as at 3 January 2021.

DIVIDEND REINVESTMENT PLAN

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 2021 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 10 trading days commencing on 9 March 2021. The last date for receipt of election notices for the DRP is 8 March 2021. The Company intends to issue new shares to satisfy its obligations under the DRP.

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7 CONTRIBUTED EQUITY

	HALF-YEAR ENDED 3 JANUARY 2021		YEAR ENDED 28 JUNE 2020	
SHARE CAPITAL	NUMBER M	$M	NUMBER M	$M
1,265,363,083 fully paid ordinary shares (28 June 2020: 1,263,091,936)				
Movement:				
Balance at start of period	**1,263.1**	**6,197**	1,258.7	6,033
Issue of shares to satisfy the dividend reinvestment plan	**2.3**	**84**	4.4	164
Balance at end of period	**1,265.4**	**6,281**	1,263.1	6,197
SHARES HELD IN TRUST				
Movement:				
Balance at start of period	**(5.1)**	**(175)**	(6.9)	(205)
Transfer of shares to satisfy employee long-term incentive plans	**3.7**	**121**	4.7	135
Issue of shares to satisfy the dividend reinvestment plan	**–**	**–**	(0.1)	(3)
Purchase of shares by the Woolworths Employee Share Trust	**(0.1)**	**(1)**	(2.8)	(102)
Balance at end of period	**(1.5)**	**(55)**	(5.1)	(175)
Contributed equity at end of period	**1,263.9**	**6,226**	1,258.0	6,022

8 COMMITMENTS FOR CAPITAL EXPENDITURE

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

	AS AT	
	3 JANUARY 2021 $M	5 JANUARY 2020 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**688**	854
Later than one year, not later than two years	**62**	–
Later than two years, not later than five years	**42**	–
	792	854

9 CONTINGENT LIABILITIES

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 $646 million for self-insured risks (28 June 2020: $637 million), which includes liabilities relating to workers' compensation claims that have been recognised in the Consolidated Statement of Financial Position at the reporting date.

10 SUBSEQUENT EVENTS

As at the date of this report, there has not been any matter or circumstance occurring subsequent to the end of the reporting period that would have a material impact on the Half-Year Financial Report 2021.

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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 1.2 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 section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors,





Gordon Cairns
Chairman

Brad Banducci
Chief Executive Officer

24 February 2021

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Independent Auditor's Review Report

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Woolworths Group Limited (the Company) and its subsidiaries (the Group), which comprises the Consolidated Statement of Financial Position as at 3 January 2021, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash flows and the Consolidated Statement of Changes in Equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 to 18.

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

(a) giving a true and fair view of the consolidated Group's financial position as at 3 January 2021 and of its performance for the half-year ended on that date; and

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Independent Auditor's Review Report

Deloitte.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 3 January 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

Sydney, 24 February 2021

TElliott

T C Elliott
Partner
Chartered Accountants

Sydney, 24 February 2021

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FIVE YEAR SUMMARY

The Five Year Summary is available on the Woolworths Group website.

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