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**SUPPLEMENTAL OFFERING CIRCULAR  
TO THE  
OFFERING CIRCULAR DATED 31 MARCH 2021**

**WOOLWORTHS GROUP**



**WOOLWORTHS GROUP LIMITED**  
*(incorporated in Australia with limited liability)*  
*(ABN 88 000 014 675) (Stock code: WOW)*

**U.S.\$2,000,000,000**  
**Medium Term Note Programme**

This supplemental offering circular ("**Supplemental Offering Circular**") is supplemental to, and is to be read together with, the offering circular dated 31 March 2021 (the "**Base Offering Circular**") relating to the Medium Term Note Programme of Woolworths Group Limited. Terms used in this Supplemental Offering Circular shall have the same meanings given to them in the Base Offering Circular.

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the "**Official List**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in the Pricing Supplement.

**INCREASE IN THE PROGRAMME SIZE**

With effect from the date of this Supplemental Offering Circular, the Issuer and the Arranger have authorised an increase in the maximum aggregate principal amount of Notes that may be outstanding at any one time under the Programme from U.S.\$2,000,000,000 to U.S.\$4,000,000,000. By virtue of this Supplemental Offering Circular, all references to the size of the Programme set out in the Base Offering Circular shall be deemed to be a reference to the size of the Programme as amended.

**AMENDMENTS TO THE BASE OFFERING CIRCULAR**

With effect from the date of this Supplemental Offering Circular, the sections of the Base Offering Circular entitled "*Information incorporated by reference*", "*Capitalisation*" and "*Description of the Group – Recent Developments*" shall be supplemented and/or amended with the information in this Supplemental Offering Circular.

**Arranger**



**Citigroup**

The date of this Supplemental Offering Circular is 3 September 2021

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## INFORMATION INCORPORATED BY REFERENCE

*The section entitled "Information Incorporated by Reference" of the Base Offering Circular shall be deleted and replaced in its entirety with the following.*

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Issuer from time to time (if any) and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified offices of the Paying Agents and the principal office of the Fiscal Agent (as defined under "*Summary of the Programme*") set out at the end of this Offering Circular. The most recently published audited consolidated annual financial statements of the Group which are deemed to be incorporated by reference in the Offering Circular may also be obtained at the Australian Securities Exchange's website at <https://www2.asx.com.au/>.

## CAPITALISATION

The section entitled "Capitalisation" of the Base Offering Circular shall be deleted and replaced in its entirety with the following.

### Capitalisation and Indebtedness of the Group

As at 27 June 2021, the issued share capital of the Group was A\$5,466 million consisting of 1,267,652,417 fully paid ordinary shares.

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 27 June 2021 which has been extracted from the reviewed consolidated statement of financial position of the Group as at the same date. The table should be read in conjunction with the audited consolidated financial statements of the Group for the period ended 27 June 2021 and the notes thereto.

	<b>As at 27 June 2021</b>
	<i>A\$ million</i>
Cash and cash equivalents .....	1,009
Short-term debt (including current portion of long-term debt).....	119
Lease liabilities .....	12,016
<b>Capitalisation</b>	
<i>Long-term debt (net of current portion):</i>	
Domestic A\$ Medium Term Notes (Green Bond) .....	413
Revolving Credit Facilities .....	350
Syndicated Bank Loans .....	1,000
Domestic A\$ Medium Term Notes .....	1,003
Borrowing costs/Deferred Interest .....	(13)
<b>Total long-term debt (net of current portion).....</b>	<b>2,753</b>
<b>Equity:</b>	
Issued share capital .....	5,466
Shares held in trust .....	(213)
Reserves .....	(6,989)
Retained earnings .....	3,115
Non-controlling interests .....	360
<b>Total equity<sup>(1)</sup> .....</b>	<b>1,739</b>
<b>Total capitalisation<sup>(2)</sup> .....</b>	<b>4,492</b>

<sup>(1)</sup> Total equity includes the demerger distribution liability which was allocated against a capital of reduction of A\$904 million and a demerger dividend of A\$6,966 million. Refer to 'Description of the Group – Events which occurred during the financial period – Shareholder Approval of the Demerger of Endeavour Group' for further details.

<sup>(2)</sup> Total capitalisation represents long-term debt plus total equity and excludes cash and cash equivalents, short-term debt, and lease liabilities.

The total capitalisation of the Group presented above is as at 27 June 2021. There have been material changes in the Group's capitalisation and indebtedness that have occurred after this date. Refer to 'Description of the Group' for further details.

## Summary of financial contribution from the Group by segment

The table below shows a summary of financial contribution (revenue from the sale of goods and services and EBIT/(LBIT) before significant items) by segment for the 52 weeks ended 27 June 2021 and 52 weeks ended 28 June 2020:

REVENUE FROM THE SALE OF GOODS AND SERVICES				
(A\$m)	FY2021		FY2020	
	<i>Sales</i>			
Australian Food .....	44,441	66%	42,151	66%
New Zealand Food.....	6,652	10%	6,823	11%
BIG W .....	4,583	7%	4,106	6%
Other.....	18	-	-	-
<b>Total continuing operations .....</b>	<b>55,694</b>	<b>83%</b>	<b>53,080</b>	<b>83%</b>
Endeavour Drinks.....	10,167	15%	9,275	15%
Hotels .....	1,417	2%	1,320	2%
<b>Total discontinued operations.....</b>	<b>11,584</b>	<b>17%</b>	<b>10,595</b>	<b>17%</b>
<b>Total Group.....</b>	<b>67,278</b>	<b>100%</b>	<b>63,675</b>	<b>100%</b>

EARNINGS/(LOSS) BEFORE INTEREST, TAX AND SIGNIFICANT ITEMS				
(A\$m)	FY2021		FY2020	
	<i>EBIT/(LBIT)</i>			
Australian Food .....	2,432	66%	2,232	69%
New Zealand Food.....	336	9%	358	11%
BIG W .....	172	5%	39	1%
Other.....	(176)	(5)%	(144)	(4)%
<b>Total continued operations .....</b>	<b>2,764</b>	<b>75%</b>	<b>2,485</b>	<b>77%</b>
Endeavour Drinks.....	669	18%	569	18%
Hotels .....	261	8%	172	5%
Other.....	(31)	(1)%	(7)	-
<b>Total discontinued operations.....</b>	<b>899</b>	<b>25%</b>	<b>734</b>	<b>23%</b>
<b>Total Group.....</b>	<b>3,663</b>	<b>100%</b>	<b>3,219</b>	<b>100%</b>

## DESCRIPTION OF THE GROUP

*The section entitled "Description of the Group – Recent Developments" of the Base Offering Circular shall be supplemented with the following.*

### **Events which occurred during the financial period**

#### ***Shareholder Approval of the Demerger of Endeavour Group***

On 18 June 2021, the Group obtained shareholder approval for the separation of Endeavour Group, which resulted in two of the Group's separate major business lines, Endeavour Drinks and Hotels, being classified as discontinued operations. On this date, the Group classified the respective assets and liabilities of Endeavour Group as held for distribution and presented these amounts at their carrying value and separately from other assets and liabilities in the Consolidated Statement of Financial Position as at 27 June 2021.

The Group recognised a demerger distribution liability following shareholder approval for the separation of Endeavour Group. Accounting for demerger transactions is guided by AASB Interpretation 17 *Distribution of Non-cash Assets to Owners*. Liabilities for distributions payable to shareholders are measured at the fair value of the net assets to be distributed. The fair value of the Endeavour Group net assets has been determined by reference to the VWAP of Endeavour Group Limited shares traded on the ASX in their first five trading days (A\$6.21). A demerger distribution liability equal to the fair value of the net assets to be distributed of A\$7,870 million has been recognised at 27 June 2021, reflecting the obligation to distribute the assets of Endeavour Group to shareholders effective 28 June 2021.

The demerger distribution liability has been allocated between a capital reduction (A\$904 million) and a demerger dividend (A\$6,966 million). The value of the capital reduction has been determined in accordance with the tax allocation specified by an ATO ruling and has been recognised against share capital. The demerger dividend, being the difference between the fair value of the net assets to be distributed and the capital reduction, has been recognised in a demerger reserve, within equity.

#### ***Acquisition of Quantum***

On 31 May 2021, the Group acquired an additional equity interest in The Quantum Group Holdings Pty Limited (Quantum) which increased its shareholding from 47% to 75%, resulting in the Group gaining control of Quantum, for a total cash consideration of A\$223 million. In addition, Quantum minority shareholders have a put option and the Group has an equivalent call option over the remaining 25% of the shares in Quantum, both of which are expected to be exercised after 30 June 2024.

Quantum is a world-class data science and advanced analytics business. Through this transaction the Group aspires to bring together Quantum's advanced analytics capability and the Group's retail capabilities to unlock value across the Group's retail ecosystem.

From the date of acquisition, Quantum's contribution to revenue and earnings before interest and tax was not material. If the acquisition had occurred at the start of the reporting period, management estimates that consolidated revenue and consolidated earnings before interest and tax would not have been materially different to what has been reported.

The Group has a put option liability over the remaining 25% of the shares in Quantum, which is expected to be exercised after 30 June 2024. Notwithstanding that the most likely outcome is that the put option will be exercised after 30 June 2024, minority shareholders can require the Group to purchase their shares at the put option valuation at the date of exercise. For employee shareholders leaving Quantum or employees classified as bad leavers, their shares are required to be acquired at a discount and for other shareholders at no discount. As the Group is not able to defer payment for more than 12 months, the Group is required to recognise this portion as a current liability.

The put option liability was initially recognised at the present value of the amount expected to be paid at the time of exercise within other financial liabilities with a corresponding charge directly to equity. At 27 June 2021, the carrying value of the put option liability was A\$390 million, of which A\$145 million has been recognised as a current financial liability and A\$245 million has been recognised as a non-current financial liability.

## Events which occurred subsequent to the end of the financial period

### *Demerger of Endeavour Group*

On 28 June 2021, the Group lost control of Endeavour Group and recognised the retained 14.6% equity interest at fair value. The fair value was calculated using the VWAP of Endeavour Group Limited shares traded on the ASX in their first five trading days (A\$6.21). In addition, the Group derecognised the net assets held for distribution to shareholders (including a loan payable to the Group, which eliminated on consolidation) and the non-controlling interest share of Endeavour Group's net assets.

A gain of A\$6,387 million was recognised within discontinued operations for the 2022 financial period, which represented the difference between the net assets of Endeavour Group derecognised on transfer to shareholders (including a loan payable to the Group, which eliminated on consolidation) and the combination of (i) the non-controlling interest share of Endeavour Group's net assets, (ii) the fair value of the investment in Endeavour Group retained by the Group, and (iii) the demerger distribution liability.

Effective from the separation date of 28 June 2021, Endeavour Group repaid A\$1,712 million of intercompany loans payable to the Group. These were funded by the A\$600 million bilateral bank facility and A\$1,900 million syndicated bank facility put in place for Endeavour Group in June 2021.

### *Acquisition of PFD Food Services*

Following ACCC approval on 10 June 2021, the Group completed the acquisition of a 65% equity interest in PFD Food Services Pty Ltd (PFD), resulting in the Group gaining control of PFD on 28 June 2021. In addition, PFD minority shareholders have a put option and the Group has an equivalent call option over the remaining 35% of the shares in PFD which is exercisable after three years from the acquisition date.

PFD is Australia's largest privately owned foodservice network and delivers a range of dry goods, frozen and chilled products, fresh seafood and meat, confectionery, paper products, and cleaning solutions. PFD has a broad and diverse range of customers, including pubs and clubs, cafés, airlines, hotels, restaurants, aged care and retirement villages, resorts and theme parks, convenience outlets, venue and field caterers, fast food outlets, schools and kindergartens, and sporting, child care and correctional facilities.

The investment supports the Group's Food and Everyday Needs Ecosystem strategy and is expected to unlock synergies for both businesses across the combined network and fleet. The Group will help to support PFD's growth through access to the Group's logistics, digital and data analytics, and operational capabilities. For the Group, it will enhance store range localisation and provide fleet synergies through better route and capacity optimisation across the combined network.

The fair value of the consideration (including contingent consideration) is estimated to be A\$431 million, of which A\$324 million has been paid in cash but is subject to final working capital and net debt adjustments. The remaining balance of A\$107 million is the Group's estimate of the contingent consideration payable which will be based on the normalised audited financial performance of the business for the 2021 financial period or as part of an earn out in the 2023 and 2024 financial periods.

The Group has a put option liability over the remaining 35% of the shares in PFD which is exercisable after three years from the acquisition date. The put option liability will be initially recognised at the present value of the amount expected to be paid at the time of exercise within other financial liabilities with a corresponding charge directly to equity. At the acquisition date, the estimated value of the put option liability is in the range of A\$400 million to A\$450 million.

### *Off-market buy-back*

On 26 August 2021, the Group announced a capital return of A\$2 billion to shareholders by way of an off-market buy-back of Woolworths Group Limited ordinary shares.

The buy-back will be conducted through a tender process. Eligible shareholders who choose to participate can offer to sell some or all of their shares to the Group:

- at a discount between 10% to 14% (inclusive) at 1% intervals to the market price; or



- at the buy-back price, which is an election to sell shares at the price determined by the Group following completion of the tender process.

The buy-back price will be determined as the lowest price at which the Group can buy back the targeted amount of capital. The buy-back is expected to return approximately A\$840 million of franking credits to shareholders.

**ISSUER**

**Woolworths Group Limited**

1 Woolworths Way  
Bella Vista NSW 2153  
Australia

**ARRANGER**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**AUDITOR OF THE ISSUER**

**Deloitte Touche Tohmatsu**

Grosvenor Place  
225 George Street  
Sydney  
NSW 2000  
Australia

**FISCAL AGENT**

**Citicorp International Limited**

20/F, Citi Tower  
One Bay East  
83 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

**REGISTRAR**

**Citigroup Global Markets Europe AG**

Reuterweg 16  
60323 Frankfurt-am-Main  
Germany

**PAYING AGENT AND TRANSFER AGENT**

**Citibank, N.A., London Branch**

c/o Citibank, N.A., Dublin Branch  
1 North Wall Quay  
Dublin 1, Ireland

**AUSTRALIAN AGENT AND REGISTRAR**

**Citigroup Pty Limited (ABN 88 004 325 080)**

Level 16  
120 Collins Street  
Melbourne VIC 3000  
Australia

**LEGAL ADVISERS**

*To the Issuer as to Australian law*

**King & Wood Mallesons**

Level 61  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
Australia

*To the Arranger as to English law*

**Clifford Chance**

27<sup>th</sup> Floor  
Jardine House  
One Connaught Place  
Central  
Hong Kong