

IN FOCUS

A quarterly newsletter of stories from across the Wesfarmers Group



We began 2022 facing higher COVID case numbers, similar to other countries around the world. This created various challenges to families, businesses and support groups as people were required to isolate. Pleasingly, we are starting to see Australia open up to the world, with the easing of restrictions and state border controls making it easier for families and businesses to undertake critical interstate travel. As a nation we are adjusting to living with COVID-19.

Higher vaccination rates and other COVID-safe practices have materially reduced the health risks to the community. This gives people a greater sense of optimism and confidence to plan for the future.

This confidence and optimism is translating to an increase levels of activity that bode well for the economy. Importantly this has also allowed families and loved ones to reconnect across borders.

In February, we released our first half financial results. The first half was the most disruptive we have experienced since the emergence of the pandemic and in this context, the result was solid given the additional costs and lost sales we incurred. During this period, as we have done through the whole pandemic, we supported our teams and our communities. There were more than 34,000 trading days in that half where our stores were closed and on all these occasions we paid our team, we paid our rent and we kept serving our customers online.

More recently our thoughts have been with those in our communities and teams affected by the devastating floods in Queensland and New South Wales. We have provided on the ground assistance and support through this challenge, in addition to financial support.

Looking ahead, we are excited to continue accelerating and developing our market-leading data and digital ecosystem and the development of a new online subscription program. I look forward to providing further details on both of these initiatives later in the year.

In recent weeks, I was very pleased to celebrate the successful acquisition of Australian Pharmaceutical Industries, as the foundation business in our Health division, built around the health, beauty and wellbeing sectors.

We are also making pleasing progress on the construction of the Mt Holland lithium project in Western Australia.

We are all really excited about the opportunities for the group and I look forward to sharing our successes with you.



ROB SCOTT
Managing Director

WESFARMERS RETAILERS COMMIT TO RENEWABLE ENERGY IN QUEENSLAND



As part of their commitment to use 100 per cent renewable electricity by 2025, Bunnings, Kmart, Target and Officeworks have signed an agreement with CleanCo, the Queensland Government-owned renewables, low-emissions and hydro company, to supply 100 per cent renewable electricity across their 147 sites in Queensland.

This results in participating stores using a combined ~140,000 megawatt hours of renewable energy each year by mid 2025, following a staggered onboarding of sites from July 2022. This is equivalent to the annual energy consumption of approximately 23,000 Australian households and will result in the removal of carbon emissions from the environment

equivalent to taking about 48,000 cars off the road. It also represents 30 per cent of Bunnings' Scope 2 emissions and about 18 per cent of Scope 2 emissions for each of the other participating businesses.

Renewable electricity will be supplied to stores primarily from Western Downs Green Power Hub, one of Australia's largest solar farms and from MacIntyre Wind Farm, which, once completed, will be one of the largest wind farms in the southern hemisphere.

The new partnership is a step towards all four retailers sourcing 100 per cent renewable electricity by the end of 2025, and supporting their net zero Scope 1 and 2 2030 targets. The approach is consistent with the retailers' strategy of investing in energy efficiency initiatives to reduce usage in the first instance, installing onsite solar generation and storage where feasible, and sourcing from large-scale renewable electricity generation.

Above L-R: David Riby (Kmart), Tracey Warren (Officeworks), Mick De Brenni (Queensland Energy Minister), Margaret Walford (Bunnings) and Nathan Woolnough (Target).

API ACQUISITION MARKS BEGINNING OF NEW HEALTH DIVISION

Wesfarmers has successfully completed its acquisition of Australian Pharmaceutical Industries (API), marking a new chapter for Wesfarmers as it enters the health, beauty and wellbeing industries.

"The completion of this acquisition is an exciting milestone for API and Wesfarmers. API will be the foundation business of our new Health division as we develop capabilities and invest in the growing health and wellbeing sector," Wesfarmers Managing Director Rob Scott said.

"We see opportunities to strengthen the competitive position of API and its partners, by investing in expanding product ranges, improving supply chain capabilities and enhancing the online experience for customers."

Mr Scott has welcomed the new team members to the group and thanked API's Board, management and shareholders for their support through the acquisition process. The new Health division will be led by Managing Director Emily Amos.



OFFICEWORKS ACQUIRES STAKE IN WORLD'S BIGGEST GARAGE SALE

Officeworks has acquired a 21 per cent stake in Brisbane-based social enterprise, the World's Biggest Garage Sale (WBGS), as part of the company's response to changing customer needs and its ongoing commitment to sustainability.

Since starting as a simple garage sale in 2013, WBGS has grown into a multi-million-dollar social enterprise that drives profit for a purpose by repairing, repurposing and reselling imperfect and unwanted products.

WBGS's mission is to build a truly circular economy, achieving a positive impact on people and the planet in the process. Acquiring a 21 per cent share of WBGS alongside the founders who are majority shareholders. Officeworks plans to help expand the business into a national recovery and repair service under a new brand called Circonomy™.

Circonomy initially expects to create 70 jobs at various circular economy precincts across Australia.

Officeworks Managing Director, Sarah Hunter said the investment in WBGS demonstrates the environmental, social and financial opportunities associated with a more circular economy.

"Over the last three years, we have partnered with WBGS to help us achieve our vision of contributing to

a more circular economy and becoming a zero-waste business. Together we have demonstrated a feasible model to collect, repair, repurpose and resell damaged or customer returned products. We're excited to replicate and scale this model across Australia," Ms. Hunter said.

"We believe that, in time, this can be a solution that is much more widely adopted across the retail sector as a way to divert waste from landfill, extend product lifecycles, and ultimately build domestic repair and remanufacturing capability."

The first program of its kind in Australia, Circonomy will create a national network of circular economy precincts that will cater for both businesses and consumers. These centres will advocate for conscious consumerism through the resale of dormant or second-hand goods and will also provide Officeworks and other retailers with responsible waste management practices for its products.



SOLID RESULTS AMID DISRUPTIONS

Wesfarmers announced a solid financial result for the first half, delivered against the backdrop of the most disruptive period of the pandemic so far, highlighting the strength of the Group's portfolio and the capacity of divisional teams to adjust rapidly to meet customer demand.

During the half there were 34,000 store trading days that were impacted by trading restrictions, representing almost 20 percent of total store trading days for the half. Despite these restrictions, we continued to support our team members through payroll and assistance programs. We see this as an important investment in our people that are so critical to our success.

We were pleased to report net profit after tax of \$1.2 billion and a fully-franked interim dividend of 80 cents per share.

Bunnings delivered pleasing results, demonstrating the resilience of its operating model and its ability to

meet customers' needs in a difficult operating environment. The division also delivered sales growth for the half, despite the significant disruptions and temporary store closures.

The Wesfarmers Chemicals, Energy and Fertilisers (WesCEF) division had a strong result, reflecting a solid operating performance and higher commodity prices. There was also continued improvement in the performance of the Industrial and Safety division. Kmart Group and Officeworks were more significantly impacted by COVID-related disruptions.

Despite the challenges, Wesfarmers continued to advance its strategic priorities, investing in the development of a market-leading data and digital ecosystem and progressing the construction of the Mt Holland lithium project.

Looking ahead, the economic conditions in Australia remain favourable, supported by strong employment and high levels of household savings.

AGR EYES BOOST TO PRODUCTION IN WA

Australian Gold Reagents (AGR), a part of the WesCEF division, is poised to expand its sodium cyanide production to support growing global demand for gold.

Sodium cyanide is used to extract gold from ore in mining operations around the world and the output from AGR's Kwinana operation in Western Australia, is transported by truck, rail or ship to more than 25 countries throughout South East Asia, Africa, the Americas and the Middle East.

The proposed expansion will increase production capacity by around 30,000 tonnes a year from the current 90,000 tonnes. This would make AGR the third-largest producer of sodium cyanide in the world for gold mining.

The expansion is expected to deliver improved efficiencies and help reduce carbon emissions.

"The expansion will consolidate AGR's position as a high-quality supplier with a strong commitment to innovation, safety, and the environment," AGR General Manager Barney Jones said.

"By applying the experience, expertise and safety credentials we have amassed over 35 years of operation, we will be able to capitalise on the efficiency and safety benefits that come from expanding on an existing industrial site."

H1 FY2022 HIGHLIGHTS



*Includes the impact of the scheduled ammonia plant shutdown. Excluding this impact, the Group's Scope 1 and 2 emissions reduced by 9.5%.

WESFARMERS ARTS SUPPORTING INDIGENOUS THEATRE



Set in a small town in Western Australia's North-West in 1969, Panawathi Girl, put First Nations musical theatre centre stage at the 2022 Perth Festival in February.

Presented by Yirra Yaakin Aboriginal Theatre and written by David Milroy, one of Australia's leading Aboriginal playwrights, dramaturgs, and directors, Panawathi Girl is the latest in a proud line of Western Australian Indigenous-led musical productions. These include Milroy's own Waltzing the Wilarra and Jimmy Chi's Broome-time musicals, Bran Nue Dae and Corrugation Road.

The sparkling, big-time musical theatre production was developed with support of Wesfarmers Arts as Yirra Yaakin's long-standing Koondarm Koondar: Dream Big partner, and follows young Indigenous woman, Molly Chubb, from the big smoke back to the small country town of her birth at a time of great

political change in 1969 – just two years since Indigenous Australians have been granted citizenship and voting rights. The rodeo has come to town, along with a kombi van of hippies and a cavalcade of noisy politicians sweating in their suits on the Federal election trail, exposing old and new attitudes to the changing face of Australia.

Wowing audiences and critics alike, the large-scale musical brought together nostalgia and glorious music in a story with heart and humour and explored the big issues of Australian politics and culture, including self-determination for First Australians. Panawathi Girl Director and Artistic Director of Yirra Yaakin, Eva Grace Mullaly says, "I believe that the truth of our history must be told and heard from all perspectives before we can move forward as a society."

BUNNINGS EXPANDS FLEET WITH ALL ELECTRIC TRUCKS

Bunnings has expanded its fleet with the addition of two all-electric trucks, as part of a trial with Linfox. The trucks will deliver home and lifestyle products to local stores in Melbourne's southwest and will be powered by 100 per cent renewable energy.

At least 60 tonnes of carbon dioxide equivalent emissions will be avoided on an annual basis, compared to same size diesel powered truck. The electric vehicles form part of Bunnings' sustainability strategy with a pledge to reach net zero Scope 1 and 2 emissions by 2030. More broadly, Bunnings is also committed to sourcing 100 percent renewable electricity by 2025 and is focused on reducing energy consumption.

The trial will assist Bunnings to assess methods of transitioning to lower emissions transport in its supply chain in the future.

The trucks will recharge using a fast charger at Bunnings' Laverton distribution centre in Victoria and can be recharged to 80 percent capacity in an hour using a fast charger.

