2021 Annual Report

Sydney: Wednesday, 8 September 2021

Endeavour Group Limited (ASX:EDV) attaches its Annual Report for the year ended 27 June 2021 for release to the market.

The release of this announcement was authorised by the Company Secretary by authority of the Board.

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endeavour group

CREATING A MORE

sociable future together

2021 ANNUAL REPORT

Contents

Front and inside cover image: Broadbeach Tavern, QLD

Forward looking statements

Information presented in this report is, unless stated otherwise, current as at 27 June 2021. This report may contain forward-looking statements in relation to Endeavour Group Limited ACN 159 767 843 ('Endeavour') and its controlled entities (together 'Endeavour Group' or 'the Group'), including statements regarding the Group's intent, belief, goals, objectives, initiatives, commitments or current expectations with respect to the Group's business and operations, market conditions, results of operations and financial conditions, and risk management practices. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'estimate', 'plan', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook', 'guidance' and similar expressions.

These forward-looking statements are based on the Group's good-faith assumptions as to the financial, market, risk, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors, many of which are beyond the control of the Group, that could cause the actual results, performances or achievements of the Group to be materially different from future results, performances or achievements expressed or implied by the statements.

Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws or regulations, the Group does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide to future performance.

Endeavour Group's purpose

Creating a more sociable future together.

We connect people through our products and places, enabling great experiences and memorable moments. We do this by harnessing our entrepreneurial heritage and working responsibly as one team, with communities and our partners. We work with spirit and endeavour for better.

We believe that social communities are thriving communities, built through **great experiences** and positive, memorable moments.

Proudly pioneering and entrepreneurial, we embrace technology and are **always innovating.**

To deliver positive lasting change, we work as **one team** to contribute to the communities we serve, and we collaborate with our partners to help build a better industry.

We are committed to doing **the right thing** – building our businesses sustainability, acting responsibly.

Great Experie

We connect people through products and places, enabling great experiences and positive, memorable moments

We reach our customers through Australia's largest retail drinks network and the nation's largest portfolio of hotels, as well as our leading digital and loyalty platforms. Our digital and physical network connects our customers and enables us to deliver great experiences and convenience, in stores, hotels, and through digital assets.

75
Combined Retail Voice of Customer Net Promoter Score

5.5m
My Dan's Members

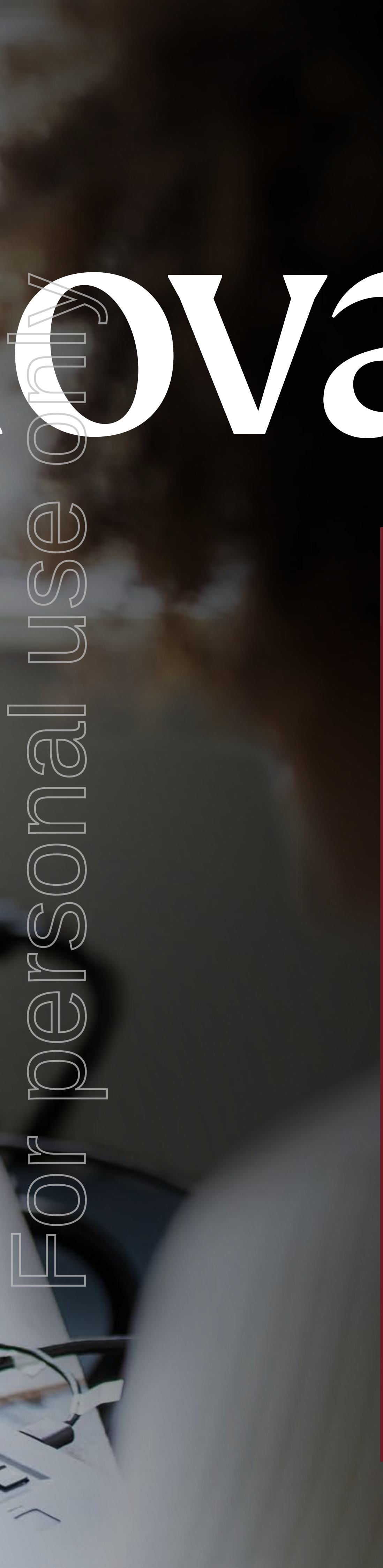
4.2/5
Hotels Revinate customer satisfaction score


nces

Inn

Driven by purpose

Always innovating



We're pioneering, entrepreneurial and always innovating

The digital and product innovation capabilities of endeavourX and Pinnacle Drinks build on Endeavour's entrepreneurial history. endeavourX creates the digital, loyalty and online platforms that are at the centre of how we understand and connect with our customers, while Pinnacle Drinks' brand-building and product creation capabilities enable us to meet evolving customer trends.

35%
Online sales growth

528
Wine awards won during F21

~530
New Pinnacle Drinks products released in F21

Virtual meeting of Endeavour Group team members

One Team

We work as one team to contribute to the communities we serve and collaborate with our partners to help build a better industry

Everything we do is enabled by our passionate and knowledgeable team with industry-leading engagement and award winning talents. Our team works end-to-end across our business, living Our Values and Our Ways of Working, to bring Our Purpose of "creating a more sociable future together", to life for our customers.

~16,100
Retail team members

~11,300
Hotels team members

~800
Support office team members

Dan Murphy's Como, WA


TELSTRA
3:33 PM
100%
Hi Christina
CLASSIC
How does it work?
Set a time and/or spend limit.
SET MY LIMITS
HOME
VENUES
DEALS
EVENTS
ACCOUNT

Doing the Right Thing

We do the right thing – build our business sustainably, act responsibly and embrace technology

We aim to be Australia's most responsible operator of hotels and retail liquor stores, with a focus across the business on safety, social, ethical, economic, and environmental impacts of our operations. In particular, we aim to be the industry leader in the responsible service of alcohol and the responsible conduct of gaming and aspire to leave a positive imprint on all the communities we serve.

Voluntary pre-commitment

Only national operator to provide voluntary pre-commitment to limit time and spend on our machines at every hotel

31

Hotels in SA with facial recognition technology to enhance the effectiveness of self-exclusion from gaming. Trials underway in other states

200+

Different low or no alcohol products offered in Dan Murphy's, across beer, wine and spirits

Broadbeach Tavern, QLD

Our market leading Network

Endeavour Group Network Footprint

Footprint

1,643	339	7
Retail network	Hotels network	Production facilities[1]

Online

11m	86%	8.4%
Average monthly website and app visits	Growth in monthly active users of BWS and Dan Murphy's apps	Online penetration

Customer convenience

180+	115+	700+
Dan Murphy's stores providing contactless Direct to Boot pick-up	Hotels with contactless order and pay	BWS stores providing on-demand delivery

1 Endeavour Group own one winery in New Zealand.

Chairman and CEO message

Our next chapter

Dear Shareholders,

Welcome to Endeavour Group! We are both delighted and proud to share with you, our "founding" shareholders, our first Annual Report as an independent listed business.

The 2021 financial year has been an eventful year for the Group characterised by both a demerger and navigating the significant impacts of COVID-19. During the year we are proud to have delivered strong financial results, reaffirmed our commitment to "our imprint" and started to invest for our future, embarking on our path of "creating a more sociable future together".

Establishing Endeavour Group

On 28 June 2021 we demerged from Woolworths Group as an ASX listed company with a market capitalisation of $10.8 billion, ranking us within the top 50 largest companies on the exchange. In addition, we have established a new Board, delivered our first result as an independent company and expect to distribute $125 million to shareholders by way of a final dividend of 7.0 cents per share on 22 September 2021.

The Demerger from Woolworths Group was a significant undertaking and we would like to thank Woolworths, the Bruce Mathieson Group (BMG) and all Endeavour team members who have, on top of delivering a strong operating result for the year, executed a very complex and demanding transaction.

While the demerger has not altered the fact that Endeavour is the leading retail drinks and hotels business in Australia, it has enabled us to refocus on where we want to head in the future. We have taken the opportunity to work with our teams and unite around a common purpose of "creating a more sociable future together".

It is Our Purpose, along with Our Values and Ways of Working, that make up the culture that will underpin and sustain the Group's ongoing success.

Through Dan Murphy's and BWS we operate Australia's largest retail drinks network with 1,643 stores, and our Hotels business, across 339 locations, is the nation's largest network of licenced premises. These businesses are supported by our exclusive product and services teams in Pinnacle Drinks and the innovative digital capabilities of endeavourX. The combination of these teams and assets constitutes a strong foundation for our future success.

Navigating COVID-19

The year has also been one of material disruption with COVID-19. During the year we had 169 days with hotels closed, 83 stores closed as exposure sites and over 3,000 team members impacted through these closures.

We want to sincerely thank the team for their constant agility and resilience over this period. Not only did the team enable us to constantly optimise our operations, they also lifted the bar in terms of new innovation and giving back to our communities. We launched contactless Direct to Boot pick-up, new on-demand delivery offers and contactless ordering in hotels. We evolved our hotel operating model to meet constantly changing regulations, including making our gaming rooms and gaming machines COVIDSafe, and we supported various community initiatives, including having our chefs work in the FareShare kitchens that support families in need. We could not have navigated COVID-19 as well as we did without all the effort and dedication that our team provided our customers, the community and each other. Thank you!

Our F21 financial performance

From a financial and operating perspective, Endeavour delivered a strong result. Group revenue for the year was up 9.3 percent[1] to $11.6 billion and Profit for the year (after income tax) was $445 million.

Our Retail EBIT grew by 17.6 percent[1] to $669 million as customers switched from on-premise to at-home consumption. endeavourX's digital and fulfilment developments helped support strong growth in online sales which reached $859 million for the year. Innovations by Pinnacle Drinks contributed to the development of 530 new products during the year, both in core categories but also taking advantage of emerging customer trends to grow in new segments.

The reverse trend played out in our Hotels business as ongoing COVID-19 related trading restrictions and elevated costs driven by the pandemic had an adverse impact on performance. Strong cost control and quick reactiveness, as regulations changed, optimised the outcome for Hotels during this turbulent time.

Investing for the future

In addition to delivering a strong overall Group result, we reinvested over $300 million back into the business. Dan Murphy's and BWS added 33 new stores to their networks, upgraded 64 stores, added new customer focused initiatives such as Direct to Boot and invested heavily in a range of ecommerce and customer loyalty initiatives.

In our Hotels business we acquired five new hotels and renewed a further 26, refined our accommodation offering, launched the "gaming room of the future" and upgraded more than 500 EGMs across the network.

During the year Pinnacle Drinks welcomed Yarra Valley's premium winery Oakridge to the Paragon Wine Estates portfolio and progressed the expansion of its Dorrien winery.

Further, as part of the Demerger, the Group took responsibility for its own balance sheet and its future funding needs. We established external financing facilities totalling $2.5 billion. We were pleased to see the strong support offered by a number of lending institutions, highlighting the quality of the Endeavour credit offer.

As an independent entity we now have a robust balance sheet which is supported by businesses which are strong generators of operating cash flow. This cash generative capability, combined with committed undrawn debt facilities of $625 million (as at 28 June 2021) provide the Group with a strong, sustainable level of financial muscle and the flexibility to comfortably continue to reinvest in the business at recent historical levels.

Our commitment to our imprint

Endeavour Group aims to be Australia's most responsible operator of hotel, alcohol and gaming facilities, with a focus across the business on the safety, social, economic and environmental impacts of its operations. We also aspire to continued industry leadership by achieving and sustaining a position of best practice and high standards of behaviour, particularly in the responsible service of alcohol and the responsible conduct of gaming. Our brand symbol - the imprint - represents the mark we leave on each other and on the communities we serve, as individuals and as a team, and focuses all of us every day on the responsibility we take and the legacy we leave behind.

Prior to the Demerger, the Group's commitments to social, environmental and corporate responsibility and its sustainability strategies were aligned to those of Woolworths Group. Post demerger it is our intention to build on these commitments and currently both the Board and executive leadership team are developing our own tailored ESG strategies, programs and goals which are important for the long-term sustainability of the business. We look forward to sharing these with you later this year.

Our F22 outlook

We are excited that we are entering the new year with a significant number of opportunities to create value by investing in a wide range of attractive, financially accretive opportunities across our business, including growing our digital engagement, adding new retail stores, acquiring and upgrading hotels that are a good fit for our portfolio and a relentless focus on operating costs and capital management.

While we are hopeful that the momentum that saw us deliver positive outcomes for all our stakeholders in F21 will continue into F22, the recent COVID-19 trading restrictions, which began in June, make it extremely difficult for us to forecast with any degree of certainty how our businesses will perform over the next 12 months. We do know that our teams will continue to respond with agility to the changing conditions and we will continue to innovate and build for the future beyond COVID-19.

We look forward to you staying with us on the journey.

Steve Donohue
Managing Director and CEO

Peter R. Hearl
Chairman

1 Compared to Equivalent F20.

Establishing Endeavour Group

Endeavour Group is now an independent ASX listed entity. We separated from Woolworths Group (“Woolworths”) on 28 June 2021 via one of the largest demergers in Australian history with a market capitalisation of ~$10.8 billion on listing.

467,000+
Shareholders on demerger

24
Partnership agreements established with Woolworths

During F21 we successfully managed the separation from Woolworths and established Endeavour as an independent, ASX listed company. The Demerger was the final stage of a three stage process. The three stages were:

- The Restructure, which occurred on 2 February 2020 when Woolworths completed an internal reorganisation to create the Endeavour Group (the ‘Restructure’).
- The Merger, which occurred on 4 February 2020 when Endeavour Group acquired the 25% interest in ALH Group Pty Ltd (‘ALH Group’) held by BMG (the ‘Merger’) in exchange for issuing BMG with new equity in Endeavour Group.
- The Demerger, which occurred on 28 June 2021 and involved Endeavour Group demerging from Woolworths, with Woolworths making a distribution of 70.8% of Endeavour Shares to eligible Woolworths shareholders (the ‘Demerger’). The remaining shares were retained by BMG (14.6%) and Woolworths (14.6%).

The separation involved:

- The standing up of a range of new functions to support the business and the separation of numerous systems
- Implementing 24 partnership agreements with Woolworths
- Establishing a new Board and governance frameworks

As part of operating as an independent entity we have worked hard to establish who we are, and during the year we have:

- Created Our Purpose
- Defined Our Values and Ways of Working
- Reaffirmed our commitment to our imprint with our first Sustainability Strategy to be released in Q2 of F22

Our Purpose, Values and Ways of Working

OUR VALUES

We're real	We're inclusive	We're responsible
We connect with authenticity and care	Everyone's welcome	We take it seriously and do the right thing

Creating a more sociable future together

OUR WAYS OF WORKING

We work with spirit	We're team players	We endeavour for better
We share our passion, knowledge and enthusiasm for what we do. It impacts those around us positively every day.	We collaborate, bringing the right people and perspectives together. We have open minds and speak up when something isn't right.	We give things a go, challenge each other, keep it simple and continually improve. We aim to lead our industry in responsibility.

Working in Partnership with Woolworths

Endeavour Group and Woolworths are parties to a series of medium-term and long-term strategic agreements, referred to as the Partnership Agreements, which are intended to be mutually beneficial for both groups. In many cases, the Partnership Agreements serve to formally document the way which Endeavour Group has historically operated as part of Woolworths Group. These agreements cover key business areas and are intended to enable both Woolworths Group and Endeavour Group to succeed in partnership[1]:

1. **Supply chain and stores:** Endeavour Group continues to have access to tailored Primary Connect supply chain solutions and continue operating those BWS and Dan Murphy's stores that are under a Woolworths head lease, enabling operational efficiency, cost fractionalisation and sales benefits from continued co-location.
2. **Loyalty and fintech:** BWS continues to be a partner in the Everyday Rewards program, benefiting from Everyday Rewards best-in-class capabilities to provide customers with compelling and personalised offers. Endeavour Group will continue to receive customer payment services from Woolworths Group with a pathway to participate in future customer payments innovations.
3. **Digital and media:** Endeavour Group continues to have access to Woolworths Group's advanced capabilities in data analysis, be featured in Woolworths Group's marketing channels and sell liquor on www.woolworths.com.au to drive cross-shop opportunities and grow joint food and liquor offerings online.
4. **Business support:** Endeavour Group continues to have access to core retail technology and supporting infrastructure to provide business stability and benefit from scale efficiencies. Furthermore, Endeavour Group continues to have access to capabilities and platforms for people and transaction services (including payroll, accounts payable and accounts receivable), enabling continuity of operations with flexibility and a jointly developed transition plan to independent operations over time.
5. **International:** Endeavour Group continues to offer Pinnacle Drinks brands and products to Woolworths Group for their sale in Woolworths Group's retail network in New Zealand and their distribution outside Australia and New Zealand through Woolworths Group's international distribution networks.

1 The relationship between Woolworths Group and Endeavour Group is not a formal legal partnership. The term Partnership Agreement seeks to describe the close and mutually beneficial relationship that is intended to be the outcome of the Partnership Agreements.

Navigating COVID-19

COVID-19 had a material impact on Endeavour Group's operations during F21. During the year we remained focused on keeping our customers and teams safe, supporting each other and the communities we operate in.

Like nearly every business in Australia and globally, COVID-19 has had a material impact on our operations and financial results. We have experienced both highs and lows, with increased in-home consumption creating heightened demand in our Retail business at the same time as multiple and extensive closures and social distancing restrictions impacted trade across our Hotels network.

Throughout this we have stayed focused on keeping our people safe and maintaining our connection to our customers and the communities we operate in.

COVID-19 related costs included investment in team and customer safety, such as personal protective equipment, cleaning, security and capacity management systems to support social distancing.

169
Days where one or more hotels was closed in F21

2,800+
COVID-19 regulatory visits with no infringements

COVID-19 business impacts

Retail experienced higher in-home consumption from March 2020 due to government restrictions significantly limiting on-premise consumption, with unparalleled demand creating capacity pressure both in-store and online. The business responded quickly, adding capacity and implementing a range of initiatives to manage and operate through COVID-19, as outlined to the right. This demand remained heightened in the first half of F21, and was more stable in H2 as some restrictions were eased for on-premise venues.

Hotels were significantly impacted from March 2020 due to government-mandated closures and restrictions. Hotels began to reopen from May 2020 but with different operating conditions by state. Our hotels in Victoria experienced a second introduction of mandated closures in July 2020 and partially reopened during October 2020. Since then the business has responded to multiple localised lockdowns and changes in trading regulations.

COVID-19 response

During the year we proactively launched a range of initiatives across all our stores, hotels, distribution centres and support offices in response to COVID-19:

- Significant increase in cleaning, especially “high touch” areas.
- Installed plexiglass screens for our checkouts.
- Provided personal protective equipment, such as gloves and masks, available at all times for team members.
- Installed signage supporting social distancing.
- Redeployment of team members from Hotels to Retail, assisting with the continued employment of our workforce.
- Expanded range with local suppliers and improved payment terms for small suppliers.
- Dan Murphy’s launched contactless pick-up and now has over 180 stores which offer this service Direct to Boot.
- BWS’ convenience offering expanded with the roll-out of contactless drive-thru which is now available in 60 stores.
- Industry approved COVIDSafe plans established and implemented across all sites, which included making our gaming machines COVIDSafe.
- 76 chefs from Melbourne and Brisbane seconded to FareShare’s food rescue and meal service to help it operate at full capacity until hotel restrictions were lifted.
- Over 2,800 COVID-19 regulatory visits were conducted on our retail stores and hotels with no infringements and only two minor reported breaches (for queueing) that were removed upon investigation.
- COVID-19 leave options have been made available for all team members, including vaccination leave implemented in F22.

Contactless Direct to Boot offering enhanced by number plate recognition

Our market leading contactless Direct to Boot express pick-up service is available at more than 180 Dan Murphy’s stores. During F21 we activated number plate recognition to enhance our #1 express pick-up site, Dan Murphy’s Manly Vale. This innovation was recognised with an ORIA (online retail industry award), and this capability will be gradually rolled out to more stores during F22.

115

Hotels with contactless order and pay

Hotels introduces ‘me&u’ technology for contactless order and pay

In April 2021 we introduced me&u technology to our hotels. This new offering allows us to blend me&u’s leading technology with our first-rate customer service to elevate our customers’ experience, all while keeping teams safe and enhancing our operations.

Our Strategy

Endeavour Group is the leading retail drinks and hotels business in Australia. We employ over 28,000 team members in Australia, united around the common purpose of "Creating a more sociable future together".

We operate Australia's largest retail drinks network, under the Dan Murphy's and BWS brands, and the nation's largest portfolio of hotels. Our business is underpinned by the significant digital and ecommerce capabilities of endeavourX and the production and brand building capabilities of Pinnacle Drinks.

Our strategy focuses on three core pillars: Knowing our customer; Innovating to meet customer needs; and Being one team living our purpose and values.

endeavour group

Purpose	Creating a more sociable future together			
Business	**Knowing our customer**	Leading engagement and reach	Leading customer understanding	Leading customer experience
Strategy	**Innovating to meet customer needs**	Growing digital engagement	Enhancing and expanding our network	Optimising our Group
Culture	**Being one team living our purpose and values**	Our Values: We're real; We're inclusive; We're responsible		Our Ways of Working: We work with spirit; We're team players; We endeavour for better

BWS Stirling, SA

Knowing our customer

Knowing our customer is core to Endeavour Group's business model. Our leading customer engagement and reach enables unparalleled customer understanding and through that enables us to constantly improve the experiences we offer. We intend to continue to invest in growing customer engagement and knowing our customers better, leveraging technology to constantly improve our level of insight.

Innovating to meet customer needs

Our customer knowledge allows us to curate our existing portfolio of businesses and brands to create ever more engaging experiences in our Retail and Hotels businesses and over time potentially expand our reach to new adjacent experiences. In our first growth horizon we will focus on three key areas:

Growing digital engagement:

Digital is increasingly the front door for customers to the Endeavour Group brand portfolio. We will continue to build our capabilities through endeavourX and invest in digital assets to grow customer traffic, loyalty and sales.

Enhancing and expanding our network:

We will also increase the productivity of our stores and hotels through a focus on in-store and in-hotel experience and continuous new format innovation. In Retail, we will continue to invest in formats that meet changing customer needs and enable seamless in-store and online experiences. Across our hotels, we will invest in renewals to deliver the best local pub experience to customers, focused on locally relevant food and drinks and a renewed gaming room experience.

In parallel, we will continue the acquisition and development of new hotels, roll-out new retail stores, deploy new ecommerce fulfilment capabilities across the network and expand specialty businesses such as Jimmy Brings.

Optimising our Group:

We will deliver value to customers by continually enhancing and optimising how we operate. We will continue to leverage Pinnacle Drinks' brand building and product capabilities, along with our data analytics platform, to meet evolving customer preferences and trends with new and exclusive products. We will continue to look for new opportunities to operate more efficiently and reduce the cost-to-serve for our customers and communities, in particular through the continued expansion of technology capabilities to support growth, and adopting more agile and integrated ways of working. We will also look to unlock further value in our freehold and leasehold property assets over time.

Being one team living our purpose and values

We foster a culture in which team members are strong advocates for Endeavour Group and are empowered to express the Endeavour Group purpose of "creating a more sociable future together". Core to this purpose is Endeavour Group's commitment to being Australia's most responsible operator of retail drinks and hotels living our values and ways of working.

We believe our strategy positions the business well for the next horizon of growth while laying the foundations for long-term success.

Group Financial Performance

Our strong Group result in the face of a challenging environment demonstrates the resilience of our business and our capacity to deliver for shareholders.

Total sales
$11.6b
▲ 9% from F20[1]

EBIT
$899m
▲ 22% from F20[1]

Profit for the year (after income tax)
$445m

Earnings per share
24.8¢

Final dividend per share
7.0¢

Final dividend payout ratio[2]
71%

1 F20 refers to the Equivalent F20 result, which is described in detail on page 22.
2 Payout ratio based on portion of H2 profit for the year (after income tax) determined to be paid to shareholders as a dividend.

Broadbeach Tavern, QLD

In what was a challenging and volatile year, Endeavour Group has delivered a strong result. Group sales for the year were up 9.3 percent to $11.6 billion and EBIT increased 22.1 percent to $899 million when compared to the Equivalent F20 results.

Group sales grew 180% and EBIT increased by $859 million when compared to the Statutory F20 results. This large variance is created as Statutory F20 only includes results for the Woolworths Drinks and Hotels businesses from when they were restructured and merged to become part of Endeavour Group on 2 February 2020 and 4 February 2020, respectively.

Operating through COVID-19

Like nearly every business in Australia and globally, COVID-19 has had a significant impact on our operations and financial results. We have experienced both highs and lows, with increased in-home consumption creating heightened demand in our Retail business at the same time as multiple and extensive closures and social distancing restrictions impacted trade across our Hotels network.

Our Retail and Hotels businesses were impacted in opposite ways

Retail EBIT grew by 17.6% to $669 million (Equivalent F20: $569 million) boosted by elevated in-home consumption and premiumisation.

Continuing COVID-19 related trading restrictions and additional costs had an adverse impact on the financial results of the Hotels business, which was still able to deliver an EBIT of $261 million. This represents a 49.1% increase when compared to the Equivalent F20 result, which included a period of national COVID-19 related closures.

Growing our digital business

In F21 we have made multiple enhancements to our digital customer interfaces, including app and website developments and personalisation offerings via our loyalty programs, to create a truly integrated experience for our customers and to respond to COVID-19 related acceleration in demand for online fulfilment. Our digital investments saw online sales reach 8.4% of Retail sales for the year.

Investing to expand our network

During F21 we invested $312 million in the business through capital expenditure. We have selectively expanded our network, which now includes 1,643 stores and 339 hotels (including five managed clubs).

We continued to invest in the production and technology assets of our Pinnacle Drinks business which creates, manufactures and manages a portfolio of drinks brands. We expanded our premium wine business, Paragon Wine Estates, with the acquisition of Oakridge, a premium Yarra Valley winery.

We also invested materially in our digital and technology assets.

Establishing strength and flexibility in our capital structure

Endeavour Group has historically been funded through a combination of internally generated cash flows, as well as financing facilities with Woolworths Group. As at 27 June 2021, $1.7 billion in intercompany borrowings were drawn down with Woolworths Group and net debt was $1.3 billion. On Demerger, outstanding intercompany borrowings were repaid and replaced with external financing facilities in aggregate totalling $2.5 billion, consisting of a five-year $1.0 billion syndicated credit facility, a four-year $900 million syndicated credit facility, and a number of three-year bilateral loan facilities totalling $600 million.

As a result, we have a robust balance sheet, supported by strong operating cash flow and available financing facilities. A cash realisation ratio of 117% was achieved in F21.

F20: Statutory and Equivalent information

The Statutory F20 profit or loss commentary relates to the 52-week period ended 28 June 2020. However, this 52-week period only includes the results for Woolworths' Drinks and Hotels businesses after they were transferred to, and merged with, Endeavour Group Limited on 2 February 2020 and 4 February 2020, respectively. Prior to this only the results of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, were included.

To enhance comparability of profit or loss information between reporting periods Equivalent F20 financial information is presented, which includes the results of Woolworths' Drinks and Hotels businesses for the full 52-week period ended 28 June 2020. This information has been sourced from the data used in the F20 Woolworths Annual Report, before significant items and adjusted to exclude consolidation adjustments not applicable to Endeavour Group on a standalone basis.

F21 Earnings summary

Comparing to the Statutory F20 results creates large variances as the Statutory F20 results only include results for the Woolworths Drinks and Hotels businesses from when they were restructured and merged to become part of Endeavour Group on 2 February 2020 and 4 February 2020, respectively.

Comparing to the Equivalent F20 results, Endeavour Group's sales increased 9.3% to $11.6 billion (Equivalent F20: $10.6 billion) with strong growth in Retail and a resilient Hotels performance given the ongoing COVID-19 related challenges to trading in the hospitality sector.

EBIT of $899 million was up 22.1% (Equivalent F20: $736 million). This includes net group overhead costs associated with the new corporate structure of $31 million. This is a part year expense, with annualised net group overhead cost expected to be approximately $55-$60 million.

Finance costs of $247 million were incurred. This includes the interest paid to Woolworths Group on the intercompany loan facility. This has been replaced by external debt on Demerger.

The effective tax rate for F21 was 31.8%.

The Group recorded a Profit for the year (after income tax) of $445 million. This represents basic earnings per share of 24.8 cents per share.

On 26 August 2021, the Board determined to pay a fully franked final dividend of 7.0 cents per share. Endeavour Group shares will trade ex-dividend from 1 September 2021 and the distribution will be paid to shareholders on 22 September 2021.

$ MILLION	STATUTORY F21	STATUTORY F20	STATUTORY CHANGE	EQUIVALENT F20	EQUIVALENT CHANGE
Sales	11,595	4,141	180.0%	10,606	9.3%
Earnings before interest and tax (EBIT)	**899**	40	2,147.5%	736	22.1%
Finance costs	**(247)**	(91)	171.4%		
Profit/(loss) before income tax	**652**	(51)	n.m.		
Income tax expense	**(207)**	(13)	1,492.3%		
Profit/(loss) for the year (after income tax)	**445**	(64)	n.m.		
Basic and diluted earnings/(loss) per share (EPS) - cents	**24.8**	(8.8)	n.m.		

Group funds employed

Trade working capital increased slightly with a reduction in trade payables due to COVID-19 impacts, which was mostly countered by a decrease in inventory due to increased trading during the year.

Lease assets increased $134 million due to remeasurements and new leases, partly offset by depreciation, lease terminations and other movements.

Property, plant and equipment increased by $44 million driven by investments in new stores and hotels and renewals of existing properties as well as business acquisitions, partly offset by depreciation and amortisation, impairment and disposals.

Intangible assets increased by $7 million through investments in software assets and licences as well as business acquisitions, partly offset by amortisation and disposals.

Other liabilities (net) increased by $28 million due to additional provision for remediation of salary and wage underpayments, other employee provisions and gaming tax payables partly offset by the reduction in stamp duty payable relating to the Restructure of the Group.

Tax liabilities (net) increased by $44 million due to the higher Statutory F21 Group Profit before income tax.

Related party liabilities/(assets) represent amounts payable to Woolworths Group relating to partnership agreements and interest on borrowings.

Net debt was $181 million lower due to $497 million free cash flow generated during the financial year partly offset by a $316 million increase in debt with Woolworths Group (see further details under Net debt overview).

Lease liabilities increased $168 million due to remeasurements, new leases and interest, partly offset by lease payments and terminations.

$ MILLION	STATUTORY F21	STATUTORY F20[1]	STATUTORY CHANGE
Trade working capital[2]	483	477	6
Lease assets	3,117	2,983	134
Property, plant and equipment	1,887	1,843	44
Intangible assets	3,845	3,838	7
Other liabilities (net)[3]	(535)	(507)	(28)
Funds employed	8,797	8,634	163
Tax liabilities (net)	268	224	44
Related party liabilities / (assets)	85	(46)	131
Net debt	1,277	1,458	(181)
Lease liabilities	3,779	3,611	168
Equity	3,388	3,387	1
Total funding and tax	8,797	8,634	163

	STATUTORY F21	EQUIVALENT F20	EQUIVALENT CHANGE
Reported return on funds employed[4] (%)	11.1	9.0	208 bps

1 As the balance sheet is presented at a point in time, the Statutory F20 and Equivalent F20 balance sheets are the same.
2 Comprises trade and other receivables (excluding related party balances), inventories and trade payables.
3 Comprises mainly other financial assets, accruals and provisions.
4 Calculated as EBIT as a percentage of average (opening, mid and closing) adjusted funds employed.

Net debt

Endeavour Group has historically been funded through a combination of self-generated cash flows and intercompany borrowings provided by Woolworths.

On Demerger, outstanding intercompany borrowings with Woolworths were repaid and replaced with external financing facilities totalling $2.5 billion, consisting of a five-year $1.0 billion syndicated credit facility, a four-year $900 million syndicated credit facility, and a number of three-year bilateral loan facilities totalling $600 million.

$ MILLION	STATUTORY F21	STATUTORY F20[1]	STATUTORY CHANGE
Cash and cash equivalents	**437**	375	16.5%
Debt[2]	**(1,714)**	(1,833)	(6.5%)
Net debt	**(1,277)**	(1,458)	(12.4%)

1 As the balance sheet is presented at a point in time, the Statutory F20 and Equivalent F20 balance sheets are the same.
2 Debt represents current borrowings, non-current borrowings and other current financial liabilities. Of the $1,714 million in Statutory F21 debt, $1,710 million is owed to Woolworths. Of the $1,833 million in Statutory F20 debt, $1,831 million is owed to Woolworths.

Group cash flow

Large variances exist between Statutory F21 and Statutory F20 cash flows. The Statutory F20 cash flows only includes activity for the Woolworths Drinks and Hotels businesses from when they were restructured and merged to become part of Endeavour Group on 2 February and 4 February 2020, respectively.

The cash realisation ratio was 117.3%.

Finance costs on borrowings paid reflect the interest paid to Woolworths Group on intercompany borrowings.

Payments for the purchase of property, plant and equipment and intangible assets was $279 million which includes investment in new stores and hotels, renewals of existing stores and hotels, as well as investment in software intangibles and licences.

Payments to acquire businesses, net of cash acquired, includes the acquisition of Oakridge Winery and the acquisition of new hotels.

Dividends paid of $52 million reflects total dividends of $282 million, less Woolworths Group's $230 million share which was settled through repayment of intercompany borrowings.

Group cash flow (continued)

$ MILLION	STATUTORY F21	STATUTORY F20[1]	STATUTORY CHANGE
EBIT	899	40	n.m.
Depreciation and amortisation expenses	505	198	155.1%
Changes in trade and other receivables	5	52	(90.4%)
Changes in inventories	61	131	(53.4%)
Changes in trade payables	(59)	62	(195.2%)
Changes in assets and liabilities and other non-cash items	130	186	(30.1%)
Finance costs on borrowings paid	(72)	(21)	242.9%
Payment for the interest component of lease liabilities	(174)	(73)	138.4%
Income tax paid	(181)	(15)	n.m.
Operating cash flow	1,114	560	98.9%
Payments for property, plant and equipment and intangible assets	(279)	(115)	142.6%
Payments to acquire businesses, net of cash acquired	(39)	(61)	(36.1%)
Proceeds from sale of businesses, net of cash disposed	-	7	(100.0%)
Repayment of lease liabilities	(247)	(91)	171.4%
Dividends paid	(52)	(157)	(66.9%)
Free cash flow	497	143	247.6%
Cash realisation ratio[2] (%)	117.3	n.m.	n.m.

1 An Equivalent F20 Group cash flow has not been presented as it's not readily available.
2 Operating cash flow as a percentage of profit after income tax before depreciation and amortisation expenses.

Non-IFRS information

The 2021 Annual Report for the 52 weeks ended 27 June 2021 ('F21') contains certain non-IFRS financial information related to historical performance, position and cash flows. Non-IFRS financial information is financial information that is not defined or specified under any relevant accounting standards. This information may not be directly comparable with other companies' information but is commonly used in the industry in which Endeavour operates.

Non-IFRS information is also included to provide meaningful information on the underlying drivers of the business, performance and trends (for example, online penetration). This information is used by management and directors to assess the financial performance of Endeavour Group and its segments. Non-IFRS information should be considered in addition to and is not intended to substitute IFRS measures.

The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

Examples of non-IFRS measures in this report include: cash realisation ratio; EBITDA; Equivalent F20 financial information; free cash flow; margins including gross profit, CODB and EBIT; online penetration; return on funds employed; sales per square metre.

Business review

Retail

Dan Murphy's South Melbourne, VIC

At Endeavour Group we operate Australia's leading retail drinks business. Our portfolio of complementary brands and businesses allows us to curate propositions to meet customer needs.

Sales

$10,178m

▲ 9.6% from F20[1]

Online sales

$859m

▲ 34.7% from F20[1]

EBIT

$669m

▲ 17.6% from F20[1]

My Dan's members

5.5m

▲ 1m since F20

1 Compared to Equivalent F20 result.

Overview

Our retail business operates 1,643 stores across two key brands – Dan Murphy's and BWS – each of which combines a strong presence and brand with an integrated digital offering. Our specialty brands – Langton's, Cellarmasters, Shorty's Liquor and Jimmy Brings – provide key capabilities to our business, while Pinnacle Drinks produces and distributes exclusive brands throughout our network.

As one of Australia's most trusted brands, Dan Murphy's is the destination for drinks discovery, with the widest range at Australia's lowest prices, operating an online offering of more than 25,000 products supported by 251 stores.

BWS offers some of the most convenient ways to buy drinks, with an extensive physical store footprint of 1,392 stores supported by a continually expanding online offering powered by a one hour on-demand delivery capability.

Trading performance

Total sales of $10,178 million were delivered by the Retail business in F21. When compared to the Equivalent F20 result, sales increased by 9.6%. Retail EBIT grew by 17.6% to $669 million.

Retail sales increased 163.0% and EBIT increased by 224.8% when compared to the Statutory F20 results. This large variance is created as the Statutory F20 results only include results for the Woolworths Drinks business from when it was restructured and merged to become part of Endeavour Group on 2 February 2020 and 4 February 2020, respectively.

Strong market dynamics in F21

Customers switched to in-home consumption, sparked by COVID-19 related restrictions and the closure of on-premise venues which began in March 2020. This created increased retail demand which remained elevated across the first half of F21. During the second half of F21, on-premise restrictions eased and retail trading began to normalise.

All major categories of drinks were in growth for F21, with the exception of cider. The trend towards spirits continued, growing at over 20% in F21 (off the back of a similarly strong growth in Equivalent F20).

An ongoing shift to premium products was seen across many categories. There was particularly strong growth in craft beer, champagne and gin, as well as no-alcohol and low-alcohol alternatives.

Margin improvement

The strong sales flowed through to higher gross margin and EBIT. Gross margin grew ahead of sales, with lower promotional activity in the market and an increased penetration of Pinnacle brands. Compared to Equivalent F20, gross margin as a percentage of sales increased by 110 bps.

In F21, CODB as a percentage of sales was 17.6%, +63bps higher than the Equivalent F20 result. Whilst the higher sales created benefits through leverage of the fixed cost base, this was offset by one-off costs and strategic investments in technology and digital capabilities.

Growing customer engagement

Customer engagement metrics (VOC NPS), which were already strong, continued to improve, with Dan Murphy's at 79 and BWS at 71 at year end. The My Dan's membership program attracted an additional one million members in F21, growing steadily over the year, with total members now exceeding 5.5 million.

Growing digital engagement

In F21 Endeavour made targeted investments in digital customer experience, including enhancing websites and apps, personalising the My Dan's loyalty offer, and improving online fulfilment through both pick-up and delivery. This created the foundation for Endeavour's strong online sales, which grew 34.7% in F21 and constituted 8.4% of Retail sales (Equivalent F20: 6.9%).

Expanding and enhancing our network

Endeavour's business model leverages its extensive network to offer exceptional convenience to customers, including enabling fast delivery and pick-up options. In F21, pick-up sales grew ahead of delivery.

The store network was selectively expanded during F21 and at the end of the financial year there were 251 Dan Murphy's stores and 1,392 BWS stores in Australia. This represents a net increase of 33 stores during F21.

F22 Retail outlook

There remains considerable uncertainty as to the impact that COVID-19 will have on our Retail business performance in F22. Our Retail stores have remained open and are experiencing volatility in demand as our customers adjust to the stay-at-home orders. We have seen continued growth in our online business over this period, particularly in our on-demand and pick-up services which leverage our market leading store footprint.

F21 financial results

$ MILLION	STATUTORY F21	STATUTORY F20	STATUTORY CHANGE	EQUIVALENT F20	EQUIVALENT CHANGE
Sales	10,178	3,870	163.0%	9,286	9.6%
EBITDA	936	308	203.9%	807	16.0%
Depreciation and amortisation	267	102	161.8%	238	12.2%
EBIT	669	206	224.8%	569	17.6%
Gross margin (%)	24.2	23.0	120 bps	23.1	110 bps
Cost of doing business (%)	17.6	17.7	(8) bps	17.0	63 bps
EBIT to sales (%)	6.6	5.3	128 bps	6.1	45 bps
Sales per square metre ($)	21,012	n.m.	n.m.	19,603	7.2%
Funds employed	4,138	n.m.	n.m.	4,089	1.2%
Return on average funds employed (%)	16.5	n.m.	n.m.	13.4	311 bps

Business review: Retail

Dan Murphy's is one of Australia's most trusted brands, and the destination for drinks discovery, with the widest range of liquor at Australia's lowest prices.

Our prices are underpinned by the "Lowest Liquor Price Guarantee", providing the best value in the market for our customers. A typical store carries over 4,500 products, including hundreds of spirits and beers and thousands of wines, including cellar release wines, other liquor products from around the world and an extensive range of low or no alcohol alternatives. The in-store range is complemented by more than 25,000 products that are available online.

Inspiring customers to drink better

Our Wine Merchants play a critical role in our stores, helping customers navigate the world of drinks and related experience. In F21 we had more than 65 stores with dedicated Wine Merchants. This is one of the many ways we look to help drive discovery and improve the in-store experience of our customers.

New-look store layout

In March 2021 we launched our first new large format concept in South Melbourne. We've focused on customers, who tell us they want much more from us than products on shelves. They've told us they are interested in exploring, discovering and being educated about the world of drinks, which is what our new store experience is built on.

Improved personalisation for My Dan's Members

During the year we launched an AI driven one-to-one personalisation for our My Dan's Members, showcasing over 10,000 products a week targeted at an individual level.

56%
Growth in online orders

41%
Online delivery orders were made express

251
Stores throughout Australia

BWS Glebe, NSW

Celebrating the personality of our purpose-led local teams

At BWS we are all about being ourselves and having fun. During the year we collaborated with talented Aussie artists to design a kit to help express ourselves. Each of our team can now choose an option that works for them, which helps them be themselves and have fun at BWS.

BWS offers some of the most convenient ways to buy drinks with an extensive physical store footprint supported by a continually expanding online offering.

At BWS we offer consumers a convenient liquor option with a wide range of products across beer, cider, wine, premix and spirits. Stores average approximately 175m^2 and generally carry ~1,500 products, which are also available online. Our network serves customer needs across a variety of formats, including drive-thru, attached to a Woolworths Supermarket or Metro Food Store, attached to a hotel, or standalone store.

81%

Growth in online orders

76%

Online orders delivered express, with remaining 24% picked up in store

1,392

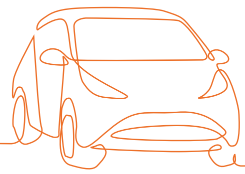
Stores throughout Australia

App enabled fun during the 100 Days of Summer

In its second year, our app based experience continued to engage customers across the 100 Days of Summer, with 5.5 million customer interactions, up 23% on the prior year's successful campaign.

5.5m

Customer interactions



On-demand delivery: one hour delivery guarantee

Our convenience and delivery offering continues to expand, with on-demand delivery currently available in more than 700 stores delivering drinks from store to door within one hour.

Business review

Hotels

Coopers Alehouse Gepps Cross, SA

Our Endeavour Group Hotels business is Australia's largest on-premise operator and currently manages a portfolio of 339 hotels across capital cities and urban and regional centres.

Sales
$1,417m
▲ 7.3% from F20[1]

EBIT
$261m
▲ 49.1% from F20[1]

Network growth
5
Hotel acquisitions

195 days
With all hotels open for trading during F21

Overview

Our hotels provide the local community with a range of hospitality experiences including on-premise bars and food, electronic gaming, wagering, live entertainment and in some cases, accommodation.

Over 300 of our hotels operate on-premise restaurants, bistros and cafes, with 950+ bars and a wide range of function rooms which cater for all types of events.

We are the leading operator of Electronic Gaming Machines (EGMs) in Australia, with 12,402 EGMs in 295 hotels, as well as over 300 TABs and Keno in 280+ hotels.

More than 100 of our hotels offer accommodation, which ranges from 4-star international standard hotels to clean and comfortable pub accommodation, and more than 60 of these hotels operate under the Nightcap Hotels brand.

Trading performance

It has been a challenging year for our Hotels business due to continuing COVID-19 related trading restrictions and associated costs. Sales for F21 grew by 7.3%, delivering EBIT of $261 million, 49.1% growth on the Equivalent F20 result. It is noted that COVID-19 also impacted the prior year results.

Hotels revenue grew 422.9% and EBIT increased by $333 million, when compared to the Statutory F20 results. These large variances are created as the Statutory F20 results only include results for the Hotels business from 2 February 2020 and 4 February 2020, when it restructured and merged with Endeavour Group.

1 Compared to Equivalent F20 result.

Growing our hotel portfolio

Despite a challenging year, we expanded our hotel network footprint by acquiring five hotels during the period. These new hotels are spread across NSW and QLD, and include Hello Gorgeous (QLD), Barkly Hotel (QLD), Gateway (QLD), Tattersall's Hotel (NSW) and The Great Southern Hotel (NSW).

COVID-19 had a significant impact on the Hotels business

The quarterly growth rates highlight the volatility in the market. In Q1' F21 and Q2' F21, extensive closures were in place, particularly in the key state of Victoria. Hotel sales were down 33.2% and 21.5% respectively for these periods. In Q4' F21, Hotels cycled the nationwide closures in the prior year.

In F21, there were only 195 days where all of our hotels were open for trading.

Resilience and agility

Once restrictions were lifted in each market, strong trading conditions quickly resumed as customers returned to hotels. At an operational level, many hotels were reconfigured and new measures were introduced to keep the team and customers safe, in line with the evolving state based COVID-19 regulations.

Strong cost management during challenging operating environment

Whilst sales were limited by trading restrictions, the business was able to control costs to record an EBIT margin of 18.4%. This included costs associated with COVID-19 management, and provision for remediation of historical salary and wage underpayments partly mitigated by cost savings as a result of COVID-19 capacity based restrictions to service offerings.

ALH Hotels

Expanding and enhancing our Hotels network

Despite the headwinds and challenges of COVID-19, we have continued to invest in our Hotels business as highlighted below:

- In F21, five hotels were acquired, taking the total network of hotels to 339 (including five managed clubs).
- Significant renewals were completed in 26 of our hotels.
- We continued to invest in our accommodation offering under our Nightcap brand. Our hotels now incorporate 2,254 accommodation rooms.
- At the end of F21, we introduced 'me&u' technology in 115 hotels, which enables customers to make contactless orders from their table.
- As part of our commitment to responsible gaming, we launched facial recognition technology in all our South Australian hotels with EGMs which enhances our self-exclusion capability. We are now trialling the technology in other states.

F22 Hotels outlook

There remains considerable uncertainty as to the impact that COVID-19 will have on our Hotels business performance in F22. We started F22 with the lockdown in Sydney and in the Perth and Peel region of Western Australia. Areas in Victoria, South Australia, Queensland and Northern Territory all subsequently followed with periods of lockdown. This has required our hotels in those regions to close for extended periods, resulting in a reduction in revenue for the Hotels business in the first eight weeks of F22.

F21 financial results

$ MILLION	STATUTORY F21	STATUTORY F20	STATUTORY CHANGE	EQUIVALENT F20	EQUIVALENT CHANGE
Sales	**1,417**	271	422.9%	1,320	7.3%
EBITDA	**499**	24	n.m.	408	22.3%
Depreciation and amortisation	**238**	96	147.9%	233	2.1%
EBIT	**261**	(72)	n.m.	175	49.1%
Gross margin (%)	**85.0**	80.4	460 bps	83.0	208 bps
Cost of doing business (%)	**66.6**	107.0	n.m.	69.7	(308) bps
EBIT to sales (%)	**18.4**	(26.6)	n.m.	13.3	516 bps
Funds employed	**3,852**	n.m.	n.m.	3,886	(0.9%)
Return on average funds employed (%)	**6.7**	n.m.	n.m.	4.5	224 bps

Spotlight on innovation

endeavourX

endeavourX was created in 2019 to bring together our digital channels, loyalty propositions and ecommerce and incubator businesses.

endeavourX

Through endeavourX we are building diverse digital capabilities to enable differentiated, effortless and personalised experiences for our customers in partnership with our Retail and Hotels brands.

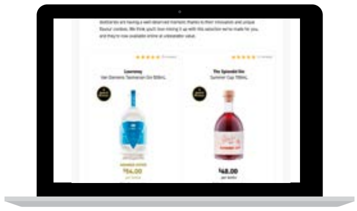
Our market leading digital channels and loyalty propositions attract and engage our customers and enable a rich understanding of their preferences and needs. Our customer insights drive prioritisation of our digital roadmap and development of key digital platforms.

350+

endeavourX team members

Digital

The front door to our brands for all customers



We aim to provide a seamless experience across the digital and physical journey, as we know more than 25% of customers who visit us online go on to shop in store. Our digital traffic grew during the year, particularly on our apps, with 86% YOY growth in monthly active users (MAU) of BWS and Dan Murphy's apps.

86%

Year-on-year growth in MAU of our BWS and Dan Murphy's apps

Incubators

Our four incubator businesses provide us with specialist capabilities to accelerate our broader business

Specialist capabilities within these businesses include on-demand delivery, B2B, subscription and premium range and service.

JIMMY BRINGS

CELLARMASTERS

LANGTON'S

Shorty's

endeavourX Personalisation Tribe at Harlequin Inn Pyrmont, NSW

Loyalty

Understanding and creating value for our most engaged customers

Our loyalty programs and single view of customer are core to how we understand and create personalised value for our customers. In F21 our Members contributed 61% of our retail sales, up by 820bps from F20. This has been primarily driven by increases in active Members and higher engagement from existing Members.

61%

Of our total Retail sales are attributable to Members

Platforms

Our platforms provide us with unique capabilities to serve our customers, brands and partners

Endeavour Delivery houses our market leading fulfilment and delivery capabilities which has supported the growth in on-demand delivery, The Jimmy Brings FLIP platform supports the delivery of 35% of express orders from Dan Murphy's and BWS.

Endeavour Marketplace ranges more than 13,000 products, giving customers access to a broader selection than what is available in store.

ProductPulse helps us to gather enriched product data to engage and inspire customers and pairs with CustomerPulse to enable data-led decision making across our business.

Ecommerce

Providing easier ways to shop as our customers' lives evolve

Ecommerce grew by 35% during the year, as customers choose more convenient and contactless ways to shop. Pick-up and express delivery were customers' preferred options, with sales up 63% and 73% from the prior year respectively. Our on-demand one hour delivery offering grew even faster, up 90% from F20.

90%

Growth in on-demand one hour delivery

129m

Total online traffic in F21

300,000

Customer service interactions by 'Murphy', our new customer service bot

Spotlight on innovation

Pinnacle Drinks

Pinnacle Drinks, which includes Endeavour Group's products and services capability, creates, builds and manages a portfolio of drinks brands, which are sold through Endeavour Group's channels and to key strategic partners.

Pinnacle Drinks

VINPAC INTERNATIONAL

PARAGON

DORRIEN ESTATE

Pinnacle Drinks has innovative brand-building capabilities and leverages the Endeavour Group store footprint, digital platforms and team advocacy to deliver growth of its brand portfolio.

The production, brand ownership and sourcing capabilities of Pinnacle Drinks enable delivery of leading brands and value to customers, and create value through good returns and supply chain flexibility.

Pinnacle Drinks and the broader Endeavour Group also have long-term relationships with key suppliers, being key partners to the Australian and New Zealand wine and craft beverages industry, engaging with a network of over 3,000 mostly small suppliers and building mutually beneficial relationships in which it maximises new trends, grows categories and drives customer engagement.

528
Wine awards won during F21

~530
New products launched in F21

To supplement its sourcing activities, Pinnacle engages in selective vertical integration with a portfolio of production and services assets, including wineries, vineyards, wine brands and wine services, including:

Paragon Wine Estates (Paragon)

Paragon manage a collection of award-winning and premium heritage wineries and wine brands in some of the finest growing regions around Australia and New Zealand. These include Chapel Hill (McLaren Vale), Krondorf (Barossa Valley), Isabel Estate (Marlborough), Riddoch (Coonawarra), and Oakridge Wines (Yarra Valley).

Dorrien Estate

Dorrien Estate is a 5-star James Halliday rated winery located in the Barossa Valley in South Australia.

Vinpac

Vinpac provides wine solutions, including contract bottling services and supply of packaging goods. The business operates three packaging facilities in the Barossa Valley, McLaren Vale and Gawler Belt in South Australia, which service the Paragon brands and Dorrien Estate, as well as third parties.

Dorrien Estate, Barossa Valley, SA

Paragon welcomes Oakridge Wines

As part of our strategy to grow our portfolio of premium wine production assets, Pinnacle's Paragon Wine Estates acquired Yarra Valley's Oakridge Wines in March 2021.

The purchase of Oakridge Wines included the brands and the winery, vineyards and its grape grower relationships as well as award-winning restaurant and cellar door.

This acquisition expanded Paragon's coverage with premium brands across highly regarded wine regions in Australia and New Zealand.

Established in 1979, Oakridge Wines has grown to become an internationally recognised wine producer of award-winning wines and a must-visit Yarra Valley destination.

500+

Domestic and international awards won by Oakridge since 1979

Leading on product innovation

We are proud to lead on product innovation and during F21 we launched ~530 new products covering a wide range of categories, including premium wines, craft beers, low and no alcohol organic beverages and seltzer products.

Trend leadership and product innovation is part of our broader focus on the development and management of our extensive portfolio of brands that we distribute through the Group's businesses and strategic partners.

Award winning brands

Oakridge Wines 2019 864 Single Block Funder & Diamond Chardonnay was recently crowned Australia's best chardonnay in the Halliday Wine Companion Awards. This prestigious award further cements Oakridge as one of Australia's best chardonnay producers.

In September 2020, Krondorf's 2018 Old Salem Barossa Shiraz was awarded a 95/100 rating and gold medal at the Decanter Wine Awards, one of the world's largest and most influential wine competitions. The wine was also awarded a gold medal and two trophies at the 2020 International Wine Challenge.

Our Sustainability agenda

Sustainability is an intrinsic and integrated part of Endeavour Group's purpose and how we operate.

We aspire to leave a positive imprint on, and improve outcomes in, the communities we serve. We are keenly aware that our responsibilities extend beyond our own actions and operations. We are guided by this aspiration, and the Group's purpose to "create a more sociable future together", as we continue to develop and refine the Endeavour Group Sustainability Strategy. Our intention is to publish the Endeavour Group Sustainability Strategy in late 2021, incorporating the material issues we face, including:

Responsibility

A cornerstone of our long-term sustainability goals remains our commitment to maintaining our culture of industry leadership in the responsible service of alcohol and conduct of gambling.

Community

Our national presence enables us to build strong community engagement, support local employment opportunities and foster respect for all people and cultures. By employing over 28,000 team members in over 1,800 communities around Australia, we are well placed to use our footprint to strive for a positive imprint on millions of Australian lives.

Through partnerships and investment, we will continue to connect with local communities and support providers to develop collaborative projects and plans that seek to improve outcomes and minimise harm.

People

We will continue to focus on maintaining a safe, empowering and inclusive workplace for all of our team.

Planet

We will seek to reduce the impact of our operations on the environment, recognising the critical role that all organisations must play in addressing responsible sourcing, and the impacts of climate change.

We have worked hard on many of our sustainability initiatives over many years. This year, despite the ongoing challenges of the COVID-19 pandemic, we are proud of how our team has come together to seek to positively impact our communities, and provide a way for people to still be together through difficult times.

For personal use only

2021 Sustainability highlights

Voluntary pre-commitment

ALH Hotels are the only national operator to provide voluntary pre-commitment throughout its network.

IARD

International Alliance for Responsible Drinking (IARD)

Endeavour Group was recognised as a leader in online responsibility by being the sole Australian retail participant invited to work with IARD to develop standards for responsible online sales of alcohol globally.

1800RESPECT

Partnering with 1800RESPECT to develop Domestic Violence Awareness Training

Launched domestic and family violence awareness training to all 28,000 team members.

Solar power generation

5,846MwH

Solar power generated this year.

Independent Panel Review Report

In December 2020 the Woolworths Group Board commissioned an Independent Panel Review in regards to a proposed Dan Murphy's Darwin development. The Independent Panel Review's Report included the Panel's recommendation that the Woolworths Group not proceed with the proposal. The Woolworths Group CEO and Endeavour Group CEO listened, and together made the decision not to proceed, and the relevant licence was surrendered to the Northern Territory Government.

We welcomed the Report, and have learnt many lessons from it. We are currently conducting listening and engagement sessions with many of the stakeholders who were involved in the preparation of the Report to seek to more fully understand the unique concerns of each community and stakeholder. This will inform our final reflections which will be contained in our first Endeavour Group Sustainability Strategy, and our first Reconciliation Action Plan.

The Group has already made significant changes as a direct result of the Report's recommendations, including:

- The creation of a dedicated risk and sustainability team, each led by a member of the Group executive.
- Engaging with Reconciliation Australia to discuss development of an Endeavour Group Reconciliation Action Plan.
- ESG (environmental, social, governance) reviews are now embedded into Endeavour's decision-making processes, particularly as they relate to any proposed developments.

Dorrien Estate, Barossa Valley, SA

Responsible Gambling

We are committed to providing a safe and supportive environment in our hotels to enable customers to make informed decisions and have access to appropriate resources. We recognise that problem gambling is a community issue and take our obligations to promote responsible gambling, and harm minimisation, very seriously.

The Know Your Code pocket guide provided to all Hotel team members has general information about self-exclusion, assisting players and contact information for help services.

Responsible Gaming Charter

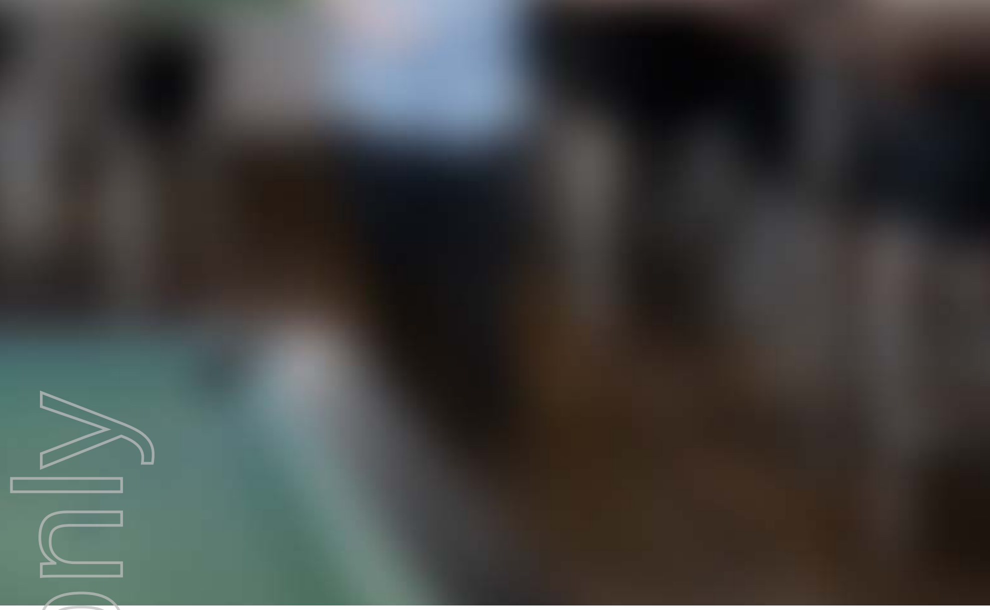
Our commitment to responsible gambling is underpinned by the ALH Responsible Gaming Charter, which can be found online at https://www.alhgroup.com.au/responsible-service and is also set out on the next page of this Report.

In addition to the Charter, we have implemented a range of procedures aimed at providing a safe and supportive environment, including:

- Having a responsible gambling host at all hotels.
- Active monitoring of gambling and other behaviours by our team members.
- The recording of all customer responsible gambling interactions.
- No service of complimentary alcohol in our gambling rooms nationally.
- Enhanced privacy training, policies and procedures.
- An embedded whistleblower platform to provide team members, and others, with a confidential means of identifying issues across the business.

As part of our commitment to continuous improvement and implementing best practice gambling practices at all of our hotels, we have engaged the Responsible Gambling Council (RGC) – a global leader in the prevention of problem gambling – to conduct an independent audit of our gambling operations against world's best practice biennially. Where practicable, we will continue to implement improved processes based on RGC recommendations.

Some of our other industry-leading initiatives are described in more detail on the next page.



Pre-commitment

ALH leads the industry in terms of responsible gambling best practice as the only national operator to install voluntary pre-commitment on every gaming machine we operate in mainland Australia. On every machine, players can pre-set time or spend limits. In addition, we are building voluntary pre-commitment (VPC) functionality into our Monty's Rewards (loyalty program) app. The new limit-setting feature on the app provides gambling customers with additional functionality to set time and spend limits on their activities.

Self-exclusion and facial recognition technology

Our Self-Exclusion Program supports people who have decided to limit their access to gaming machines. We offer this service nationally to individuals who wish to voluntarily exclude themselves from one or more gaming venues. We are also the first in Australia to enhance the effectiveness of self-exclusion by implementing facial recognition technology which is in all 31 hotels in South Australia. We will look to expand the use of this technology into other states, subject to regulatory approval.

Responsible gambling training

Providing team members with effective, current and evidence-informed responsible gambling (RG) training is a cornerstone of a successful RG program.

Based on industry-leading practices and the latest research, the RGC helped us develop two types of tailored training for our Hotels team:

- **An online general training module for all team members:** providing an introduction to key RG tools and information, such as common gambling myths, game mechanics, recognising problem gambling and warning signs and supporting players through excellent customer service.
- **An advanced RG workshop for managers and gambling hosts:** providing in-depth information and responses to complex needs and practical opportunities to apply knowledge and skills.

Both types of training are structured to apply the best practice in adult education by prioritising self-directed, active and problem-centric learning. The training is designed to equip all team members to confidently and confidentially share RG information and resources with customers, to help improve their experience in all hotels across the country.

ALH Hotels Responsible Gaming Charter

ALH Hotels:

1. Provides a safe, friendly environment in which all hotel customers can socialise and enjoy themselves in a good atmosphere.
2. Provides good value, good quality meals and family-friendly dining experiences.
3. Believes it has a shared responsibility, along with individuals, families, communities and governments, to ensure responsible behaviour.
4. Does not conduct promotions which encourage irresponsible drinking.
5. Restricts gaming room access to adults and ensures gaming rooms are screened or separated from other areas of the hotel, so as to not attract children.
6. Offers and promotes voluntary pre-commitment – a system that helps players stick to their limit by nominating maximum spending or time limits on gaming machines.
7. Trains its team to be aware of behaviour that may indicate gambling problems and to provide appropriate customer care. Endeavour Group requires all Hotels venue managers and responsible gaming hosts to complete additional advanced responsible gaming training.
8. Partners with expert groups and specialists who can help team members and patrons deal with problem gaming, including Gamblers' Help (Australia's leading professional counselling service).
9. Ensures that ATMs, where approved, are provided for the convenience of all patrons in a safe, central location and not in gaming areas.
10. Does not serve complimentary alcohol in gaming rooms.
11. Supports local communities in numerous ways, including working with charities to raise money through its hotels.
12. Conducts internal and external audits to ensure it delivers on its commitment to be Australia's most responsible operator of hotels.
13. Has introduced a national Gaming Code of Conduct to ensure a consistent approach to customer engagement across the business.

Responsible Service of alcohol

We are committed to being an industry leader in the responsible service, ranging, sale and marketing of alcohol and the promotion of responsible drinking. We collaborate with industry associations and like-minded organisations to drive the industry towards best practice.

> "The majority of customers who are choosing non-alcoholic drinks do so because they want to moderate – a reflection of a broader trend of Australians drinking less, but better."
>
> **Bree Coleman**
> Head of Merchandise Transformation. Endeavour Group

Endeavour Group encourages responsible consumption through the promotion of low and no alcohol alternatives, with both BWS and Dan Murphy's expanding their range of non-alcohol beverages. Dan Murphy's has one the country's largest offerings with more than 200 different products to choose from, including non-alcoholic craft beer, rosé and sparkling wines, and craft spirits.

Our responsibilities

Endeavour operates in a highly-regulated environment and has a team dedicated to managing regulatory compliance and ensuring all team members undertake appropriate training in the responsible service of alcohol.

Our aim is to go beyond our minimum regulatory obligations. To that end, we undertake a wide range of voluntary measures aimed at managing and mitigating issues related to the responsible service of alcohol and the ranging, sale and marketing of alcohol.

Some of our voluntary, harm-minimisation initiatives include:

- **ID25:** We ask for ID if a shopper looks under 25, and independently review ID25 compliance at all BWS and Dan Murphy's sites, as well as in our online business. Every BWS store is tested twice yearly, while Dan Murphy's stores are tested every eight weeks.
- **Our "Don't Buy It For Them" Policy and awareness campaign:** This is aimed at stopping secondary supply, particularly to underage or vulnerable people.
- **Responsible drinking campaigns:** Supporting national responsible drinking campaigns, including the DrinkWise Australia cultural change programs and labelling initiatives, and the "Choose to DrinkWise" retail campaign.

Leadership in online alcohol sale and delivery

Endeavour Group has developed innovative and world-leading policies, systems and procedures to prevent the delivery of alcohol purchased online, to either minors or persons who are intoxicated.

RETAIL DRINKS AUSTRALIA ONLINE CODE SIGNATORY

Using Endeavour's internal responsible service of alcohol policies as the foundation, we worked with Retail Drinks Australia (RDA) to develop an industry-applicable Online Alcohol Sale and Delivery Code of Conduct. This Code has now been adopted by all Retail Drinks members.

IARD

Our leadership in this area has been recognised by the International Alliance for Responsible Drinking (IARD). Endeavour Group was invited as the sole Australian retail contributor, joining the 12 leading global beer, wine and spirits producers that form IARD, and other prominent global and regional online retailers and ecommerce and delivery platforms, to develop international standards for the sale of alcohol online globally. The resulting standards, now launched, represent a world-first coalition to develop and enhance safeguards to prevent the online sale and delivery of alcohol to minors and to reduce harmful drinking among adults.

JIMMY BRINGS

Jimmy Brings has utilised technology and data insights to develop an automated RSA system that applies "red flags" to customer purchases online which could be high risk (either by volume or ordering frequency), to allow for targeted review by its Responsible Manager and consideration of appropriate intervention.

Liquor Accords Portal

Endeavour Group is active in local liquor accords where they exist and is currently a member of over 150 active Accords. Our internal Liquor Accords Portal is a platform connecting our store teams with information and resources provided by Liquor Accords across Australia. The portal empowers store teams to drive community engagement with other local industry representatives, businesses, councils and local police.

ABAC THE ABAC SCHEME LIMITED

Alcoholic Beverage Advertising Code (ABAC)

A signatory since 2013, Endeavour Group is committed to ensuring its advertising campaigns and own brand packaging meet community standards and expectations. While the ABAC is voluntary, the Group is committed to the ABAC's objectives that alcohol advertising not encourage irresponsible, unsafe or underage consumption, and not target young people. Our own advertising and packaging are subject to the ABAC review and complaints process. We regularly engage with ABAC's management committee regarding changes in advertising platforms, and submit the majority of our marketing campaigns to the ABAC Alcohol Advertising Pre-Vetting Service, which considers whether they are consistent with ABAC standards.

DrinkWise.

Endeavour Group is a proud funding supporter of DrinkWise, an independent, not-for-profit organisation whose primary focus is to help bring about a healthier and safer drinking culture in Australia. To promote such significant behavioural changes, DrinkWise develops and implements a range of national information and education campaigns, as well as providing practical resources, to help consistently inform and support the community about responsible alcohol purchasing and consumption, including through retailers and the media.

Our Community

We are passionate about the communities we serve across the country, and are committed to creating a positive imprint. This year, Endeavour Group and our customers have donated over $3.1 million to various charities across Australia.

$3.1m
Total Community Investment

500+
Sporting teams and clubs supported

Supporting brain cancer research

Team member, Elias Forbes, had just finished training to be a pilot in 2018 when he was diagnosed with an incurable brain cancer that left him half blind. Although he had to abandon his plans to fly the skies, Elias is now flying the flag for the Mark Hughes Foundation, rallying his store team at Dan Murphy's Woolloongabba to host barbecues for customers during June 2021 in an effort to raise funds for the Foundation. Elias' passion and story has inspired others, so on June 19th, more than 1,000 team members at 41 Dan Murphy's stores hosted barbecues, serving customers with over 6,800 free snags to encourage donations to the Foundation. All participating Dan Murphy's stores were allocated funds by Endeavour Group to organise the charity barbecues, and Woolworths Supermarkets donated the food.

In total, the team raised $31,782 during the month of June alone. Dan Murphy's Managing Director Alex Freudmann has matched the funds raised dollar for dollar, which means Elias will be handing over almost $65,000 to the Mark Hughes Foundation.

Coopers Alehouse Gepps Cross, SA

Products for a great cause

Our Pinnacle Drinks business has created several products to raise over $145,000 in F21 to support GIVIT, a platform that connects us to charities and PetRescue. The products are:

- Hughie Beer: $2 from every case sold is donated to GIVIT.
- Everflow Wines: $1 from every bottle sold is donated to GIVIT.
- Sit Stay Society Wines: 50 cents from every bottle sold is donated to PetRescue.

Local Luvva: supporting small local suppliers nationally

COVID-19 has hit smaller, independent suppliers the hardest. That is why this year, over 600 billboards and digital screens promoting 92 local, independent Australian brewers, winemakers and distillers were rolled out across Australia as part of the BWS multi-million dollar 'Local Luvva' campaign. We also fast-tracked over 350 new suppliers, and thousands of products to stores, to support struggling businesses.

Supporting community sports

Our pubs and clubs are the 'clubhouse' for a vast number of sporting teams across the nation. We partner with over 500 local sporting teams and organisations, supporting grassroots sports and communities with valuable financial support such as: reward and recognition prizes to offer their members, including free or discounted meals; direct financial sponsorships; and product purchasing rebates that return money back to the clubs.

Teen Rescue Foundation

Langton's have used their expertise to host charity auctions for various community organisations. One such charity is the Teen Rescue Foundation, which actively seeks to discourage and reduce harmful alcohol use, and its consequences, among teens. This year, we are proud to have helped raise over $36,000.

Very Special Kids

Very Special Kids cares for children with life-threatening conditions, and their families, by providing a children's hospice and professional family support services. ALH Hotels have been a long-term supporter of Very Special Kids, raising over $3.4 million since 2008. This year, the team organised raffles, dollar donations from featured food and sparkling water promotions, piggy bank donations, online auctions and a virtual 24-hour treadmill challenge that succeeded in raising over $165,000.

Children's Hospital Foundation

ALH Hotels have been supporting the Children's Hospital Foundation, a charity that works wonders for sick and injured kids by providing support and entertainment for children and their families, and funding vital medical research and new equipment. In December 2020, 130 hotels in Queensland raised $53,450 via our "Win A Car" promotion.

Princess Alexandra Research Foundation

Together with our customers, $345,281 was raised in F21 to fund research into deadly and debilitating diseases. This brings the total we have raised over the years to $3 million.

Our People

People are at the heart of our business, a fact brought home in challenging times. During the year, we prioritised a safe environment for our team and customers, continuing to build an inclusive, supportive and diverse workforce to create better long-term outcomes for Endeavour, and the equally diverse communities we serve.

Embracing diversity and inclusion

Endeavour Group is strongly committed to an inclusive workplace that embraces and promotes diversity. We value, respect and seek to leverage the unique contributions of people with diverse backgrounds, experiences, skills and perspectives in order to better serve the communities we are part of. A workplace with a culture that encourages team members to bring their whole selves to work creates better experiences for all stakeholders.

We have continued to recognise and celebrate our diversity through supporting key cultural events including Harmony Day, NAIDOC Week, National Reconciliation Week, International Women's Day, Wear It Purple Day, the Sydney Mardi Gras and other local Pride events across Australia.

36%
Women in senior leadership positions

Jawun Indigenous Community Program

Since 2013, our partnership with the Jawun Indigenous Community Program has enabled 26 team members to be seconded for six weeks to share their skills and experience with Indigenous organisations, and at the same time gain a better appreciation for First Nations' history and culture.

This year, we had two team members seconded. One team member supported Yerin, an organisation providing health care to the Aboriginal and Torres Strait Islander community on the Central Coast which operates out of the Eleanor Duncan Aboriginal Health Service, and another team member supported the Aboriginal Housing Company, which provides affordable rental accommodations to Aboriginal and Torres Strait Islander people.

> "The program allowed me to see how the community truly cares for each other and are intentionally and carefully working together to become self-sufficient."
>
> **Liv Steigrad,**
> Endeavour Group Jawun secondee

Prioritising health and safety

Even before the COVID-19 outbreak, creating a safe environment for our team and customers has always been a priority.

We have always been committed to implementing the most effective solutions to enable us to manage our physical health and safety risks. One way we do this is through our dedicated safety team that continually looks at ways to innovate and improve the way we operate.

Safeguarding our team's physiological and mental safety and wellbeing is also an important part of our commitment. All our team members, and their families, have access to our "I Am Here" program, which provides physical, mental, social, community and financial wellbeing support and resources.

Chapel Hill Winery, McLaren Vale, SA

Partnering with 1800RESPECT to develop Domestic Violence Awareness Training

Left to right: Scott Davidson, BWS Managing Director; Claire Smith, Director - endeavourX; Anne Ruston, Federal Minister for Families and Social Services and Minister for Women's Safety; Fiona Mort, Head of 1800RESPECT.

Endeavour Group has commenced rolling out domestic and family violence awareness training to all our 28,000+ team members, including delivery drivers, customer service agents and team members in support offices, who are members of more than 1,800 communities across Australia.

The training, developed by Endeavour Group in close consultation with the national sexual assault, domestic and family violence counselling service 1800RESPECT, seeks to educate team members on what constitutes domestic and family violence, what to do if they see signs of abuse, how to report it, and support systems that are in place. To date, over 5,500 team members have completed training. Endeavour Group also offers support for team members impacted by domestic and family violence, including access to family and domestic violence leave, financial assistance and mental health support.

> "The ripple effect of educating team members who live and work in so many Australian communities can be truly powerful in seeking to end violence against women and children."
>
> **Scott Davidson.**
> BWS Managing Director

To date, over

5,500

Team members have completed Domestic Violence Awareness Training

Celebrating Pride events and creating safe LGBTQ+ spaces

Creating safe LGBTQ+ spaces has been important to us for a long time, and we now have our own Proud at Endeavour Group community which will continue to build our culture of diversity, acceptance and equality in the workplace.

Since 2019, BWS has partnered with ACON, a community organisation supporting health, inclusion and ending HIV for people of diverse sexualities and genders, to become a registered Welcoming Place, in support of ACON's Welcome Here Project. The Welcome Here Project supports businesses and organisations throughout Australia to create and promote environments that are visibly welcoming and inclusive of LGBTQ+ communities. We currently have 387 participating stores.

Our Planet

Endeavour Group is actively working to increase the sustainability of our business, and reduce our environmental footprint, through greater innovation and energy efficiency and waste reduction initiatives.

94
Number of sites with solar installed

5,846MwH
Solar power generated this year

80,000
Single-use plastic bottles per year removed from stores

12,800
Wine dividers reused, saving local wineries $10,000

Addressing climate change

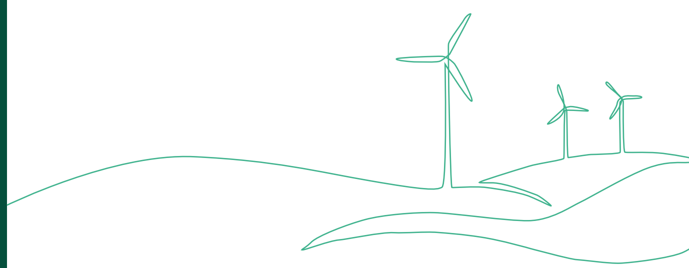
Endeavour Group is committed to taking steps to address its carbon footprint and doing its part to address the harmful impacts of climate change.

Endeavour Group supports the Paris Agreement, and will also progressively adopt the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures. Refer to page 53 of the Annual Report for further information.

Electricity is Endeavour Group's most significant emission source, and in F21 we have emitted 341,053 tonnes of carbon dioxide equivalent (CO_2e) from our facilities (scope 1 and 2 emissions).

This is why Endeavour has invested in energy efficiency projects to reduce carbon emissions across our Retail and Hotels network. We now have 94 sites with solar installed, and have generated 5,846 MwH of electricity this year. The systems we have installed are estimated to generate enough solar energy to offset more than 20% of the fleet's annual power consumption. We will continue to roll out solar to appropriate sites.

Other key energy-saving initiatives have included upgrading our lighting to LED, and installing more energy-efficient refrigeration during store renewals which, combined, can save up to 11% of a site's total energy consumption.



Re-using wine box dividers

When Dan Murphy's Wine Merchant, Michael Zitzlaff, saw how many wine box dividers were going into paper recycling every month at his Mornington East store, he devised a simple and clever way to reduce waste and help local growers reduce costs. Michael simply set box dividers aside for the next time a local winemaker visited the store and requested some. Michael's initiative has now been rolled out to about 10 stores and has so far saved local wineries more than $10,000 in costs.

Committed to zero waste and a circular economy in our South Australian operations

This year, our South Australian sites (Dorrien Estate Winery and the Vinpac International Angaston bottling facility) have implemented further new initiatives as they continue making progress towards a zero-waste-to-landfill commitment and improving their management of natural resources and the recyclability of their own brand packaging. These include:

- Commissioning a new joint wastewater treatment plant, treating wastewater from Dorrien Estate Winery for reuse as crop irrigation.
- Diverting 99% of waste from landfill. While waste avoidance, reuse and recycling is prioritised, non-recyclable material at both sites is now processed at the SUEZ-ResourceCo facility in Adelaide, with the waste converted into processed engineered fuel that can be used to replace fossil fuels to generate energy.
- The installation of solar, with a combined total capacity of 1.38MW.

In addition, both sites continue to maintain environmental management systems that are ISO 14001:2015 Environmental Management Systems-certified.

Filtered water at Dan Murphy's

We are constantly reviewing our store formats and services to find ways to eliminate waste and improve our use of natural resources. In F21 we reviewed all our Dan Murphy's stores, identifying that there were 62 locations where we could install filtered water taps for our team members and eliminate their use of single-use plastic water bottles. Additionally, in December 2020, every Dan Murphy's team member was provided with a re-usable Dan Murphy's water bottle. These initiatives will save an estimated 80,000 single-use plastic water bottles every year from going into landfill.

> "To have an Australian-made innovative sustainable packaging option for our customers is important to us. By collaborating with Orora to produce a lighter weight sparkling bottle solution that will provide a combination of commercial and environmental benefits for our customers is really exciting."
>
> **James Vallance**
> Vinpac International's Commercial Manager

WISPA

Endeavour is the founder and chair of the Wine Industry Sustainable Packaging Alliance (WISPA), now into its third year. This "collective impact model" is a collaboration between Australian Packaging Covenant Organisation and key businesses across the wine industry value chain, working together to improve recycling rates, drive innovation and fuel the circular economy within the Australian wine industry.

Partnering with industry to reduce packaging

Vinpac International has partnered with Australian glass packaging company, Orora, on a new lightweight 750ml sparkling wine bottle, in an Australian first.

The bottle weighs 580 grams, 100 grams less than a standard sparkling wine bottle, an approximate 15% reduction in weight, and is manufactured at Orora's state-of-the-art facility in Gawler, South Australia. It is expected to remove 320 tonnes of packaging from the supply chain a year – equivalent to taking around 62 cars off the road each year.

Our risks
and risk management

Endeavour Group operates in an environment which is diverse, dynamic and continuously evolving. As such, we are exposed to a range of risks which must be effectively managed for Endeavour Group to live its purpose and pursue its objectives. Endeavour Group is committed to maintaining an effective culture, framework and mechanisms to manage risks in accordance with relevant compliance obligations, corporate governance principles, and in line with team, customer, community and shareholder expectations.

Endeavour Group's risks have historically been managed as part of the broader Woolworths Group risk management framework. As part of the demerger from Woolworths Group, Endeavour Group's stand-alone risk management framework and approach has been reviewed, updated and approved by management and the Board, with the aim to ensure it is fit for purpose and tailored to the specific circumstances and needs of Endeavour Group. As our environment and businesses evolve, our risks evolve also, so our framework and approach to risk management will continue to evolve.

Through the application of this framework and approach we identify, and seek to effectively manage, our strategic, operational, financial, compliance, team, and responsibility and reputational risks which could adversely affect Endeavour Group's future operating or financial performance, or the achievement of its objectives. Key risks that could adversely affect our business performance and ability to achieve our objectives are outlined in the subsequent table, together with a summary of how we manage them. In addition to these specific risks, Endeavour Group recognises that managing trust of key stakeholders is crucial to ensuring our ongoing social licence to operate and fully realise our strategy. We refer to this as our reputational risk and it applies and can arise in connection with a number of key risks below and is not called out specifically as a stand-alone risk – but is critically important to our business.

The COVID-19 pandemic has been a key theme impacting a number of risks across Endeavour Group throughout 2020 and into 2021. The key risks that are significantly impacted by COVID-19 have been noted first, with remaining key risks following.

Risk	Mitigating activities
Pandemic Pandemic events can have significant impact on business operations, health and wellbeing and social disruption, leading to adverse impacts on Endeavour Group. An increase in the spread of COVID-19 may also adversely impact Endeavour Group's suppliers, partners and broader supply chain. Due to the pandemic, the state/territory and Federal governments have imposed closure requirements, as well as social distancing and capacity restrictions which have been, and will likely continue to be, disruptive to the operations of Endeavour Group, in particular its hotels.	Endeavour Group stands up our group-wide crisis management team to manage the response to crises, including pandemic, bushfires or other emergencies. Endeavour Group has implemented key responses focusing on maintaining the health, safety and wellbeing of customers and our team through safety and support mechanisms. Business continuity has been a key focus in sustaining Endeavour Group's supply chain, growth of ecommerce and flexible workforce management along with clear communication to support the COVID-19 response. Our suite of business resilience policies and processes, along with crisis management and business continuity plans, continue to be updated and strengthened to assist in managing the pandemic response. The longer-term impact of COVID-19 on consumer behaviour, suppliers, team members and Endeavour Group however is not fully known and in some cases could be materially adverse to Endeavour Group's financial and/or operational performance.
Business Interruption and Resilience Endeavour Group may be subject to unexpected events and natural hazards, including severe weather events, interruption of utilities and infrastructure or occurrence of pandemics, which could cause sudden or complete cessation of its day to day operations.	Our suite of business resilience interruption policies and processes, along with crisis management and business continuity plans, continue to be updated and strengthened to assist in responding to disruptive events. We also prioritise and invest in digital enablement of key controls across all critical processes, including incident management, disaster recovery and change management initiatives.
Safety, Health and Wellbeing Endeavour Group cares about the physical and psychological safety and health of our customers, team members and business partners. We are committed to creating a safe work environment for our teams and where people feel safe to shop.	Endeavour Group has developed programs to promote a healthy and safe workplace, as well as progressive employment policies and practices focused on the wellbeing of the multitude of employees who work in our stores hotels and other sites. These policies and programs are reviewed regularly by management. We also have an experienced Safety, Health and Wellbeing team which oversees the implementation of these programs, policies and practices. Endeavour Group seeks to build positive relationships with workplace health and safety regulators through proactive engagement and appropriate responsiveness and management of any issues or concerns raised. We continue to strengthen and enhance safety governance, and embed a culture of care across the business as an ongoing priority for management.

Our risks and risk management

Risk	Mitigating activities
Team and Labour Endeavour Group's business is dependent on attracting and retaining high quality team members. A loss in the group's ability to attract and retain team members, hire and train new team members, and hire to meet labour needs, in a controlled costs environment could result in a negative impact to operating and financial performance. Failure to pay team members in line with entitlements may also result in loss of trust, reputation damage and additional costs.	The Endeavour Group team is pivotal to the business including our ability to attract and maintain people with a diverse skill set. We continue to strengthen and develop effective workforce plans and conduct regular succession planning activities, as well as helping to manage and support our teams through their careers. We are committed to capturing ongoing team feedback from across our organisation to help us develop strategies for improved engagement. We continue to focus on rectifying the historical pay issues, while putting in place processes and controls aimed to reduce the risk of it occurring again and monitoring to identify if an issue arises. We have progressed and will shortly be in a position to continue to progress the short-term priority of completing remediation payments to the team. We are also working to implement longer-term systemic changes to our varied Award and EA framework, as well as pay processes intended to achieve a more sustainable improvement in our risk management.
Data Management, Privacy and Cyber Security The integrity, reliability and security of data and information in all its forms is critical to Endeavour Group's day to day operations and strategic direction. The resilience of Endeavour Group's IT systems and/or inability to deal with a cyber security risk or data breach occurrence may lead to potential business and reputational damage and adverse regulatory and financial impacts, including negatively impacting customer trust.	Endeavour Group has in place systems and controls to mitigate this risk, including processes implemented following privacy impact assessments which are undertaken with any material arrangement involving the sharing of data beyond Endeavour Group's systems. A data breach response plan is also in place. Endeavour Group operates extensive IT systems that are vital to the successful operation of its business and marketing strategies. We are committed to improving our operating systems, tools and procedures in order to become more efficient and effective, which includes security access, system development, change management and incident management. We continue to develop and embed IT policies and supporting procedures, including mapping of key processes and controls across the business.
Product and Food Safety Endeavour Group considers product and food safety critical; when compromised, it can result in severe potential consequences such as serious illness, injury or death. Other significant impacts may include reputational damage, loss of trust, loss of market share and regulatory intervention.	Endeavour Group complies with the Australia New Zealand Food Standards Code, including with respect to its own brand products. We continue to strengthen our food safety program and produce recall/withdrawal procedures, and monitoring systems, to maintain safety and compliance with relevant mandatory standards. We have dedicated food safety and quality assurance personnel and continue to strengthen our capability, procedures in effectively managing and handling products across our supply chain.

Risk | **Mitigating activities**

Regulatory Change and Compliance

Risk

Endeavour Group is subject to a number of overarching regulatory requirements relating to employment, product quality, health and safety, privacy and data, consumer protection, liquor, gaming, anti-money laundering and counter terrorism financing, and the environment.

In order to maintain our license to operate sustainably, Endeavour Group must remain compliant with the changing and existing regulations requiring ongoing monitoring by the business. Adverse changes to existing regulation may also change or restrict Endeavour's ability to operate in the way it does today, or fully realise its strategy.

Mitigating activities

Endeavour Group has an overarching compliance framework in place encompassing a range of policies, procedures and business operational compliance plans to help manage our legal and regulatory obligations. We monitor new or proposed regulatory changes to seek to manage the impact on existing operations and proposed strategic objectives.

Our code of conduct and supporting compliance training programs provide clarity in the foundational values and standards that underpin Endeavour Group's functions.

Endeavour Group's legal and compliance teams monitor and support the business, engage with relevant regulatory bodies and evaluate material compliance risk events as they arise. We continue to strengthen monitoring and supervision of effective controls and prioritise remedial activity where required.

The Audit, Risk & Compliance Management Committee maintains oversight on legal, regulatory and compliance matters.

Customer Value

Risk

Agility in responding to the changing marketplace, shareholder sentiment and consumer spending patterns in respect of quality, price, range and experience impacts market share and customer loyalty.

Shifts in consumer preferences or attitudes towards liquor consumption and gaming may also impact how consumers' disposable income is utilised which may affect Endeavour Group's profitability.

Mitigating activities

Endeavour Group prioritises ongoing monitoring of consumer sentiment and trends, including learnings on best practice from local and international retailers to better respond to consumer behaviour.

We continue to digitally enable and enhance the customer experience by investing in data analytics and insights to support effective decision making. Our dedicated consumer insights and innovation team tracks trends and researches new opportunities.

Endeavour Group has responded to changing consumer trends driven by COVID-19 by increasing ecommerce and digital options and safe delivery practices, and to moderation trends by enhancing its range of low and non-alcoholic products.

Strategy and Competition

Risk

The retail and hospitality trading environments are competitive with technological disruption, new market entrants and rapidly changing customer needs and preferences.

Failure to execute and deliver Endeavour Group's strategy and maintain market competitiveness may lead to poor business performance, loss of sales and earnings.

Mitigating activities

Execution of Endeavour Group's strategy is based on effective implementation of our key initiatives. Our dedicated strategy team leads the development of our strategic direction, and the Board provides oversight and guidance, allowing us to monitor and prioritise amidst the evolving environment, and to allow for effective allocation of resources.

We review key insights, including customer, team and supplier metrics, competitor movements and market forces to inform decision making.

We also proactively identify risks to achieving our strategy and develop actions to manage those as best we can, whilst recognising not all are within our control.

Our risks and risk management

Risk	Mitigating activities
Suppliers and Partners Failure to effectively manage and enhance Endeavour Group's strategic third party relationships and/or a critical failure of a key supplier can have a material impact to Endeavour Group's operations. Endeavour Group currently operates with the benefit of some goods and services provided via agreements entered into with Woolworths Group. These partnership agreements are medium-term to long-term in nature, covering a range of ongoing commercial and operational arrangements.	Endeavour Group has and continues to enhance its effective supplier management protocols with the aim of ensuring that appropriate products and services are delivered to our customers. We continue to strengthen and embed due diligence procedures to assess third parties in accordance with our standards and have defined agreements in place to manage third party performance and compliance with relevant regulations. Endeavour Group has a strong partnership with Woolworths Group, underpinned by a detailed governance framework to oversee the implementation and ongoing management of agreements in place with Woolworths Group.
Sustainability and ESG Evolving market and community expectations towards sustainability and ESG (environmental, social and governance) standards may impact retail liquor and hospitality industry participants, including Endeavour Group. This impact could extend to the profitability or value of existing or acquired Endeavour Group's operations, trigger regulatory changes that increase Endeavour Group's operational and compliance costs and could restrict our ability to attract investment or partners. The impacts of climate change may also lead to adverse effects on business operations. Restrictions on access or an increased cost of natural resources and inability of third-party suppliers to adapt to and mitigate climate change impacts could impact Endeavour Group's supply chain. Government action to reduce the impacts of climate change may further impact Endeavour Group costs.	Endeavour Group's sustainability goals are being designed to reflect our purpose, values and the environment and society in which we operate. Our commitments to social responsibility include maintaining our leadership in the responsible service of alcohol and conduct of gambling, and our commitment to the environment reflects our support for the Paris Agreement. We are strengthening and embedding our responsible sourcing program to monitor risks relating to working rights across the supply chain. The program is designed to improve transparency and provide a platform for continuous improvement. Endeavour Group has implemented a range of initiatives including the installation of solar panels on stores, using energy efficient LED lighting and reducing waste and packaging to promote a circular economy. Endeavour Group continues to develop frameworks, standards and processes in line with our values while delivering long-term growth in sustainable shareholder value.
Transition The demerger from Woolworths Group was a major event for Endeavour Group which has resulted in significant changes to Endeavour Group's environment, systems and process. In various instances these changes also involve dependencies on Woolworths Group via service arrangements to fulfil services necessary to the operation of the business, and monitoring of risks. These changes have a direct influence on Endeavour Group's control environment and therefore have the potential to adversely impact existing risk controls and mitigations, and/or disrupt Endeavour's operations if not managed efficiently. This is particularly prevalent in relation to IT systems but also areas such as supply chain and store operations.	Endeavour Group is addressing these challenges by closely monitoring the services provided by Woolworths Group and developing detailed transition plans. In addition, the risk and internal audit teams are focused on the risk profile and audit plan and updating it to reflect the impact of these changes.

Dorrien Estate production facilities, Barossa Valley, SA

Task Force on Climate-related Financial Disclosures

Endeavour Group supports the Paris Agreement and will also progressively adopt the recommendations of the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

For the F21 period, Endeavour Group's climate change position, governance structure and risk identification process and management is aligned to Woolworths Group.

Endeavour Group does understand that the business may be impacted by climate change, such as an increased severity/regularity of extreme weather events, which could impact Endeavour Group by increasing or causing volatility to supply and operational costs and by triggering site closures, disruption to operations, lack of access, damage to stores or hotels or impacts on production and transportation of products. The long-term effects of climate change could also lead to changes in global policy and government regulations and changes to customer needs, preferences and behaviours which may impact Endeavour Group's business strategy.

The evaluation of the implications of climate change is being incorporated into Endeavour Group's strategic planning and in the ongoing management of its business risks.

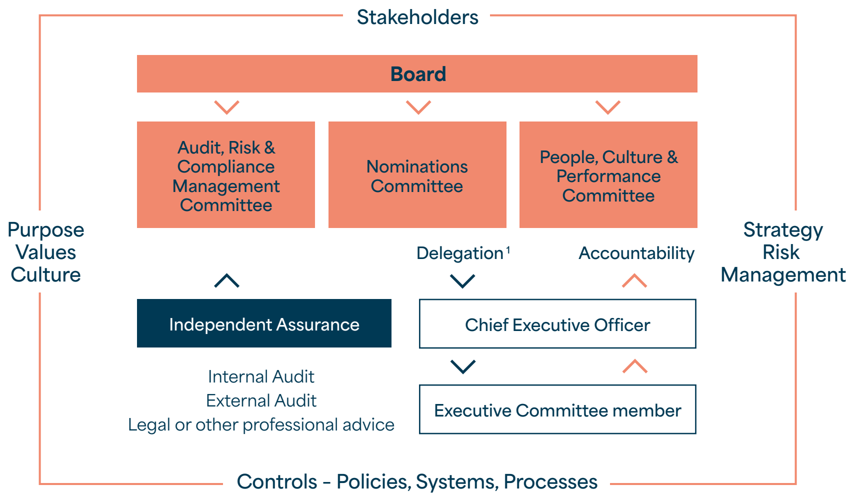
Our approach to Governance

Good corporate governance is central to Endeavour's ability to fulfil our purpose of 'creating a more sociable future together' and to deliver on our strategic objectives.

The 2021 financial year was a significant year for Endeavour with our demerger from Woolworths and our listing on the Australian Securities Exchange. As a newly listed ASX entity, we are committed to a high standard of corporate governance and have developed a corporate governance framework to reflect our business activities and to support the sustainable performance of the Group.

Our Board provides leadership and strategic guidance in managing the Group's business with a focus on creating sustainable long-term value for our shareholders and other stakeholders. For most of the financial year, Endeavour was governed by a Management Board. In June, our new Board adopted a corporate governance framework (Framework) to support Endeavour as a listed entity. It included refreshing Endeavour's Values and Ways of Working, establishing clear delegations of authority and adopting key governance documents and corporate policies.

The Framework (represented in the adjacent diagram) is based on clear lines of accountability, effective delegation and adequate oversight. Endeavour's Corporate Governance Statement describes the key elements of our Framework in more detail and is available on our website at www.endeavourgroup.com.au



1 Delegation to CEO is from the Board.

Our new Board of Directors

Our focus during the 2021 financial year was to select and induct a board of directors to lead Endeavour as an ASX listed entity and establish appropriate governance arrangements. The composition of the new Board reflects a diverse range of skills and deep industry experience and acknowledges the importance of our strategic investors and relationships. In July 2021, Endeavour announced that an additional Non-executive Director will join the Board in October 2021[1]. The appointment will add independence and further diversity to the Board and support the Board's commitment to effective governance and robust decision making. The biographies of the current Directors on the Board are set out on pages 56 to 58. The table adjacent sets out their respective responsibilities on the Board and its Board Committees as at the date of this Annual Report.

1 Anne Brennan will join the Board in October 2021, subject to receipt of regulatory approvals.

Board skills and experience

The matrix below describes the collective skills and experience which are presently essential to the effectiveness of the Board, as well as the number of Directors with each skill and experience. The optimum mix of skills and experience will be reviewed regularly by the Board.

Skill/experience	Directors with skill/experience
Retail, hospitality, gaming Knowledge and understanding of the hospitality, gaming, food and/or beverage retail industries gained as a director, senior executive or advisor.	7/8
Customer, brand and consumer marketing Experience in brand and consumer marketing and understanding of customer needs and delivering on customer outcomes.	8/8
Governance Knowledge of good ASX corporate governance standards and practices gained as a director or senior executive of, or advisor to, a listed entity or other large organisation.	6/8
Social responsibility Experience in having direct responsibility for managing or monitoring programs for social responsibility and environmental management (including carbon emissions reduction); or managing workplace safety, mental and physical wellbeing or responsible sourcing; or a proven commitment to community welfare and/or direct experience in dealing with vulnerable communities.	8/8
Leadership Held CEO or a similar senior executive position in a listed entity or other large organisation.	6/8
Regulatory and compliance Experience in managing or overseeing compliance with legal and regulatory requirements in a highly regulated listed entity or large organisation or experience in influencing public and regulatory policy, decisions or outcomes.	8/8
Digital, data and technology Experience or expertise in identifying, assessing, implementing and leveraging new digital technologies and innovations or responding to disruption and/or understanding the use of data and data analytics.	7/8
Financial acumen Experience or expertise in financial accounting and reporting and capital management and/or auditing.	7/8
International markets Exposure to international business operations in a large organisation as a director, senior executive or advisor and to international political and regulatory environments.	6/8

1 Endeavour's board diversity target is measured against the total number of Non-executive Directors and excludes the CEO. For further information, please see our Corporate Governance Statement, which is available on our website at www.endeavourgroup.com.au

Board diversity[1]

- Female 3
- Male 4

Independence

- Executive Director 1
- Non-executive Directors 3
- Independent Non-executive Directors 4

Directors	Board	Audit, Risk and Compliance Management Committee	People, Culture and Performance Committee	Nominations Committee
Peter Hearl	Chair			Chair
Steve Donohue	Member			
Holly Kramer	Member		Member	Member
Duncan Makeig	Member	Chair (interim)	Member	Member
Bruce Mathieson Sr	Member			Member
Joanne (Joe) Pollard	Member	Member		Member
Colin Storrie	Member	Member		Member
Catherine West	Member	Member	Chair	Member

Legend: ● Chair of Board/Committee ● Chair of Committee (interim) ○ Member of Board/Committee

Note: Anne Brennan will become the Chair of the Audit, Risk and Compliance Management Committee after she joins the Board.

Board of Directors

Current Directors

Peter Hearl

BCom (with Merit), FAICD, MIML, MAMA

Independent Chairman
Appointed: 21 June 2021

Board Committees: Nominations Committee (Chair)

Peter is an experienced listed company director and has extensive business, international and executive leadership experience in the fast-moving consumer goods and energy sectors. Peter's international career included leadership roles for PepsiCo Restaurants and Yum! Brands Inc., including the positions of Executive Vice President International, President of Pizza Hut and Yum!'s global Chief Operations and Development Officer. Prior to moving into the consumer goods industry, Peter held various roles with Exxon in Australia and the United States over an 18-year period. Peter is a director of Telstra Corporation Limited and Santos Limited. Peter is also a member of the Australian School of Business Alumni Leaders Group at The University of New South Wales and is a trustee of the Stepping Stone Foundation and a member of its Investment Committee.

Peter was previously a director of ASX-listed Treasury Wine Estates Limited, Goodman Fielder Limited and US-based Westport Resources.

Directorships of other listed entities in the past three years: Telstra Corporation Limited (August 2014-present) and Santos Limited (May 2016-present).

Steve Donohue

Managing Director and CEO
Appointed: 22 June 2020

Board Committees: Nil

Steve has over 25 years' experience in the retail industry and has a deep appreciation for core retail principles, and a strong focus on the customer experience. He has held a broad range of roles in the Endeavour Drinks business since commencing as a store manager at Dan Murphy's in 1994. As CEO, Steve is focused on enabling great drinks and hospitality experiences for customers, building the business sustainably and embracing entrepreneurship and innovation. Prior to being appointed the Managing Director of Endeavour Drinks in 2018, Steve gained broad experience across the Endeavour Drinks business, having held senior buying, merchandising and marketing roles at Dan Murphy's and BWS. Earlier, Steve held the role of Director of Buying and Merchandising for Woolworths Supermarkets.

Directorships of other listed entities in the past three years: Nil.

Holly Kramer
BA (Hons), MBA

Woolworths Nominee
Non-executive Director

Appointed: 21 June 2021

Board Committees: People, Culture and Performance Committee and Nominations Committee

Holly is an experienced listed company director and has substantial leadership and retail experience. Holly is a former Chief Executive of Best & Less. She has had more than 25 years' experience in executive and general management and product and marketing roles at Telstra Corporation, Pacific Brands and the Ford Motor Company. Holly is a director of Woolworths Group Limited, Fonterra Co-operative Group Limited and Abacus Property Group. She is Pro Chancellor at Western Sydney University, and a director at GO (Goodes-O'Loughlin) Foundation and The Ethics Centre, as well as a member of the Bain Advisory Council.

Holly previously served as deputy chair of Australia Post, chair of Lendi Pty Ltd and as a director of AMP Limited, Nine Entertainment Co. Holdings Limited and 2XU Limited.

Directorships of other listed entities in the past three years: Woolworths Group Limited (February 2016-present), Fonterra Co-operative Group Limited (May 2020-present) and Abacus Property Group (December 2018-present).

Duncan Makeig
LLB, FGIA FCG

Independent
Non-executive Director

Appointed: 21 June 2021

Board Committees: Audit, Risk and Compliance Management Committee (Chair) and Nominations Committee.

Duncan has substantial legal and corporate governance expertise and international experience in the fast-moving consumer goods sector. Duncan's management career spanned over 30 years, having held a number of senior leadership positions, including serving as the Managing Director for Lion Asia Dairy and in General Counsel, Company Secretary and Corporate and Government affairs roles for Lion Nathan, PepsiCo Australasia/Africa and the Tricon Restaurants (now known as Yum! Brands Inc) which operates food outlets such as KFC and Pizza Hut. Duncan is currently the Chief Executive and co-founder of brand-building consultancy firm, China Road. Duncan is also the chairman of New Zealand listed company Good Spirits Hospitality Limited, chairman of each of the Sydney Children's Hospitals Foundation Limited and Curing Homesickness Limited, a director of The Better Bar Company Limited and Wirrabilla Pastoral Pty Limited and part owner of the Royal Hotel, Wyong.

He was previously the chairman of Heineken-Lion Australia and a director of Banksia Wines Pty Limited and Bevchain Pty Limited.

Directorships of other listed entities in the past three years: Good Spirits Hospitality Limited (March 2019-present).

Bruce Mathieson Sr

BMG Nominee
Non-executive Director

Appointed: 4 February 2020

Board Committees: Nominations Committee

Bruce is a pioneer in the Australian hotel, leisure and hospitality sector and a well-respected member of the Australian business community. He has extensive management, transactional and investment experience across several industries, including property development, stockbroking, and technology ventures in security, medical and water management. Bruce has been involved in acquiring, divesting and the operation of hotels across Australia for over 45 years. He is the former Chief Executive of ALH Group, the joint venture between Woolworths Group and BMG, which now forms part of Endeavour Group and in which Bruce has a substantial shareholding interest. Prior to entering the hotel business, Bruce had his own metal fabricating business.

Bruce serves as director of Mayne Pharma Group Limited and has been a director of Endeavour Group (and formerly of ALH Group) since creation of the joint venture. Bruce was previously a director of the Carlton Football Club.

Directorships of other listed entities in the past three years: Mayne Pharma Group Limited (February 2007-present).

Board of Directors

Joanne (Joe) Pollard

MAICD

Independent Non-executive Director

Appointed: 21 June 2021

Board Committees: Audit, Risk and Compliance Management Committee and Nominations Committee

Joe has domestic and international experience in telecommunications, media, marketing and sports industries. She has a significant understanding of customer management, marketing, cultural transformation and digital disruption. Joe was previously Group Executive of Media and Marketing at Telstra and Chief Executive of Ninemsn and Publicis Mojo. During her 30-year executive career, she has held various other leadership roles in sales, marketing, media, digital and content at PBL Media, Nike Inc and Mindshare. Joe is now a senior advisor in customer management, technology and marketing communications to a diverse range of clients, including Business Council of Australia and Austrade. She is also a member of Chief Executive Women.

Joe is a director of Greencross Limited and is a member of its Audit and Risk Committee. She was previously a director of Nine Entertainment Co. Holdings Limited, AMP Bank Limited, Michelle Bridge's 12WBT, I-Select, the Interactive Advertising Bureau and Australian Association of National Advertisers. She is a director of oOH!media and a member of its Remuneration and Nomination Committee, and is also a director of RACAT Group.

Directorships of other listed entities in the past three years: oOH!media (August 2021-present).

Colin Storrie

BCom, GradDipMgt, FCPA, GAICD

Non-executive Director

Appointed: 1 August 2019

Board Committees: Audit, Risk and Compliance Management Committee and Nominations Committee

Colin has over 25 years' experience in senior roles in listed companies, investment banking and government, including Chief Financial Officer positions at both Qantas Airways Limited and AMP Limited. Until June 2021, Colin was the Managing Director of New Business and Partnerships at Woolworths. Prior to that, he held various senior roles at Woolworths and had been a member of its executive committee from 2016. Colin has been a director of Endeavour Group Limited since 2019 and ALH Group Pty Ltd since 2017. He is Chairman of PFD Food Services Ltd, and is also a director of The Quantium Group Holdings Pty Limited (data and analytics) and North Queensland Airports. He is also an Investment Committee member of W23 Pty Ltd (Venture Investments) and an Advisory Board Member with Commencer Capital.

Colin was previously a director of UNICEF Australia, AIG Australia Limited, Qantas Airways Limited, Qantas Superannuation Limited and AMP Bank Limited.

Directorships of other listed entities in the past three years: Nil.

Catherine West

BEcon/LLB (Hons), GAICD

Independent Non-executive Director

Appointed: 21 June 2021

Board Committees: People, Culture and Performance Committee (Chair), Audit, Risk and Compliance Management Committee and Nominations Committee

Catherine has over 25 years of legal, business affairs and strategy experience in media, entertainment, telecommunications and the medical sectors in Australia, the United Kingdom and Europe. Catherine's most recent executive role was Director of Legal - Content, Commercial and Joint Ventures for Sky Plc in the United Kingdom, where she managed complex corporate and commercial transactions in highly competitive and regulated environments. Catherine is currently a strategy and business affairs consultant to media companies internationally and to the healthcare sector. She is a director of Nine Entertainment Co. Holdings Limited, Peter Warren Automotive Holding Limited and Monash IVF Group. She is also vice-president of the Sydney Breast Cancer Foundation at Chris O'Brien Lifehouse, a director of the National Institute of Dramatic Art and NIDA Foundation Trust and a governor of Wenona School.

Catherine was previously on the board of Southern Phone Company and was a committee member of British Academy of Film and Television Arts.

Directorships of other listed entities in the past three years: Nine Entertainment Co. Holdings Limited (May 2016-present), Peter Warren Automotive Holdings Limited (April 2021-present) and Monash IVF Group Limited (September 2020-present).

Former Directors[1]

Brad Banducci

MBA, LLB, BComm (Acc)

Non-executive Director

Appointed: 22 June 2020
Retired: 21 June 2021

Board Committee: Audit, Risk and Compliance Management Committee

Brad was appointed Managing Director of Woolworths Food Group in March 2015 followed by Chief Executive Officer of the Woolworths Group in February 2016. Prior to his appointment, he was Director of the Woolworths Group's Drinks business between 2012 and March 2015. Brad joined Woolworths Group in 2011 after the acquisition of the Cellarmasters Group. He was Chief Executive Officer of Cellarmasters from 2007 to 2011. Prior to this, he was the Chief Financial Officer and Director at Tyro Payments and a Vice President and Director with The Boston Consulting Group, where he was a core member of their retail practice for 15 years.

Directorships of other listed entities in the past three years: Woolworths Group Limited (February 2016–present).

Ross Blair-Holt

BComm, CPA

Non-executive Director

Appointed: 22 June 2020
Retired: 21 June 2021

Board Committee: Audit, Risk and Compliance Management Committee

Ross has served as a director of ALH Group since 2004. Between 2004 and 2014, he also held the position of Chief Operating Officer of ALH Group. He has a Bachelor of Commerce from Melbourne University and is a Fellow CPA. Ross worked at General Credits Finance Company and Citibank before joining the Bruce Mathieson Group of Companies in 1986. He is currently a director and CEO of these companies. Ross is also a director of Ord Minnett Investments and a number of tech development companies, including Greyscan Detection and Eco Detection.

Directorships of other listed entities in the past three years: Nil.

Steven Greentree

Non-executive Director

Appointed: 1 August 2019
Retired: 21 June 2021

Board Committee: Audit, Risk and Compliance Management Committee

Steven has had an extensive retail career of over 35 years with the Woolworths Group. During his time, Steven has held a number of senior roles within Woolworths Group, including Director, Business Development; Chief Operations Officer, Australian Supermarkets and Petrol; Director, Woolworths Liquor Group; General Manager of Marketing and state management roles for Australian Supermarkets.

Directorships of other listed entities in the past three years: Nil.

Bruce Mathieson Jr

BComm

Executive Director

Appointed: 22 June 2020
Retired: 21 June 2021

Board Committee: Audit, Risk and Compliance Management Committee

Bruce has had an extensive hotel and hospitality career of over 25 years with the BLM Hotel Group and ALH Group. During his time, Bruce has held a number of senior roles, including General Manager of Operations. Bruce has been with the ALH Group since 2004, including roles of National Operations Manager, CEO and Director of ALH Group. Bruce has a Bachelor of Commerce from Bond University and was a board member of the Australian Hotels Association (Victoria) from 2001 to 2006. Bruce was also a member of the Victorian Responsible Gambling Ministerial Advisory Group between 2007 and 2015.

Directorships of other listed entities in the past three years: Nil.

1 The current Directors other than Steve Donohue, Bruce Mathieson Sr and Colin Storrie were appointed in anticipation of Endeavour's demerger from Woolworths. Bruce Mathieson Sr was appointed at the time of the Restructure. Steve Donohue was appointed at the time his appointment as Managing Director and CEO was confirmed. Colin Storrie's appointment was made prior to the Restructure. The former Directors were nominees of Woolworths and the Bruce Mathieson Group who retired at the time of the appointment of the current Directors.

Group executive

Leadership team

Steve Donohue

Managing Director and CEO

Steve has over 25 years' experience in the retail industry and has a deep appreciation for core retail principles, and a strong focus on the customer experience. He has held a broad range of roles in the Endeavour Drinks business since commencing as a store manager at Dan Murphy's in 1994. As CEO, Steve is focused on enabling great drinks and hospitality experiences for customers, building the business sustainably and embracing entrepreneurship and innovation. Prior to being appointed the Managing Director of Endeavour Drinks in 2018, Steve gained broad experience across the Endeavour Drinks business, having held senior buying, merchandising and marketing roles at Dan Murphy's and BWS. Earlier, Steve held the role of Director of Buying and Merchandising for Woolworths Supermarkets.

Peter Atkin

Chief Legal Officer

Peter is an experienced General Counsel who has a proven track record advising companies on a wide range of legal, regulatory, governance and compliance matters across retail, gaming and liquor industries in Australia and overseas. Peter joined Endeavour Drinks as the Group General Counsel in 2016. More recently, Peter led the Endeavour Group Corporate restructure before being appointed Chief Legal Officer in 2020.

Scott Davidson

Managing Director - BWS

Scott brings more than 25 years of retail experience in liquor and supermarkets. Scott has worked across buying, marketing, merchandising, replenishment, and store operations with the Woolworths Group in Australia and New Zealand for more than 16 years. Scott joined the Endeavour team in January 2020.

Alex Freudmann

Managing Director – Dan Murphy's

Alex has extensive retail experience developed in senior roles in Australia and the United Kingdom. He joined Woolworths from Coles in January 2020 where he had been for almost 10 years in a variety of roles, including General Manager, Grocery and Director, Fresh Food. Prior to that, Alex held various positions at Tesco plc in London.

Shane Gannon

Chief Financial Officer

Shane is an experienced financial executive with over 40 years in the finance function with market-leading ASX-listed companies. Previously, Shane held the role of CFO for Mirvac Limited, CFO for Goodman Fielder Limited and CFO for CSR Limited. Shane joined Endeavour in April 2021 as CFO.

Bruce Mathieson Jr

Managing Director - Hotels

Bruce has grown up in the hospitality industry and has extensive experience and a deep understanding of the hotel and gaming businesses. In 2011 Bruce took on the role of Chief Executive Officer of the ALH from his father, Bruce Mathieson Sr.

Alison Merner

Chief People Officer

Alison has over 20 years' experience in People and Culture roles within the retail sector, having spent the last 14 years in senior leadership roles across Woolworths Group, including Supply Chain, Fuel, BIG W and Endeavour. Alison has been leading the Endeavour People function since April 2018, and was appointed Chief People Officer in May in 2021.

Agnieszka (Agi) Pfeiffer-Smith

Chief Strategy Officer

Agi has more than 20 years' experience delivering strong results across a range of industries, including retail, property, banking, aviation and telecommunication. She is a highly experienced professional who has a proven track record of improving business outcomes through driving growth, cost and capital initiatives. Agi was appointed Chief Strategy Officer in 2020 and since joining Endeavour, has been instrumental in shaping and delivering a customer first Endeavour Group Strategy.

Judith Powell

Chief Information Officer

Judith has over 30 years' experience in IT operations, project management, and programming, including significant experience in senior leadership roles across shipping, recruitment, and FMCG. Judith also brings with her CIO experience in international markets, including the UK, India and Australia. Judith joined Endeavour Group in July 2020 as the Chief Information Officer.

Claire Smith

Director - endeavourX

Claire has over 20 years' experience spanning digital, product development, technology, transformation, commercial, and supply chain roles, in FMCG and Retail in Australia and New Zealand. Claire has spent the last nine years working in the Endeavour business, increasingly focusing on our digital transformation. In 2019, Claire established endeavourX.

Paul Walton

Director - Pinnacle Drinks

Paul joined Endeavour in 2018, bringing with him over 20 years' experience across retail and consumer goods spanning strategy, business development, customer experience, planning and logistics at organisations including Lion and Nestle. Paul has led Pinnacle Drinks since December 2018, during which time significant innovation and growth across the portfolio has been seen.

Directors' Report

The Directors of Endeavour Group Limited (Endeavour) present their report, together with the Financial Report of Endeavour and its controlled entities (Endeavour Group or the Group), for the financial year ended 27 June 2021.

Principal activities

The Group operates Australia's largest retail drinks network and the nation's largest portfolio of hotels, and has over 28,000 team members. The principal activities of the Group during the financial year were:

- **Retail:** Operating 1,643 stores under Dan Murphy's and BWS brands, as well as speciality businesses Langton's, Cellarmasters, Shorty's Liquor and Jimmy Brings, which produce and distribute exclusive brands through Pinnacle Drinks.
- **Hotels:** Operating 339 hotels, including food and drinks, accommodation, entertainment and gaming operations.

Significant changes in state of affairs

On 28 June 2021, Endeavour separated from Woolworths Group Limited (Woolworths), with Woolworths making a distribution of 70.8% of Endeavour shares to eligible Woolworths shareholders on a one-for-one basis. The remaining 29.2% of Endeavour shares were retained by the Bruce Mathieson Group of companies (BMG) (14.6%) and Woolworths (14.6%).

In conjunction with the Demerger, on 24 June 2021, Endeavour shares started to separately trade on the Australian Securities Exchange on a conditional and deferred settlement basis, with normal settlement trading commencing on 1 July 2021 under the code 'EDV'.

Other than the changes outlined above and discussed in this Directors' Report or in the Operating and Financial Review, there have been no other significant changes in the state of affairs during the financial year.

Dividends

Details of dividends and franking credits are outlined in Note 4.2 to the Financial Report.

Directors

The names of the Directors of Endeavour holding office during the financial year were:

Current

Peter Hearl	(appointed 21 June 2021)
Steve Donohue	
Holly Kramer	(appointed 21 June 2021)
Duncan Makeig	(appointed 21 June 2021)
Bruce Mathieson Sr	
Joanne Pollard	(appointed 21 June 2021)
Colin Storrie	
Catherine West	(appointed 21 June 2021)

Former

Brad Banducci	(resigned 21 June 2021)
Ross Blair-Holt	(resigned 21 June 2021)
Steven Greentree	(resigned 21 June 2021)
Bruce Mathieson Jr	(resigned 21 June 2021)

Details of the Directors, their experience, qualifications, other listed company directorships and special responsibilities, are set out on pages 56 to 59.

Directors' meetings

The table below contains the number of Board and Board Committee meetings held during the financial year that each Director was eligible to attend, and the number of meetings attended by each Director.

	BOARD [1]		AUDIT, RISK AND COMPLIANCE MANAGEMENT COMMITTEE [2]	
DIRECTOR	HELD [3]	ATTENDED	HELD [3]	ATTENDED
Current Directors [4]				
Peter Hearl	1	1	–	–
Steve Donohue	8	8	3	3
Holly Kramer	1	1	–	–
Duncan Makeig	1	1	–	–
Bruce Mathieson Sr	8	8	3	3
Joanne Pollard	1	1	–	–
Colin Storrie	8	8	3	3
Catherine West	1	1	–	–
Former Directors [5]				
Brad Banducci	7	7	3	2
Ross Blair-Holt	7	7	3	3
Steven Greentree	7	7	3	3
Bruce Mathieson Jr	7	7	3	3

1 From time to time the Board may constitute a Committee to conduct special purpose business. A Committee comprising of Colin Storrie and Ross Blair-Holt was constituted during the financial year and one meeting was held.
2 The Audit, Risk and Compliance Management Committee was reconstituted on 23 June 2021 with Duncan Makeig, Joanne Pollard, Colin Storrie and Catherine West comprising its membership from that date. A People, Culture and Performance Committee (PCPC) and Nominations Committee were each constituted on 23 June 2021. There were no meetings of the PCPC or Nominations Committee held during the financial year.
3 Number of meetings held during the financial year that the Director was a member of the Board or Audit, Risk and Compliance Management Committee.
4 Steve Donohue, Bruce Mathieson Sr and Colin Storrie were Directors for the entire financial year. Peter Hearl, Holly Kramer, Duncan Makeig, Joanne Pollard and Catherine West were appointed as Directors on 21 June 2021.
5 Brad Banducci, Ross Blair-Holt, Steven Greentree and Bruce Mathieson Jr resigned as Directors on 21 June 2021.

The table below details the current Directors' relevant interests in Endeavour shares at the date of this Directors' Report.

CURRENT DIRECTORS	NUMBER OF ENDEAVOUR SHARES HELD [1]
Peter Hearl	75,000
Steve Donohue	26,077
Holly Kramer	13,275
Duncan Makeig	7,042
Bruce Mathieson Sr	261,583,095
Joanne Pollard	–
Colin Storrie	30,640
Catherine West	–

1 The number of shares held refers to Endeavour shares held either directly or indirectly by a Director.

Directors' and officers' indemnity and insurance

Endeavour's constitution permits Endeavour to indemnify, to the maximum extent permitted by law, any current or former director, secretary, other officer or senior manager of Endeavour or of an Endeavour subsidiary (Officer) against any liability incurred by the Officer acting in the relevant capacity except for legal costs which may only be indemnified if incurred:

- in defending or resisting, or otherwise in connection with, proceedings (whether civil or criminal or of an administrative or investigatory nature) in which the Officer becomes involved because of that capacity; or
- in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an Officer, provided that the expenditure has been approved in accordance with Endeavour's policy.

Deeds of Indemnity, Insurance and Access (Indemnity Deeds) that provide for indemnity against liability as a director of Endeavour or an Endeavour subsidiary (except to the extent that an indemnity is provided under an insurance policy or is prohibited by law), have been executed by Endeavour in favour of each current Director. The Indemnity Deeds also entitle the Directors to access company documents and records, subject to undertakings as to confidentiality, and to receive directors' and officers' insurance cover paid for by Endeavour.

During or since the end of the financial year, Endeavour has paid or agreed to pay a premium for directors, and officers, liability insurance in respect of directors, officers and employees of Endeavour and Endeavour's subsidiaries. Disclosure of the total premium amount and the nature of the liabilities in respect of such insurance is prohibited by the insurance contract.

The Directors were indemnified by Woolworths and were covered by a directors' and officers' liability insurance policy held by Woolworths up until Endeavour ceased to be a subsidiary of Woolworths.

Company secretaries

Current Company Secretary

Taryn Morton was appointed Company Secretary on 21 June 2021 and has over 22 years of combined legal, corporate governance and company secretarial experience. Between 2015 and 2019 she held the role of Group Company Secretary of Commonwealth Bank of Australia and immediately prior to that she was the Deputy Company Secretary and Legal Counsel of Insurance Australia Group. She is also the former Company Secretary of Qantas, where she also served as a director of Qantas subsidiaries. Taryn's earlier governance and legal roles were at Babcock & Brown, Ten Network Holdings and Ashurst.

She holds Bachelor degrees in Arts and Law, is a Fellow of the Governance Institute of Australia (GIA) and is a member of the GIA's Legislative Review Committee.

Former Company Secretary

Peter Atkin was appointed Company Secretary on 2 November 2020 and resigned on 28 June 2021. Peter was appointed Chief Legal Officer of the Group in July 2020 and has been with the Endeavour business since 2016. Prior to Endeavour, Peter had been in private practice specialising in corporate law and has significant experience in mergers and acquisitions, commercial contracts and corporate governance.

Proceedings on behalf of Endeavour Group

No application has been made under section 237 of the *Corporations Act 2001* (Cth) in respect of Endeavour Group, and there are no proceedings that a person has brought or intervened on behalf of Endeavour Group under that section.

Environmental regulation

The Group is owner, lessee and operator of real property across all Australian states and territories and must comply with various federal, state and local environmental laws and regulations. These laws and regulations relate particularly to contamination, pollution and waste management. These laws also create a liability regime for present and former property owners and operators for remediation costs and damages related to contamination of soil and water from hazardous substances.

The Group is not aware of any material liabilities being incurred under any environmental legislation during the financial year.

Non-audit services

During the financial year, Deloitte Touche Tohmatsu Australia, Endeavour's auditor, has performed certain other services in addition to their statutory duties. The Directors are satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) or as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Endeavour, acting as an advocate for Endeavour or jointly sharing risks or rewards.

The Directors' statement above is in accordance with the advice received from the Audit, Risk & Compliance Management Committee.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 6.3 to the Financial Report.

Other information

The information below forms part of, and is to be read in conjunction with, this Directors' Report:

- Operating and Financial Review details on pages 2 to 53.
- Directors' experience, qualifications, special responsibilities and other listed company directorships are set out on page 56 to 59.
- Matters subsequent to the end of the financial year as outlined in Note 6.4 to the Financial Report.
- Remuneration Report on pages 66 to 89.
- Auditor's Independence Declaration on page 90.

This Directors' Report is made in accordance with a resolution of the Directors of Endeavour and is dated 8 September 2021.

Peter R. Hearl
Chairman

Steve Donohue
Managing Director and CEO

Remuneration Report

Dear Shareholders,

On behalf of the Board I am pleased to present to you the inaugural Remuneration Report (the Report) for Endeavour Group.

It is an exciting time for Endeavour Group following the Demerger from Woolworths Group Limited (Woolworths) on 28 June 2021.

Over the past year we have been focused on dealing with the challenges that COVID-19 presented as well as preparing to demerge from Woolworths. It is a credit to the whole Endeavour team that the planning, preparation and execution has resulted in a successful demerger. The resilience and commitment of the team meant the business has continued to thrive through the change and the unprecedented COVID-19 situation while customer standards and experience have continued to be positive.

F21

In F21 Endeavour was a subsidiary of Woolworths. During F21 there was a Management Board in place and Steve Donohue, the Managing Director of Endeavour Group, was the executive accountable for Endeavour Group within Woolworths. The remuneration for the Management Board and the remuneration outcome for Steve Donohue, the now Managing Director and CEO for our independent entity, are set out in Sections 3.11 and 4.3 of the Report.

F22

As Endeavour separated from Woolworths on 28 June 2021, this Report also sets out our remuneration arrangements for Executive Key Management Personnel (KMP) as well as the new Non-executive Director fee arrangements for F22, which were also outlined in the Demerger Booklet.

Our F22 remuneration framework has been designed to attract and retain talented individuals and to align executive reward to Endeavour Group strategic objectives to create sustainable long-term value for our shareholders. Our framework focuses on what we believe is important in the short and longer term, and on driving outcomes for our shareholders, customers and the broader industry in which we operate.

We take our responsibility obligations seriously, and to evidence this we have incorporated our ambition to **Lead in Responsibility** into the Long Term Incentive (LTI) component of the remuneration framework. The LTI Plan also includes a Relative Total Shareholder Return metric and a Return on Funds Employed metric. The F22 LTI plan will operate over a three-year period.

In recognition of the forfeiture of Woolworths' F20 LTI and F21 LTI grants, Executive KMP will also be entitled to two transitional LTI grants under the same LTI framework which will be measured in one and two years respectively, subject to the same metrics as the Endeavour F22 LTI plan.

At Endeavour Group we are focused on Our Purpose – "Creating a more sociable future together" and Our Values of being Real, Inclusive and Responsible. Our Ways of Working are working with spirit, being team players and endeavour to do better and underpin everything that we do. Our Purpose, Values and Ways of Working are how we believe Endeavour Group will make a positive imprint on our stakeholders. They are incorporated in the Short Term Incentive (STI) measure where individual performance is assessed against business, strategic and ways of working goals alongside a balanced STI scorecard. The STI scorecard is 60% weighted on financial objectives (sales, EBIT and average working capital days) and 40% weighted on non-financial objectives (customer satisfaction and safety). To encourage alignment with shareholders, 50% of the STI is deferred in share rights for two years.

In the Report we have outlined how we will set and assess in-year performance and achieve sustainable outcomes over the longer term. The Board considers the link between remuneration and organisational performance to be of considerable importance. This is reflected in the performance metrics associated with the new Endeavour STI and Endeavour LTI Plans set out in this Report. The Board is also committed to providing shareholders with information regarding the link between company and individual executive performance outcomes, and the resulting executive reward outcomes. We have also put in place minimum shareholding requirements for all KMP, including the Board, to further reinforce alignment between shareholders and leadership.

We have outlined how we will govern the remuneration strategy and framework, and associated decisions to drive performance both in-year and over the longer term. The Board has the option to exercise its discretion across both Short Term and Long Term Incentives to drive the right outcomes for stakeholders.

On behalf of the Board, I extend my thanks to all Endeavour Group team members for their commitment, focus and passion for the Group's business which they have demonstrated over the last 12 months. Going forward, we believe that the framework for F22 will drive the right performance and behaviours for all our stakeholders and thank you, our shareholders, for giving us the opportunity to demonstrate this to you during F22. We welcome and look forward to your feedback.

Catherine West
Chair, People, Culture and Performance Committee

Introduction

The Directors of Endeavour Group Limited (Endeavour) present the Remuneration Report (the Report) for Endeavour and its controlled entities (collectively, Endeavour Group or the Group) for financial year 2021. This Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth).

Endeavour Group was a part of Woolworths up to its demerger on 28 June 2021. Accordingly, this Report covers two distinct periods:

- The period from 29 June 2020 to 27 June 2021 as a subsidiary of Woolworths (pre-demerger).
- The period from 28 June 2021 to 26 June 2022 as an independent entity (post-demerger).

Endeavour Group is required to prepare a Remuneration Report in respect of the Group's Key Management Personnel. Endeavour Group considers KMP to be those who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly, including any Director.

In respect of the post-demerger period, we determined that our KMP are Steve Donohue, Scott Davidson, Alex Freudmann, Shane Gannon and Bruce Mathieson Jr (collectively referred to as the Executive KMP) and the Non-executive Directors.

In respect of the pre-demerger period, a Management Board was appointed to oversee the Demerger of Endeavour Group from Woolworths until 21 June 2021. Steve Donohue was the only Executive KMP member of the Management Board as the Managing Director for Endeavour Group.

This Report focuses on Endeavour Group's remuneration framework as an independent entity (post-demerger), including the remuneration arrangements that will apply with effect from 1 July 2021. However, in order to provide our shareholders with a complete view, and to comply with our statutory requirements, this Report includes information on the transition arrangements applying to Executive KMP as a result of the Demerger from Woolworths, as well as statutory disclosures related to KMP of Endeavour Group for the pre-demerger period. For details of the remuneration framework applicable to KMP of Endeavour Group in their capacity as KMP of Woolworths, please see Woolworths' Remuneration Report for F21.

Contents

Section 1. Key Management Personnel

KMP are those who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly, including any Director.

1.1 F22 Key Management Personnel

The expected KMP for F22, subject to any changes in appointments during F22, are set out in the tables below:

Executive KMP

NAME	POSITION	F22 KMP EFFECTIVE DATE
Steve Donohue [1]	Managing Director and CEO	28 June 2021
Scott Davidson	Managing Director, BWS	28 June 2021
Alex Freudmann	Managing Director, Dan Murphy's	28 June 2021
Shane Gannon	Chief Financial Officer	28 June 2021
Bruce Mathieson Jr	Managing Director, ALH Group	28 June 2021

1 Steve is considered Key Management Personnel in his role as Managing Director and CEO, which he was appointed to on 28 June 2021. Prior to this, Steve was Managing Director, Endeavour Group and was also considered Key Management Personnel in this role.

Non-executive Directors

NAME	POSITION	F22 KMP EFFECTIVE DATE
Peter Hearl	Chairman	28 June 2021
Holly Kramer	Non-executive Director	28 June 2021
Duncan Makeig	Non-executive Director	28 June 2021
Bruce Mathieson Sr	Non-executive Director	28 June 2021
Joanne Pollard	Non-executive Director	28 June 2021
Colin Storrie	Non-executive Director	28 June 2021
Catherine West	Non-executive Director	28 June 2021

Section 1. Key Management Personnel (continued)

1.2 F21 Key Management Personnel

In F20 a Management Board was appointed to oversee the Demerger of Endeavour Group from Woolworths until 21 June 2021 when in preparation for the Demerger, a new Board of Directors was appointed. Members of the Management Board were Brad Banducci, Ross Blair-Holt, Steve Donohue, Steven Greentree, Bruce Mathieson Sr, Bruce Mathieson Jr and Colin Storrie.

The KMP for F21 are set out in the tables below:

Executive KMP

NAME	POSITION	APPOINTED
Steve Donohue [1]	Managing Director, Endeavour Group	1 April 2018

1 Steve Donohue is also an Executive Director of Endeavour Group and both his roles have been identified as Key Management Personnel in F21. Steve Donohue was appointed as Executive Director on 22 June 2020.

Directors

NAME	POSITION	APPOINTED
Peter Hearl	Chairman	21 June 2021
Brad Banducci	Non-executive Director	22 June 2020 to 21 June 2021
Ross Blair-Holt	Non-executive Director	22 June 2020 to 21 June 2021
Steven Greentree	Non-executive Director	1 August 2019 to 21 June 2021
Holly Kramer	Non-executive Director	21 June 2021
Duncan Makeig	Non-executive Director	21 June 2021
Bruce Mathieson Sr	Non-executive Director	4 February 2020
Bruce Mathieson Jr [1]	Executive Director	22 June 2020 to 21 June 2021
Joanne Pollard	Non-executive Director	21 June 2021
Colin Storrie	Non-executive Director	1 August 2019
Catherine West	Non-executive Director	21 June 2021

1 Bruce Mathieson Jr also holds the role of Managing Director, ALH Group but only his role of Director has been identified as Key Management Personnel in F21.

Section 2. Remuneration governance

2.1 Priorities

As a very recently established People, Culture and Performance Committee (the Committee) for Endeavour Group, our focus has been on determining our key people, culture and performance priorities so that we are set up for success. Priorities included the need to develop a strong and market leading remuneration governance framework, and a market competitive remuneration policy and framework.

So we have determined, and outlined in this report, how we will set and assess in year performance and achieve sustainable outcomes over the longer term. We aim for alignment between shareholders and leadership and have put in place minimum shareholding requirements for all KMP, including the Board, to achieve this objective. We have also outlined how we will govern the remuneration strategy and framework, and determine and assure performance both in-year and over the longer term. The Board has the option to exercise its discretion to drive the right outcomes for stakeholders.

We have implemented the following governance framework to responsibly govern the remuneration framework and arrangements of Endeavour Group. Further detail regarding the membership and meetings of the People, Culture and Performance Committee is detailed in the Directors' Report.

2.2 Governance framework

The Board

The Board maintains accountability for the oversight of Endeavour Group remuneration policies. Specifically, the Board is responsible for deciding the whole remuneration framework for Endeavour Group and after considering the recommendations from the People, Culture and Performance Committee, the Board approves all remuneration and benefits as they relate to the Managing Director and CEO and executive level direct reports, including KMP. The Board also sets the remuneration for Non-executive Directors.

People, Culture & Performance Committee

The role of the Committee is to assist the Board in fulfilling its obligations to shareholders and regulators in relation to the Group's remuneration policies. The Committee does this by reviewing and making recommendations to the Board on matters including:

Remuneration arrangements of Non-executive Directors, CEO & Managing Director and executive level direct reports.	Annual performance review of the CEO & Managing Director and executive level direct reports.	Remuneration outcomes for the CEO & Managing Director and executive level direct reports.	Delegating power for the operation and administration of all Group incentive and equity plans to management (as appropriate).

Management

Management makes recommendations to the People, Culture & Performance Committee on matters including:

- Remuneration arrangements for the Managing Director and CEO and executive level direct reports, including the establishing of new, or amendment to existing, incentive and equity plans.
- Annual performance review and remunerations outcomes of Managing Director and CEO and executive level direct reports.
- Changes to the Group's remuneration policies.
- Risks that have materialised that the Committee (in conjunction with the Audit, Risk and Compliance Management Committee) should consider as part of the annual review and recommendation of remuneration outcomes for the Managing Director and CEO and executive level direct reports to assist with the exercise of any Board discretion.

Shareholders and other stakeholders

The People, Culture and Performance Committee may consult with shareholders, proxy advisors and other relevant stakeholders to determine appropriate remuneration policies for the Group, including remuneration arrangements and outcomes for the CEO & Managing Director and executive level direct reports.

External advisors

The People, Culture and Performance Committee may seek advice from independent remuneration consultants in determining appropriate remuneration policies for the Group, and specifically remuneration for the CEO & Managing Director and executive level direct reports.

Working with the Audit, Risk and Compliance Management Committee

The Committee seeks feedback, including from the Audit, Risk and Compliance Management Committee, with respect to remuneration outcomes, adjustments to remuneration in light of relevant matters and alignment of remuneration with the risk management and compliance framework.

Additionally, there is cross membership of the People, Culture and Performance and Audit, Risk and Compliance Management Committees to support the alignment of risk and reward.

Section 2. Remuneration governance (continued)

2.3 Board discretion and malus adjustments

The Board actively reviews our remuneration principles and framework and has overarching discretion with respect of the awards given under Endeavour Group's incentive plans, which it may apply so that it effectively delivers appropriate outcomes for our stakeholders. In determining incentive plan outcomes, the Board and the Committee give consideration to factors which are beyond the performance criteria set out in the relevant incentive plan, so that rewards appropriately reflect complete performance. This includes the extent to which incentive outcomes reflect Our Purpose, Our Values and Our Ways of Working; the current operating environment and relevant impacts on our customers, teams and other stakeholders.

The Board discretion may include, but is not limited to, a discretion to adjust the current year STI, LTI which is to be awarded on a prospective basis, unvested deferred STI (DSTI) and/or LTI downwards, including to zero, if circumstances or information come to light which mean that in the Board's view all or part of the award was not appropriate. The Board will typically apply the adjustment to deferred STI and/or unvested LTI where an adjustment to current year STI is considered insufficient or unavailable. These would be the most serious cases that have not been adequately dealt with through normal performance or consequence management frameworks.

The nature and severity of the financial and non-financial event or circumstance may be considered in determining appropriateness of any adjustment.

The Executive KMP STI and LTI arrangements are subject to malus provisions that enable the Board to adjust unpaid and/or unvested awards (including to reduce to zero) where it is appropriate to do so. The Board may determine that any unpaid cash STI or unvested deferred STI or LTI awards will be forfeited in the event of wilful misconduct, dishonesty or severe breach of our Code of Conduct by the executive. The Board may also adjust these awards in cases of unexpected or unforeseen events impacting performance outcomes, performance with regard to non-financial risk, an outcome which would cause significant reputational damage to the Endeavour Group brand, or a broader assessment of performance indicating there should be an adjustment.

2.4 Corporate governance policies related to remuneration

Endeavour Group has two key policy positions in addition to the remuneration framework to enhance compliance and governance.

2.4.1 Securities trading

Applying to all Endeavour Group team members, including Non-executive Directors and Executive KMP and their related persons, is the position in relation to securities trading. This was introduced to achieve compliance with insider trading laws and prohibit specific types of transactions which would not meet market expectations or create reputational risk for Endeavour Group.

2.4.2 Minimum shareholding

To create and build alignment between KMP and our shareholders, Endeavour Group requires the following holdings to be achieved within five years of appointment:

	TOTAL FIXED REWARD
CEO	200%
Other Executive KMP	100%

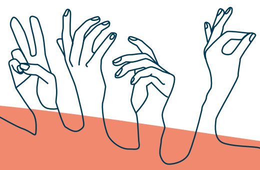
	TOTAL FEE
Chairman	100% of Chairman fee
Director	100% of Director fee

The holdings of each KMP against the minimum shareholding requirements will be reported annually in the Remuneration Report.

Section 3. Remuneration framework for Executive KMP

3.1 Overview of Endeavour Group remuneration framework

Our remuneration strategy and framework are designed to enable the delivery of Our Strategic Priorities, as well as recognise and drive accountability for demonstrating Our Values and Our Ways of Working. Throughout the year work was undertaken to unite our team behind a common purpose 'Creating a more sociable future together', and develop values and ways of working that bring to life the uniqueness that is Endeavour Group and guide us as we work towards achieving our strategy and plans. Our Purpose, Our Values and Our Ways of Working are displayed within the imprint of a bottle as a reminder that as a team we always strive to leave a positive imprint on our customers and the communities in which we live and work.



Our Values

We're real
We connect with authenticity and care

We're inclusive
Everyone's welcome

We're responsible
We take it seriously and do the right thing

Our Ways of Working

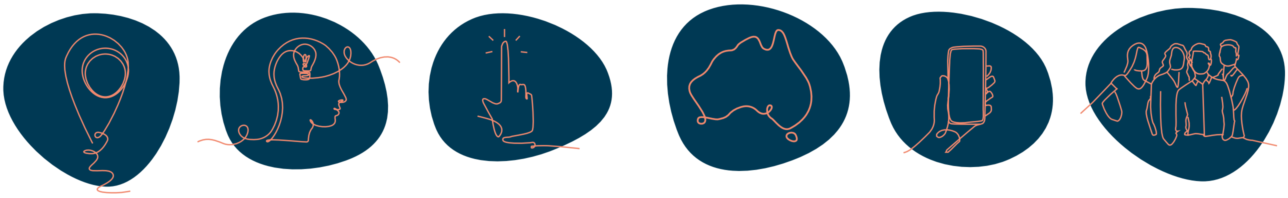
We work with spirit
We share our passion, knowledge and enthusiasm for what we do. It impacts those around us positively every day.

We're team players
We collaborate, bringing the right people and perspectives together. We have open minds and speak up when something isn't right.

We endeavour for better
We give things a go, challenge each other, keep it simple and continually improve. We aim to lead our industry in responsibility.

Our strategic priorities

The remuneration strategy is also designed to attract, retain and motivate team members with the skills, diversity and spirit to deliver on the Endeavour Group strategy in the short and long term. The strategic priorities for Endeavour Group are:



- Leading engagement and reach
- Leading customer understanding
- Leading customer experience
- Enhancing and expanding our network
- Growing digital engagement
- Optimising our Group

Our remuneration principles

The remuneration strategy to support the delivery of the Endeavour Group strategy and embed the values and ways or working is based on the principles of:

- Reinforcing Our Purpose, Our Values and Our Ways of Working
- Attracting and retaining team members with the skills, diversity and spirit to deliver on the strategy
- Driving responsible short- and long-term performance within our risk appetite
- Building and maintaining meaningful shareholdings to create alignment between executives and shareholders

Our Remuneration Framework

The remuneration framework to facilitate the strategy considers the size and focus of Endeavour Group, the performance needed in the short term and performance sustainability over the longer term, as well as the talent we need to attract, retain and motivate. Outlined below are the key elements of the framework that will drive performance, but also focus our team on Our Purpose, Our Values and Our Ways of Workings so that we make a positive imprint on our stakeholders.

ELEMENT AND OPERATION	LINK TO STRATEGY, PURPOSE AND SHAREHOLDERS

Total Fixed Remuneration (TFR)

Element and operation

TFR consists of Base Salary, Superannuation and Car Allowance.

TFR is set in relation to the external market and considers:

- Strategic value of the role.
- Size and complexity of the role.
- Individual responsibilities.
- Experience and skills.

TFR is positioned so that Total Target Remuneration (TTR) is around the median once capability is proven, for our comparator group, the ASX50.

Link to strategy, purpose and shareholders

- Attracting and retaining talented team members by offering a competitive fixed remuneration and paying fairly.
- Individual performance impacts fixed remuneration adjustments.
- Minimum shareholding requirements equivalent to 200% TFR for the CEO and 100% for Other Executive, encouraging executive share ownership.

Short Term Incentive (STI)

Element and operation

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

Business performance is measured through a STI balanced scorecard, with 60% weighted on financial objectives and 40% on non-financial objectives:

- Earnings Before Interest and Tax (EBIT) (20%).
- Average Working Capital Days (20%).
- Safety (20%).
- Customer Satisfaction (20%).
- Sales (20%).

Individual performance includes assessment against business, strategic and ways of working goals, which contribute to the achievement of the above objectives.

Link to strategy, purpose and shareholders

- Driving responsibility for in-year outcomes that contribute to the achievement of the business strategy over the longer term.
- Annual targets to drive financial performance, effective operations, customer outcomes and safety.
- Balanced with demonstrating Our Ways of Working, which require the team to responsibly work with spirit, work as a team and endeavour to be better.
- Strengthening accountability and supporting alignment with shareholders by deferring half of the STI outcome into equity for two years.

Long Term Incentive (LTI)

Element and operation

Performance rights vesting after three years.

The LTI aligns executives to overall company performance through three measures focused on strategic business drivers and long term shareholder return:

- Relative Total Shareholder Return (rTSR against ASX100) (40%).
- Return on Funds Employed (ROFE) (40%).
- Leading in Responsibility (20%).

Link to strategy, purpose and shareholders

- Comprehensive performance assessment of Endeavour Group's performance over three years.
- Assessment of shareholder value created relative to peers.
- Balance earnings growth with efficient and disciplined allocation of capital, that is important for our growth.
- Enhancing our industry and business in the long term by leading with responsibility.

Section 3. Remuneration framework for Executive KMP (continued)

3.2 Short Term Incentive Plan

Endeavour Group's Short Term Incentive Plan is designed to drive focus on in-year outcomes that contribute to the achievement of strategy over the longer term. The STI Plan recognises the level of delivery against strategic and business goals, and the demonstration of Our Ways of Working that set the tone and culture of the organisation. What we deliver and how we deliver outcomes both contribute to the achievement of our purpose and positive imprint on all our stakeholders.

Assessing business performance:

The STI business scorecard includes a mix of metrics, with 60% weighting on financial metrics (EBIT, Average Working Capital Days and Sales) and 40% weighting on non-financial metrics (Safety and Customer Satisfaction). Five equally weighted scorecard measures drive outcomes for shareholders, customers and our team:

The metrics have been chosen purposefully to focus our team on achieving the expectations of our shareholders and other stakeholders, including customer expectations and enhancing the safety of our team in a responsible way.

Customer Satisfaction

Our strategy is underpinned by great customer experiences and success is dependent on us delivering convenient ways to shop and enjoyable ways to experience our stores and hotels. We use Voice of Customer (VOC) to measure our Retail customer experience. We measure customer satisfaction in Hotels via a platform that captures customer rankings.

Safety

We are a people business and the safety of our team is of great importance to us. Safety performance is measured using two equally weighted measures which includes total recordable (team member) injuries and hours lost. We measure the number of injuries as opposed to frequency rates so that our measures are easy to understand and communicate. Hours lost are included in the overall safety performance to help us understand both the frequency and severity of injuries.

Sales, EBIT and Average Working Capital Days

It is critical to the success of our business to constantly work towards improving our efficiency and productivity which includes managing our inventory effectively. These three metrics combine to support strong financial performance for our shareholders.

Each metric has an entry, target and stretch performance as set out below:

- Zero for below entry performance.
- 50% of STI percentage for entry performance.
- 100% of STI percentage for target performance.
- 150% of STI percentage for stretch performance.

The maximum percentage which can be allocated if all metrics are achieved at stretch performance is 150%.

Section 3. Remuneration framework for Executive KMP (continued)

Assessing individual performance:

Each individual is assessed on their performance against their individual goals and Our Ways of Working. Three equally weighted categories of goals are used to review individual performance:

- Ways of Working and people goals capture how business and strategic goals have been delivered, and how leaders set their teams up for success (33.33%).
- Strategic goals capture how individuals contribute to the initiatives that will transform our business for the future (33.33%).
- Business goals capture how individuals contribute to the performance of the business within the year (33.33%).

This approach drives both performance and cultural outcomes. Each individual KMP is assessed as Exceeding, Achieving or Expecting More based on their individual goals.

Delivering STI outcomes:

Depending on the business outcomes and the individual performance outcome, each KMP will be assessed and an individual outcome is determined. The maximum outcome for the Managing Director and CEO is 150% of Total Fixed Remuneration and the maximum outcome for other Executive KMP is 120% of Total Fixed Remuneration.

This gives the Board sufficient opportunity to vary STI outcomes so they reflect differing levels of performance. The Board also has discretion to vary STI awards due to factors that are beyond these performance measures so that rewards appropriately reflect complete performance. The Board also has discretion in awarding outcomes to align with market-reported results, management activity and shareholders' experience.

Executive KMP STI awards are delivered:

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

The share rights are allocated at face value of the STI amount determined. The 50% deferred component supports increased share ownership and is a risk management lever to facilitate Malus policy application during the deferral period. The Board has discretion to adjust the vesting of the deferred STI for individuals, which may be reduced (including to zero) if there have been cases of behaviour inconsistent with Our Values or Ways of Working. These would be the most serious of cases and would not have been adequately dealt with through normal performance management.

Section 3. Remuneration framework for Executive KMP (continued)

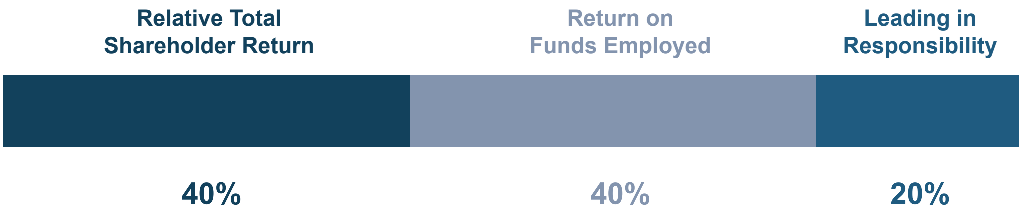
3.3 Long Term Incentive Plan

Endeavour Group's Long Term Incentive Plan is designed to drive shareholder alignment, sustainable decision making and leadership in responsibility, all of which contribute to the achievement of our purpose and positive imprint and create long-term shareholder value. The first time grants will be made under this plan in October 2021.

Assessing business performance:

The LTI rewards Executive KMP subject to performance against three weighted measures.

For the F22 plan, the performance will be measured over a three-year performance period and will be tested in July 2024. For the replacement and transitional grants for F20 and F21 referred to in Section 3.8, the performance measures will be tested over a one-year and two-year performance period in July 2022 and July 2023 respectively.



Relative Total Shareholder Return (rTSR)

Relative TSR is used as a measure in our LTI plan to align executive outcomes and long-term shareholder value creation. The peer group is the ASX100. The ASX100 was chosen because it both reflects the expected market capitalisation of Endeavour Group and allows for performance comparison against peers in consumer discretionary and staples industries. 100% vesting is achieved when our peer group ranking is at the 75th percentile or higher. 50% vesting is achieved when ranking at the median. Between the 75th and median, pro-rata vesting is achieved from 50% to 100%. Peer group ranking below the median results in zero vesting.

Return on Funds Employed (ROFE)

ROFE is an important measure to drive behaviours consistent with the delivery of long-term shareholder value. ROFE was chosen to encourage sustainable and responsible investment for the longer term. ROFE improvements can be delivered through earnings growth as well as the disciplined allocation of capital, management of assets, and working capital, which is important for a business that is building capabilities for the future. ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of the previous 13 months average funds employed, including significant item provisions. ROFE is based on Endeavour Group's strategic plan and reflective of Endeavour Group's continued growth objectives and market conditions. The ROFE target will be published following the end of the relevant performance period given the commercial sensitivity of this information.

Section 3. Remuneration framework for Executive KMP (continued)

Leading in Responsibility

Leading in Responsibility reflects Endeavour Group's commitment to implementing initiatives that enhance responsible sale, service and consumption of alcohol and conduct of gaming and running a sustainable business for the long term. This performance hurdle demonstrates our commitment to leading our industry in responsibility. The level of achievement will be assessed by the Board who will consider the management of compliance or regulatory transgressions and initiatives implemented that advance and sustain the industry. This measure is designed to embed the achievement of Endeavour Group's purpose and leave a positive imprint by leading in responsibility. Progress will be reported at the end of the relevant performance period.

There will be 50% vesting where initiatives are progressed and compliance or regulatory transgressions are managed to board satisfaction. There will be 100% vesting where initiatives are implemented that enhance responsibility as assessed by the board.

Vesting Schedule:

The vesting schedule for all these measures is outlined below:

	rTSR	ROFE	LEADING IN RESPONSIBILITY	TOTAL % MAX
Entry	20%	20%	10%	50%
Target	n/a	26.66%	n/a	
Stretch	40%	40%	20%	100%

Assessing individual performance:

The Board has discretion to adjust the vesting outcome for individuals, which may be reduced (including to zero) if there have been cases of behaviour inconsistent with Our Values and Ways of Working. These would be the most serious of cases that would not have been adequately dealt with through the normal performance management frameworks. The Board also has discretion in awarding outcomes to align with market-reported results, management activity and shareholders' experience.

Delivering LTI outcomes:

At the beginning of the performance period, Executive KMP are awarded a set amount of LTI calculated at a value of 170% of fixed remuneration for the Managing Director and CEO and 140% of fixed remuneration for other KMP. Awards of performance rights are made at face value based on a five-day Volume Weighted Average Price (VWAP) up to and including 1 July at the beginning of the performance period. The deferred nature of LTI arrangements provides a risk management lever to facilitate Malus Policy application during the performance period.

Section 3. Remuneration framework for Executive KMP (continued)

3.4 Executive KMP remuneration arrangements

The remuneration arrangements for Executive KMP are outlined below:

	TFR	STI [1]		LTI [1]		TOTAL REWARD	
	$	TARGET %	MAX %	TARGET %	MAX %	TARGET $	MAX $
Steve Donohue Managing Director and CEO	1,650,000	100%	150%	100%	170%	4,950,000	6,930,000
Scott Davidson Managing Director, BWS	694,920	80%	120%	80%	140%	1,806,792	2,501,712
Alex Freudmann Managing Director, Dan Murphy's	708,076	80%	120%	80%	140%	1,840,998	2,549,074
Shane Gannon Chief Financial Officer	850,000	80%	120%	80%	140%	2,210,000	3,060,000
Bruce Mathieson Jr Managing Director, ALH Group	831,657	80%	120%	80%	140%	2,162,309	2,993,965

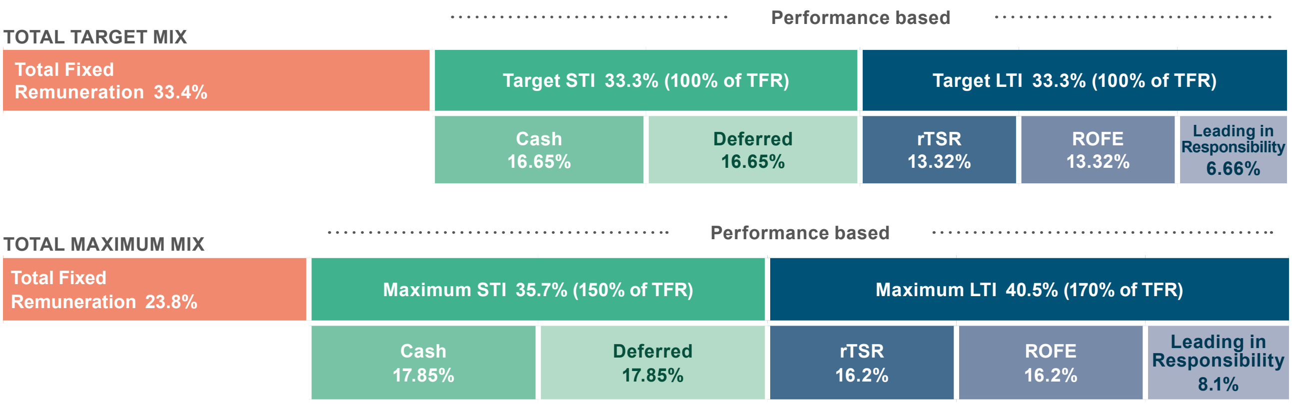
1 STI and LTI are a percentage of TFR. Target represents the level of reward possible for achieving all performance metrics to expectations, and Maximum (Max) represents the most that can be awarded for clear outperformance.

Section 3. Remuneration framework for Executive KMP (continued)

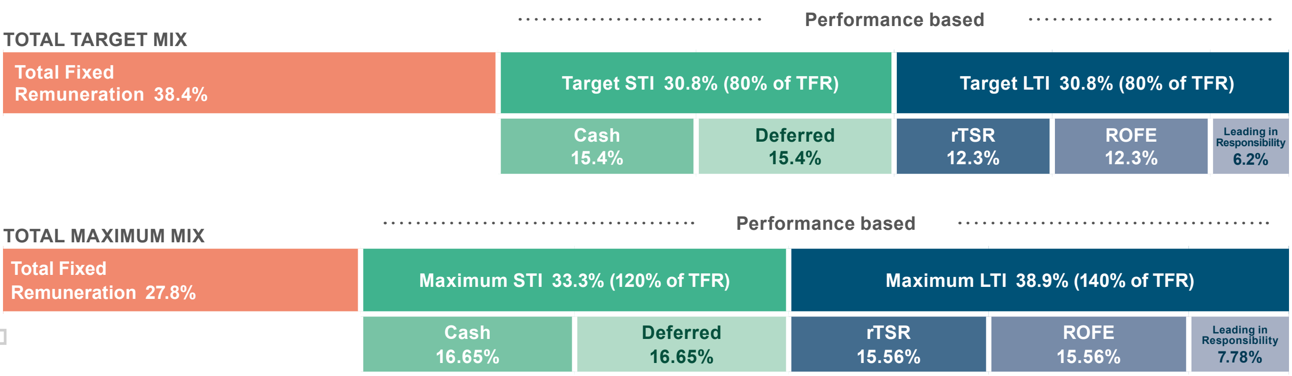
3.5 KMP remuneration mix

The remuneration mix for the Managing Director and CEO and Executive KMP is weighted towards variable remuneration. A minimum of 60% of remuneration is performance based pay, and a minimum of 45% of total remuneration is delivered as deferred equity for target performance.

CEO

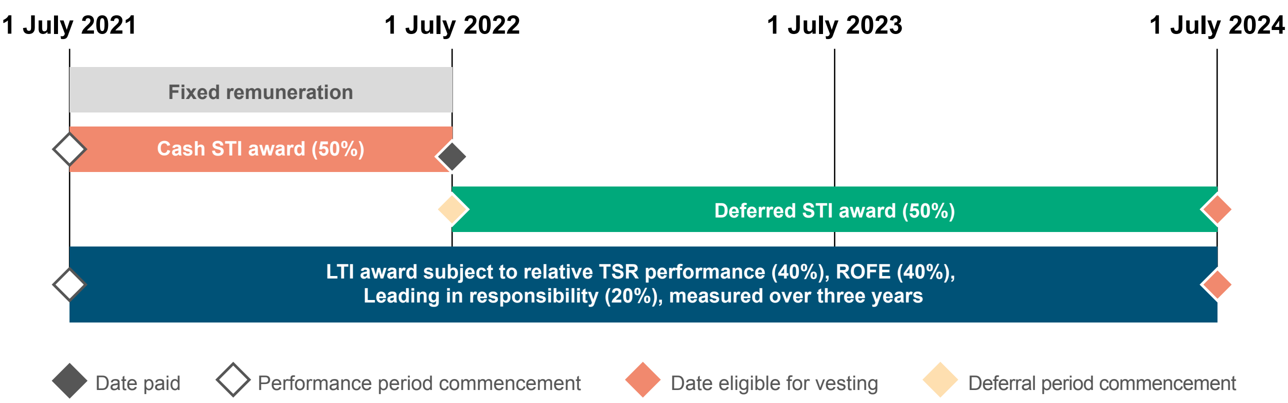


Executive KMP



3.6 Timeline of potential F22 remuneration

The timeline of potential remuneration is set out below:



Section 3. Remuneration framework for Executive KMP (continued)

3.7 Long Term Incentive grants

In October 2021 Endeavour Group will make three LTI grants to the Executive KMP as listed below. The F22 LTI grant is part of their F22 remuneration arrangements. The two transitional LTI grants are to recognise the forfeited portion of LTI previously issued by Woolworths for F20 and F21. It was determined that the unvested Woolworths LTI rights would not be cash settled. All three LTI grants will be made under the LTI Plan terms outlined in Section 3.3. Each LTI grant has the same performance criteria however different periods, given that the F22 grant is for three years and the replacement and transitional LTI grants are for one and two years respectively.

F22 Endeavour Group LTI grant

F22	LTI MAXIMUM GRANT VALUE [1]	LTI RIGHTS TO BE GRANTED [2]
Steve Donohue	$2,805,000	451,923
Scott Davidson	$972,888	156,745
Alex Freudmann	$991,306	159,712
Shane Gannon	$1,190,000	191,725
Bruce Mathieson Jr	$1,164,320	187,587

1 The maximum LTI grant value for each Executive KMP as outlined in Section 3.4.

2 The number of Endeavour Group performance share rights to be granted is determined by dividing the face values calculated by the VWAP of Endeavour Shares for the first five business days starting from the date of the commencement of trading (including on a deferred settlement basis) on the ASX (Endeavour Share post Demerger VWAP). The VWAP was calculated by Orient Capital Pty Ltd as $6.2068.

3.8 Replacement and transitional grants

In consideration of the fact that Executive KMP will forfeit a portion of their previously granted Woolworths LTI as a result of the Demerger, pro-rata grants of performance rights will be made to replace the forfeited portion as below.

F21	LTI GRANT VALUE [1]	LTI RIGHTS TO BE GRANTED [2]
Steve Donohue	$1,319,208	212,542
Scott Davidson	$942,064	151,779
Alex Freudmann	$959,878	154,649
Bruce Mathieson Jr	$1,127,344	181,630

F20	LTI GRANT VALUE [1]	LTI RIGHTS TO BE GRANTED [2]
Steve Donohue	$750,630	120,936
Scott Davidson	$254,470	40,998
Alex Freudmann	$531,788	85,678
Bruce Mathieson Jr	$641,510	103,356

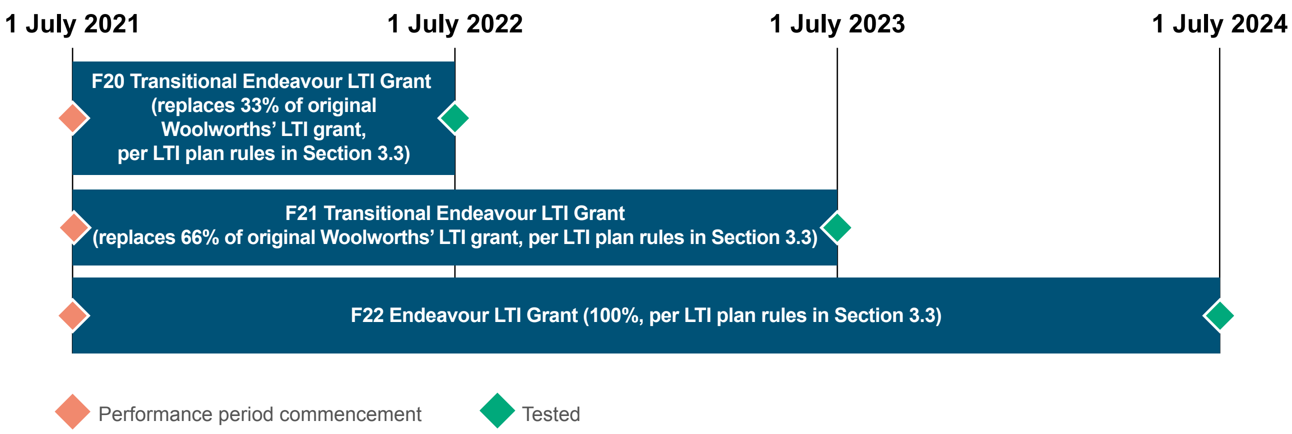
1 23 June 2021 was the last day Woolworths Shares traded on the ASX on a cum-entitlements basis under the Demerger, and as a result, the Woolworths Shares VWAP for the purposes of determining the face value of Woolworths performance share rights forfeited is the five days up to and including this date, which then allowed the value to be used for the replacement grant of Endeavour performance share rights to be fairly calculated.

2 The number of Endeavour performance share rights to be granted is determined by dividing the face values calculated by the VWAP of Endeavour Shares for the first five business days starting from the date of the commencement of trading (including on a deferred settlement basis) on the ASX (Endeavour Share post Demerger VWAP). The VWAP was calculated by Orient Capital Pty Ltd as $6.2068.

Section 3. Remuneration framework for Executive KMP (continued)

The transition award will be delivered in Endeavour performance rights with vesting outcomes dependent on Endeavour Group performance and continued service. The two transitional grants made for F20 and F21 to recognise the forfeited portion of LTI issued by Woolworths will be governed by the same performance conditions which have been detailed in the LTI framework design for Endeavour Group in Section 3.3. The grants for F20 will have a performance period of one year (from 1 July 2021 to 1 July 2022) while the grants made for F21 will have a performance period of two years (from 1 July 2021 to 1 July 2023). The five-day Woolworths pre-demerger VWAP (five days up to and including 23 June 2021) has been used to determine the face value of the pro-rated Endeavour performance rights grants. The number of Endeavour performance share rights to be granted is determined by dividing the face values calculated by the VWAP of Endeavour Shares for the first five business days starting from the date of the commencement of deferred trading i.e. 24 June 2021.

Long Term Incentive grant time horizon



Section 3. Remuneration framework for Executive KMP (continued)

3.9 Leaving Endeavour Group and impact on equity plans

For the STI and LTI Plans the leaving terms are summarised below:

REASON FOR LEAVING	DEFERRED STI	UNVESTED LTI
Genuine retirement, death, illness and incapacity	Remain on foot until the end of the deferral period and vest at that time.	Award pro-rated for portion of the performance period participant has worked and remains on foot until the end of the performance period.
Termination for cause/gross misconduct/poor performance	Award Forfeited.	
Resignation	Award Forfeited.[1]	
Mutual separation, redundancy, or other reasons as determined by Board	The Board will determine the appropriate treatment in the circumstances on a case by case basis.	

1 In some cases of resignation, the Board will consider the circumstances surrounding each case to allow for the appropriate treatment. For instance, where the executive is not resigning to join a direct competitor and all reasonable steps have been taken to continue to support the success of the business through to their final date of employment, the Board may consider it appropriate to allow some incentive awards to remain on foot. The Board will continue to monitor the executive post employment and if they do not meet their post-employment obligations, the Board may lapse any remaining awards. For clarity, in cases where the executive resigns to join a competitor organisation, or in the Board's opinion, the executive does not support the business to their final day of employment, any unvested DSTI and LTI will generally be forfeited.

3.10 Executive service agreements

The terms of employment for Executive KMP are formalised in employment contracts that have no fixed term. Specific information relating to the terms of Executive KMP's employment contracts are set out below:

	NOTICE PERIOD	
NAME	EMPLOYEE	COMPANY
Steve Donohue	12	12
Scott Davidson	6	6
Alex Freudmann	6	6
Shane Gannon	6	6
Bruce Mathieson Jr	6	6

Termination without notice can take place if there is evidence of engagement in wilful misconduct, serious negligence, serious or persistent breach of their employment contract, or commit an act, whether at work or not, that would bring the Group into disrepute. Endeavour Group may also make a payment in lieu of notice.

Section 3. Remuneration framework for Executive KMP (continued)

3.11 Executive KMP remunerations outcomes F21

The Board considers the link between remuneration and organisational performance to be of critical importance. This is reflected in the new Endeavour Group STI and LTI Plans set out in this Report. The Board is committed to providing shareholders with information regarding the link between company performance and executive reward.

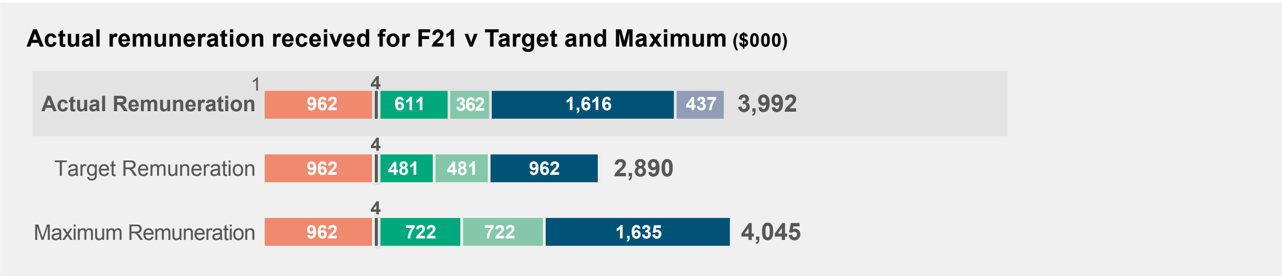
Endeavour only listed on the ASX in June 2021, and as such, all KMP incentive payments for F21 are made in the context of Woolworths' performance conditions and under Woolworths' Remuneration Policy.

Steve Donohue was a member of the Management Board and also the Managing Director of Endeavour Group in F21. In both these roles, Steve Donohue played a critical role in the planning, preparation and execution of the Demerger. This is reflected in his performance outcomes.

Since Steve Donohue was a KMP for Woolworths in F21, his performance has been assessed in line with the framework outlined by Woolworths. The Board concluded that the Managing Director's performance and reward outcomes for F21 as assessed by Woolworths in accordance with its performance and reward framework were appropriate for the Managing Director.

Steve Donohue's actual remuneration outcomes for F21 under the Woolworths performance and reward framework are outlined below:

Steve Donohue MANAGING DIRECTOR, ENDEAVOUR GROUP **Term as KMP:** Full Year



1 The $611 thousand represents the Cash STI paid in respect of F21, the $362 thousand represents deferred STI vesting from F19, and the $1,616 thousand and the $437 thousand represents the LTI granted and vested from F19 (including both the grant value and the share price growth).

LEGEND TFR · Relocation and other benefits · Cash STI · DSTI in Woolworths equity · LTI in Woolworths equity (grant share price) · Vested LTI in Woolworths equity (vested share price)

Section 3. Remuneration framework for Executive KMP (continued)

The statutory representation of Steve Donohue's remuneration is outlined below:

		SHORT-TERM EMPLOYEE BENEFITS					SHARE-BASED PAYMENTS [6]		
		SALARY [1] $	CASH INCENTIVE [2] $	NON-MONETARY AND OTHER BENEFITS [3] $	POST EMPLOYMENT BENEFITS [4] $	OTHER LONG-TERM BENEFITS [5] $	EQUITY GRANTS AT RISK [7] $	OTHER EQUITY GRANTS [8] $	TOTAL $
Steve Donohue	F21	916,997	611,111	–	25,208	14,193	1,500,750	618,432	3,686,691

1 Salary includes the net change in accrued annual leave within the period and where applicable, a car allowance.

2 Represents the cash component of the F21 STI which was 50% of the total STI award. The remaining 50% is deferred in Woolworths share rights for two years.

3 Non-monetary and other benefits include the deemed premium in respect of Directors' and Officers' Indemnity Insurance. During F21 Steve Donohue was covered under the Woolworths' Directors' and Officers' Indemnity Insurance plan. Endeavour Group did not incur costs in relation to this insurance in F21 and as such, no amounts have been disclosed. For more information regarding Steve Donohue's non-monetary and other benefits paid for by Woolworths Group, refer to the F21 Woolworths Remuneration Report.

4 Post employment benefits represent superannuation paid directly to the Executive KMP's nominated superannuation fund. If the Group is not required to pay superannuation, the payment may be made as cash.

5 Other long-term benefits represent the net change in accrued long service leave within the period.

6 Represents the portion of the grant date fair value of Woolworths share rights expected to vest and is recognised as an expense over the vesting period. The amount recognised is adjusted to reflect the expected number of instruments that will vest for non-market based performance conditions, including ROFE and sales per square metre. No adjustment for non-vesting is made for failure to achieve the relative TSR performance hurdle, as this is taken into account in the fair value at grant date.

7 The fair value of share rights with the relative TSR performance measure is calculated at the date of grant using a Monte Carlo simulation model, whilst the fair value of other share rights is calculated using a Black-Scholes option pricing model.

8 Other equity grants are grants which are not subject to any further performance conditions except continuous employment, subject to the operation of the Woolworths Group malus policy.

At the reporting date, Steve Donohue had not been granted options or rights over equity instruments of Endeavour.

While employed by Woolworths, Steve Donohue received a total of 10,985 deferred STI awards granted in F20 that remain unvested as at the date of the Directors' Report. He also retains 57,581 LTI awards granted in F20 and F21 under Woolworths' incentive plans that remain unvested as at the date of the Directors' Report. Any vesting of these awards is subject to the Woolworths performance and reward framework, the terms of each grant and any discretion exercised or malus adjustments made by the Woolworths Board. Further details on these awards can be found in the 2021 Woolworths Remuneration Report.

Executive KMP previously employed by Woolworths have been granted unvested LTI awards under Woolworths' incentive plans. Any vesting of these awards is subject to the Woolworths performance and reward framework, the terms of each grant and any discretion exercised or malus adjustments made by the Woolworths Board.

It is also noted that Endeavour Director Colin Storrie also holds deferred STI awards and unvested LTI awards related to his time as an employee of Woolworths.

The Executive KMP may also own ordinary shares in Woolworths as a result of having purchased them in permitted trading windows, or as a result of participating in employee equity plans operating from time to time.

Section 4. Remuneration framework for Directors

4.1 Non-executive Directors' remuneration policy and structure

The Non-executive Directors for Endeavour have been chosen for the individual skills, capability and experience they bring to the Board. The fees set reflect the capabilities required to responsibly and effectively govern Endeavour Group given the size and complexity of the organisation.

Non-executive Directors' fees will be paid from an aggregate annual fee pool of $3,500,000.

Non-executive Directors do not receive variable pay and no Directors' fees are paid to Executive Directors.

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

BOARD AND COMMITTEE FEES ($)	CHAIR F22 FEE INCL. SUPER	MEMBER F22 FEE INCL. SUPER
Board	$500,000	$200,000
Audit, Risk and Compliance Management Committee	$45,000	$25,000
People, Culture and Performance Committee	$45,000	$25,000
Nomination Committee	Nil	Nil

4.2 Non-executive Directors' equity plan

The Non-executive Directors' equity plan (the NED equity plan) will commence in October 2021 to encourage and facilitate share ownership for Board members. The NED equity plan provides an automated mechanism for participants to acquire shares, recognising that Non-executive Directors can often be limited in their ability to purchase shares because of Australian insider trading laws. Non-executive Directors' share rights are allocated quarterly at the same time as the underlying shares are issued to the NED equity plan's trustee, and the rights convert into ordinary shares each half year, subject to compliance with Endeavour Group's position on trading securities.

The NED equity plan supports the minimum shareholding requirement for Board members as it allows Non-executive Directors to reach the minimum shareholding requirements more quickly, as shares are acquired on a pre-tax basis. As at the date of this Report, no shares had been allocated to Non-executive Directors due to trading restrictions.

Section 4. Remuneration framework for Directors (continued)

4.3 Directors' remuneration outcomes

The table below sets out the remuneration of Directors of Endeavour Group. Amounts disclosed relate to the period during which the individuals were KMP in F21.

		SHORT-TERM BENEFITS				
		DIRECTOR FEES $	FEES SACRIFICED TO NEDP [1] $	NON-MONETARY AND OTHER BENEFITS [2] $	POST EMPLOY-MENT BENEFITS [3] $	TOTAL $
Peter Hearl [4]	F21	8,781	–	–	834	9,615
Ross Blair-Holt [5]	F21	117,229	–	–	8,768	125,997
Holly Kramer [4]	F21	3,776	–	–	356	4,135
Duncan Makeig [4]	F21	4,250	–	–	404	4,654
Bruce Mathieson Sr [6]	F21	120,742	–	–	9,102	129,844
Joanne Pollard [4]	F21	3,776	–	–	359	4,135
Catherine West [4]	F21	4,250	–	–	404	4,654

1 None of the Non-executive Directors during the financial year had access to a Non-executive Directors' Equity Plan.
2 Non-monetary and other benefits include the deemed premium in respect of Directors' and Officers' Indemnity Insurance. During F21, all Endeavour Directors were covered under the Woolworths' Directors' and Officers' Indemnity Insurance plan while they held their role as Director. Endeavour Group did not incur costs in relation to this insurance in F21 and as such, no amounts have been disclosed.
3 Post employment benefits represent superannuation paid directly to the Non-executive Directors' nominated superannuation fund. If the Group is not required to pay superannuation, the payment may be made as cash.
4 Peter Hearl, Holly Kramer, Duncan Makeig, Joanne Pollard and Catherine West were appointed Non-executive Directors on 21 June 2021.
5 Ross Blair-Holt ceased to be KMP as of 21 June 2021 when he resigned as Non-executive Director.
6 Bruce Mathieson Sr was an existing member of the Management Board from the start of the financial year and transitioned onto the Board of Directors on 21 June 2021. He was considered Key Management Personnel throughout the entire financial year.

Prior to the appointment of the Board of Directors on 21 June 2021, Directors who sat on the Management Board during F21, as listed in Section 1.1, were considered Key Management Personnel.

For the reasons noted below, no remuneration details have been disclosed for Brad Banducci, Steven Greentree, Bruce Mathieson Jr and Colin Storrie in the table above:

- Brad Banducci, Steven Greentree and Bruce Mathieson Jr were not remunerated by Endeavour Group in their capacity as Directors on the Management Board.
- Colin Storrie was remunerated by Woolworths Group and not by Endeavour Group in his role as a Non-executive Director; Endeavour Group has not incurred any costs for amounts paid to Colin Storrie.

At the reporting date, none of the Directors have been granted options or rights over equity instruments of Endeavour Group.

Section 5. Related party disclosures

Share movements during the financial year

During F21, Woolworths and Bruce Mathieson Group (BMG) held 85.4% and 14.6% of Endeavour's shares, respectively, up until the Demerger on 28 June 2021. Bruce Mathieson Sr exercises direct or indirect control or significant influence over BMG. BMG held in aggregate 73 million Endeavour Shares at the start of the financial year (14.6%). At the end of the financial year, BMG held in aggregate 261 million Endeavour Shares (14.6%), resulting from the share split which took place on 25 June 2021.

Bruce Mathieson Sr is the father of Bruce Mathieson Jr. Accordingly, Bruce Mathieson Jr is deemed to have an interest in BMG's shareholding, as the BMG companies are entities that are controlled by a close family member of Bruce Mathieson Jr.

At the reporting date, no Executive KMP or Director held shares or had been granted options or rights over shares of Endeavour Group. Directors' relevant interests in Endeavour Shares as at the date of the Directors' Report are included on page 63 of the Directors' Report.

Other transactions with Key Management Personnel

Endeavour Group transacted with Directors and their related parties during the financial year, on terms and conditions which were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with unrelated parties on an arm's length basis.

In particular, as set out in the section above, Bruce Mathieson Sr and Bruce Mathieson Jr have, or are deemed to have, an interest in BMG. Transactions between Endeavour Group and BMG are included in Note 5.3.3 of the Financial Report. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with unrelated parties on an arm's length basis.

From time to time Executive KMP or Directors (or their related parties) may also purchase goods or services from the Group. These purchases are on the same terms and conditions as those entered into by other team members or customers, and are trivial or domestic in nature.

There were no loans made during the year, or that remained unsettled at the end of the financial year, between Endeavour Group and its Executive KMP or Directors (and/or their related parties).

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Endeavour Group Limited
26 Waterloo Street
Surry Hills NSW 2010

8 September 2021

Dear Directors

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Endeavour Group Limited.

As lead audit partner for the audit of the financial report of Endeavour Group Limited for the 52 weeks ended 27 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

TElliott

Taralyn Elliott
Partner
Chartered Accountants

Sydney, 8 September 2021

2021 Financial Report
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Consolidated Statement of Profit or Loss

	NOTE	2021 $M	2020 $M
Revenue from the sale of goods and services	2.1	**11,595**	4,141
Cost of sales		**(7,928)**	(3,033)
Gross profit		**3,667**	1,108
Other revenue		**33**	9
Branch expenses		**(2,199)**	(694)
Administration expenses		**(602)**	(383)
Earnings before interest and tax		**899**	40
Finance costs	2.3	**(247)**	(91)
Profit/(loss) before income tax		**652**	(51)
Income tax expense	3.7.1	**(207)**	(13)
Profit/(loss) for the year		**445**	(64)
Profit/(loss) for the year attributable to:			
Equity holders of the parent entity		**445**	(64)
		445	(64)

		CENTS	CENTS
Earnings/(loss) per share (EPS) attributable to equity holders of the parent entity:			
Basic and diluted earnings/(loss) per share	4.1	**24.8**	(8.8)

As discussed in more detail in Note 1.2.2, the 2020 financial year includes the results of what were previously known as Woolworths' Drinks and Hotels businesses after they were transferred to, and merged with, Endeavour Group Limited on 2 February 2020 and 4 February 2020, respectively. Prior to this, only the results of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, are included.

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

Consolidated Statement of Comprehensive Income

	2021 $M	2020 $M
Profit/(loss) for the year	**445**	(64)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss, net of tax		
Effective portion of changes in the fair value of cash flow hedges	**2**	(2)
Foreign currency translation of foreign operations	**–**	(1)
Items that will not be reclassified to profit or loss, net of tax		
Change in the fair value of investments in equity securities	**(17)**	(12)
Actuarial gain on defined benefit superannuation plans	**1**	–
Other comprehensive (loss) for the year, net of tax	**(14)**	(15)
Total comprehensive income/(loss) for the year	**431**	(79)
Total comprehensive income/(loss) for the year attributable to:		
Equity holders of the parent entity	**431**	(79)
	431	(79)

As discussed in more detail in Note 1.2.2, the 2020 financial year includes the results of what were previously known as Woolworths' Drinks and Hotels businesses after they were transferred to, and merged with, Endeavour Group Limited on 2 February 2020 and 4 February 2020, respectively. Prior to this, only the results of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, are included.

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

Consolidated Statement of Changes in Equity

2021	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY				
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M
Balance at 28 June 2020	**4,033**	**(2)**	**(584)**	**(60)**	**3,387**
Profit for the year	**–**	**–**	**–**	**445**	**445**
Other comprehensive (loss)/income for the year, net of tax	**–**	**–**	**(15)**	**1**	**(14)**
Total comprehensive (loss)/income for the year, net of tax	**–**	**–**	**(15)**	**446**	**431**
Adjustment to issue of shares on Restructure [1]	**(158)**	**–**	**–**	**–**	**(158)**
Share-based payments expense	**–**	**–**	**10**	**–**	**10**
Dividends paid [2]	**–**	**–**	**–**	**(282)**	**(282)**
Balance at 27 June 2021	**3,875**	**(2)**	**(589)**	**104**	**3,388**

1 Refer to Note 3.1 for further information.
2 Refer to Note 4.2 for further information.

2020	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY				
	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED (LOSSES) $M	TOTAL $M
Balance at 30 June 2019	–	–	–	4	4
Loss for the year	–	–	–	(64)	(64)
Other comprehensive loss for the year, net of tax	–	–	(15)	–	(15)
Total comprehensive loss for the year, net of tax	–	–	(15)	(64)	(79)
Issue of shares on Restructure [1]	2,859	(2)	–	–	2,857
Issue of shares on Merger [1]	1,174	–	–	–	1,174
Transfers to reserves on Restructure and Merger	–	–	(569)	–	(569)
Balance at 28 June 2020	4,033	(2)	(584)	(60)	3,387

1 Refer to Note 1.2.2 for further information.

As discussed in more detail in Note 1.2.2, the 2020 financial year includes the activity of what were previously known as Woolworths' Drinks and Hotels businesses after they were transferred to, and merged with, Endeavour Group Limited on 2 February 2020 and 4 February 2020, respectively. Prior to this, only the activity of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, are included.

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

Consolidated Balance Sheet

	NOTE	2021 $M	2020 $M
Current assets			
Cash and cash equivalents		**437**	375
Trade and other receivables	3.1	**118**	346
Inventories		**1,213**	1,269
		1,768	1,990
Assets held for sale		**3**	3
Total current assets		**1,771**	1,993
Non-current assets			
Trade and other receivables	3.1	**41**	40
Other financial assets	3.2	**89**	84
Lease assets	3.3.1	**3,117**	2,983
Property, plant and equipment	3.4	**1,887**	1,843
Intangible assets	3.5	**3,845**	3,838
Deferred tax assets	3.7.3	**14**	14
Total non-current assets		**8,993**	8,802
Total assets		**10,764**	10,795
Current liabilities			
Trade and other payables	3.8	**1,280**	1,476
Lease liabilities	3.3.2	**429**	414
Borrowings	4.6	**1,714**	2
Current tax payable		**111**	34
Other financial liabilities	3.2	**–**	750
Provisions	3.9	**278**	210
Total current liabilities		**3,812**	2,886
Non-current liabilities			
Lease liabilities	3.3.2	**3,350**	3,197
Borrowings	4.6	**–**	1,081
Other financial liabilities		**3**	3
Provisions	3.9	**37**	33
Deferred tax liabilities	3.7.3	**171**	204
Other non-current liabilities		**3**	4
Total non-current liabilities		**3,564**	4,522
Total liabilities		**7,376**	7,408
Net assets		**3,388**	3,387
Equity			
Contributed equity	4.3	**3,873**	4,031
Reserves	4.4	**(589)**	(584)
Retained earnings/(losses)		**104**	(60)
Total equity		**3,388**	3,387

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	NOTE	2021 $M	2020 $M
Cash flows from operating activities			
Receipts from customers		**13,313**	4,663
Payments to suppliers and employees		**(11,772)**	(3,994)
Finance costs on borrowings paid		**(72)**	(21)
Payments for the interest component of lease liabilities		**(174)**	(73)
Income tax paid		**(181)**	(15)
Net cash provided by operating activities	4.5	**1,114**	560
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		**(279)**	(115)
Proceeds from the sale of businesses, net of cash disposed		**–**	7
Payments for the purchase of businesses, net of cash acquired		**(39)**	(61)
Net cash (used in) investing activities		**(318)**	(169)
Cash flows from financing activities			
Proceeds from other borrowings		**2**	1
Proceeds from borrowings with related parties		**1,765**	285
Repayment of borrowings with related parties		**(2,202)**	(285)
Repayment of lease liabilities		**(247)**	(91)
Dividends paid	4.2	**(52)**	(157)
Net cash (used in) financing activities		**(734)**	(247)
Net increase in cash and cash equivalents		**62**	144
Cash transferred on Restructure		**–**	221
Cash and cash equivalents at start of year		**375**	10
Cash and cash equivalents at end of year		**437**	375

As discussed in more detail in Note 1.2.2, the 2020 financial year includes the cash flows of what were previously known as Woolworths' Drinks and Hotels businesses after they were transferred to, and merged with, Endeavour Group Limited on 2 February 2020 and 4 February 2020, respectively. Prior to this, only the cash flows of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, are included.

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

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 1. Basis of preparation

1.1 Basis of preparation

Endeavour Group Limited (the 'Company') is a for-profit company, limited by shares, incorporated, and domiciled in Australia. The registered office and principal place of business of the Company is 26 Waterloo Street, Surry Hills NSW 2010.

The Financial Report of the Company is for the 52-week period ended 27 June 2021 (the 'financial year') and comprises the Company and its controlled entities (together referred to as the 'Group' or 'Endeavour Group'). The comparative period is for the 52-week period ended 28 June 2020.

The Financial Report was authorised for issue by the Directors on 8 September 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 and certain financial liabilities which have been measured at fair value, as explained in the accounting policies.

The accounting policies have been applied consistently to all years presented in the Consolidated Financial Statements, unless otherwise stated.

The Consolidated Financial Statements of the Group are general purpose financial statements, which have been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations. The Financial Report also complies with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The Company, previously named Pinnacle Liquor Group Pty Limited, changed its name to Endeavour Group Limited on 24 January 2020.

1.1.1 Deficiency in net current assets

As at 27 June 2021, the Group has a deficiency in net current assets of $2,041 million.

As noted in Note 6.4, on 28 June 2021 the Group entered into $2,500 million in external financing facilities with a maturity profile greater than one year in place. On the same date, funds were drawn down against these facilities to repay $1,712 million in outstanding related party loans and accrued interest payable to Woolworths Group Limited ('Woolworths') that were recognised as current liabilities as at 27 June 2021. The remaining undrawn external financing facilities may be drawn at any time, subject to the terms of the lending agreements. There are no ongoing loan arrangements with Woolworths.

As such, 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.

1.2 Significant accounting policies

1.2.1 Basis of consolidation

The Consolidated Financial Statements of the Group incorporate the assets, liabilities, and results of all subsidiaries as at and for the financial year ended 27 June 2021. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Intragroup balances and transactions, and any unrealised gains and losses arising from intragroup transactions, are eliminated in preparing the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 1. Basis of Preparation (continued)

1.2 Significant accounting policies (continued)

1.2.2 The Restructure, Merger and Demerger

The Restructure

On 2 February 2020, Woolworths completed an internal reorganisation (the 'Restructure') to create Endeavour Group, a distinct legal group holding the Woolworths' Drinks and Hotels Businesses, for which the Company is the parent. At the time of the Restructure, the Company was wholly owned by Woolworths. The operations, assets and liabilities comprising the Woolworths Drinks Business, previously held directly by Woolworths and its controlled entities (the 'Woolworths Group'), were transferred to Endeavour Group on Restructure, along with Woolworths' 75% ownership interest in ALH Group Pty Ltd (the 'ALH Group'), ownership in a number of other subsidiaries, and Woolworths' 8.7% ownership interest in ALE Property Group. Endeavour Group recognised a 25% non-controlling interest in ALH Group on completion of the Restructure.

The Restructure was considered a common control transaction, given Woolworths controlled the businesses and subsidiaries of Endeavour Group both before and after the Restructure. Common control transactions are excluded from the scope of AASB 3 *Business Combinations*. There is no specific guidance under Accounting Standards for the accounting treatment to be adopted for business combinations of entities under common control. AASB 108 *Accounting policies, Changes in Accounting Estimates and Errors* states that where there is no specifically applicable standard or interpretation, management is required to develop a policy that is relevant to the decision-making needs of users and that is reliable.

The Company adopted predecessor accounting for the Restructure, reflecting the assets and liabilities transferred at their predecessor (book) values as at the date of the Restructure on the basis it best reflected the substance of the transaction given Endeavour Group and its businesses remained controlled by Woolworths after completion of the Restructure and the Restructure was considered to be an internal group reorganisation within Woolworths Group. Further, no cash was paid to Woolworths as consideration for the Restructure, with the Company issuing new equity to Woolworths at an equivalent value to the book value of the assets and liabilities transferred. No goodwill arose as a result of the Restructure. Retained earnings of subsidiaries transferred from Woolworths Group to Endeavour Group up to the time of the Restructure are recognised in the Merger reserve of Endeavour Group.

The Merger

On 4 February 2020, following the successful completion of the Restructure, the Company acquired the 25% interest in ALH Group held by Bruce Mathieson Group ('BMG') (the 'Merger') in exchange for issuing BMG with new equity in the Company. Following the Merger, BMG held a 14.6% shareholding in Endeavour Group.

In accordance with AASB 10 *Consolidated Financial Statements*, the consideration transferred for the acquisition of BMG's 25% interest in ALH Group, being the new equity issued in the Company, was measured at fair value. The difference between the fair value of equity issued to BMG and the value of the non-controlling interest held in ALH Group was recognised in the Merger reserve.

In relation to the Restructure and Merger, the Company incurred $81 million in costs in the year ended 28 June 2020.The costs primarily relate to stamp duty arising on the Restructure and Merger transactions.

The Demerger

On 28 June 2021, Endeavour Group separated from Woolworths Group, with Woolworths making a distribution of 70.8% of Endeavour Shares to eligible Woolworths Group shareholders on a one-for-one basis (the 'Demerger'). The remaining 29.2% of Endeavour Shares were retained by BMG (14.6%) and Woolworths Group (14.6%).

In conjunction with the Demerger, on 24 June 2021, Endeavour Shares started to separately trade on the Australian Securities Exchange on a conditional and deferred settlement basis with normal settlement commencing on 1 July 2021 under the code 'EDV'.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 1. Basis of Preparation (continued)

1.2 Significant accounting policies (continued)

1.2.2 The Restructure, Merger and Demerger (continued)

Relevance of the Restructure, Merger and Demerger to the Consolidated Financial Statements

The results, assets and liabilities of Endeavour Group reported in these Consolidated Financial Statements reflect the consolidated position of Woolworths' Drinks and Hotels Businesses from the time of the Restructure. As a consequence, the F20 Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows reflect the results for these businesses from 3 February 2020 onwards, with the financial statements from 1 July 2019 to 2 February 2020 only reflecting the results of the Company, which during that period traded as a distributor of liquor products.

Movement tables included in these financial statements for leases, property, plant and equipment, intangible assets, and provisions reflect the assets and liabilities transferred to Endeavour Group on Restructure as 'transferred on Restructure'.

As the Demerger occurred on 28 June 2021 after the last day of the 2021 financial year, Endeavour Group's immediate and ultimate parent entity remains Woolworths Group Limited as of the reporting date. However, from 28 June 2021 to the date of this report, Endeavour Group Limited is the ultimate parent of Endeavour Group.

1.2.3 Inventories

Inventories are valued at the lower of cost and net realisable value.

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

1.2.4 Goods and Services Tax ('GST')

Revenue, expenses and assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST included. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or current liability in the Consolidated Balance Sheet.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

1.2.5 New and amended standards adopted by the Group

The Group has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting years 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 year or any prior year and are not likely to significantly affect future years.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 1. Basis of Preparation (continued)

1.2 Significant accounting policies (continued)

1.2.6 Standards on issue but not yet effective

As of the date of this report, the Group has not applied the following new and revised standards and amendments on issue but not yet effective that were available for early adoption and were applicable to the Group:

EFFECTIVE DATE	ADOPTION DATE[1]	REFERENCE	NEW STANDARD, INTERPRETATION AND AMENDMENTS
1 April 2021	28 June 2021	AASB 2021-3	*Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021*
1 January 2021	28 June 2021	AASB 2020-8	*Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
1 January 2022	27 June 2022	AASB 2020-3	*Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
1 January 2023	26 June 2023	AASB 2020-1	*Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
1 January 2023	26 June 2023	AASB 2021-2	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
1 January 2023	26 June 2023	AASB 2021-5	*Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

1 This represents the date the amendment is mandatorily effective for the Group. The Group may elect to early adopt the amendment.

The reported profit or loss and financial position of the Group are not expected to change on adoption of any of the amendments to current standards listed above, unless stated otherwise, as they do not result in a change to the Group's existing accounting policies.

1.3 Critical accounting estimates and judgements

In applying the Group's accounting policies, management are required to make estimates, judgements, and assumptions that affect amounts reported in this Financial Report. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from these estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the current or future financial years are included in the following notes:

- Note 3.3 – Leases.
- Notes 3.4 and 3.5 – Estimation of useful life of assets.
- Note 3.6 – Impairment of non-financial assets.
- Note 3.9 – Provisions.

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

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

2 Group performance

2.1 Revenue from the sale of goods and services

	2021 $M	2020 $M
Sale of goods in-store	**9,181**	3,529
Sale of goods online	**859**	277
Hotel-related goods and services	**1,417**	271
Other [1]	**138**	64
Total revenue from the sale of goods and services	**11,595**	4,141

1 Other mainly comprises sales by Pinnacle Drinks, which creates, manufactures and manages a portfolio of drinks brands.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

- The Group's revenue mainly comprises the sale of goods in-store and online, and hotel-related goods and services. Revenue is recognised when control of the goods has transferred to the customer or when the service is provided at an amount that reflects the consideration to which the Group expects to be entitled.
- For sale of goods in-store, control of the goods transfers to the customer at the point the customer purchases the goods in-store. For sale of goods online, control of the goods transfers to the customer at the point the goods are delivered to, or collected by, the customer. Where payment for the goods is received prior to control transferring to the customer, revenue recognition is deferred in contract liabilities within trade and other payables in the Consolidated Balance Sheet until the goods have been delivered to, or collected by, the customer.
- Hotel-related goods and services mainly comprises operational revenue pertaining to bars, dining, gaming and accommodation. Revenue is recognised when control of the goods has transferred to the customer or when the service is provided at an amount that reflects the consideration to which the Group expects to be entitled. For sale of goods, control of the goods transfers to the customer at the point the customer purchases the goods. Gaming revenue is recognised net of the amount of tax payable.

2.2 Segment disclosures

Operating segment reporting

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board of Directors 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:

- **Retail** [1] – Procurement and manufacture of drinks for sale to customers in Australia.
- **Hotels** – Provision of goods and services, including food and drinks, accommodation, entertainment, and gaming in Australia.
- **Other** – Consists of various group support functions, including central overhead costs.

There are varying levels of integration between the Retail and Hotels reportable segments. This includes the common usage of property, services and administration functions.

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

1 The 'Retail' segment was previously known as 'Endeavour Drinks'.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 2. Group performance (continued)

2.2 Segment disclosures (continued)

Operating segment reporting (continued)

The reportable segments were materially affected by COVID-19 during the financial year. A summary of impacts is noted below.

- **Retail** [1] – Sales and EBIT during the financial year reflect a continuation of in-home consumption, sparked by COVID-19 related restrictions and the closure of on-premise venues.
- **Hotels** – While some disruption to trading continued due to lockdowns, sales and EBIT growth in H2 benefitted from cycling a period where venues were closed for most of the final four months of 2020. The most significant impact of COVID-19 was in the key state of Victoria, where hotels re-entered lockdown in early July 2020 and re-opened in early November 2020 with capacity limits and trading restrictions in place, with further short-term snap lockdowns in both February and June 2021.

The Group operates primarily in Australia. The Group also operates in New Zealand, the results for which are immaterial to the Group.

2021	RETAIL[1] $M	HOTELS $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services	10,178	1,417	–	11,595
Segment revenue	10,178	1,417	–	11,595
Other revenue [2]	5	24	4	33
Total revenue	10,183	1,441	4	11,628
Earnings/(loss) before interest and tax	669	261	(31)	899
Finance costs				(247)
Profit before income tax				652
Income tax expense				(207)
Profit for the year				445
Depreciation and amortisation – lease assets	143	137	–	280
Depreciation and amortisation – non-lease assets	124	101	–	225
Capital expenditure [3]	160	149	3	312

1 The 'Retail' segment was previously known as 'Endeavour Drinks'.
2 Other revenue mainly comprises rental and commission revenue.
3 Capital expenditure comprises property, plant and equipment and intangible asset acquisitions, including when acquired as part of a business.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 2. Group performance (continued)

2.2 Segment disclosures (continued)

Operating segment reporting (continued)

2020[1]	RETAIL[3] $M	HOTELS $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services	3,870	271	–	4,141
Segment revenue	3,870	271	–	4,141
Other revenue [2]	3	6	–	9
Total revenue	3,873	277	–	4,150
Earnings/(loss) before interest and tax	206	(72)	(94)	40
Finance costs				(91)
Loss before income tax				(51)
Income tax expense				(13)
Loss for the year				(64)
Depreciation and amortisation – lease assets	55	55	–	110
Depreciation and amortisation – non-lease assets	47	41	–	88
Capital expenditure [4]	78	79	3	160

1 Certain comparatives have been re-presented to conform to the current period's presentation to better reflect the nature of the performance of the Group.
2 Other revenue mainly comprises rental and commission revenue.
3 The 'Retail' segment was previously known as 'Endeavour Drinks'.
4 Capital expenditure comprises property, plant and equipment and intangible asset acquisitions, including when acquired as part of a business.

2.3 Finance costs

	2021 $M	2020 $M
Interest expense – leases	**174**	73
Interest expense – non-leases [1]	**74**	18
Other	**(1)**	–
Total finance costs	**247**	91

1 Endeavour Group has borrowings with Woolworths, a related party. Finance costs incurred on these borrowings are set out in Note 5.3.2.

SIGNIFICANT ACCOUNTING POLICIES

Finance costs

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

3 Assets and liabilities

3.1 Trade and other receivables

	2021 $M	2020 $M
Current		
Trade receivables	**44**	49
Loss allowance	**(8)**	(3)
	36	46
Receivables from related parties [1]	**–**	228
Other receivables	**39**	35
	75	309
Prepayments	**43**	37
Total current trade and other receivables	**118**	346
Non-current		
Prepayments	**40**	40
Other	**1**	–
Total non-current trade and other receivables	**41**	40
Total trade and other receivables	**159**	386

1 A receivable was established with Woolworths at the time of the Restructure to fund the costs associated with the Restructure, Merger and Demerger of Endeavour Group from Woolworths Group. During the financial year, any costs incurred were set off against this receivable and any remaining unused balance was derecognised, resulting in an adjustment to share capital consistent with its original recognition.

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less a loss allowance. Trade and other receivables generally have terms of up to 30 days.

Impairment of trade and other receivables

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.2 Other financial assets and liabilities

	2021 $M	2020 $M
Non-current		
Listed equity securities	**87**	84
Other	**2**	–
Total non-current other financial assets	**89**	84
Current		
Term notes with related parties	**–**	750
Total current other financial liabilities	**–**	750

SIGNIFICANT ACCOUNTING POLICIES

Listed equity securities

The Group's investments in listed equity securities are designated as financial assets at fair value through other comprehensive income. Investments are initially measured at fair value net of transaction costs and, in subsequent years, are measured at fair value with any change recognised in other comprehensive income. The Group has made this election in order to mitigate exposure to the variability in fair value measurements through profit or loss. Upon disposal, the cumulative gain or loss recognised in other comprehensive income is transferred to retained earnings.

Note 3. Assets and liabilities (continued)

3.3 Leases

The Group leases various properties, equipment and vehicles. Property rental contracts are typically made for fixed periods of five to 35 years with up to 10 options of two to 12 years. Other lease contracts are typically made for fixed periods of one to four years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

3.3.1 Lease assets

2021	PROPERTIES $M	PLANT AND EQUIPMENT $M	TOTAL $M
Cost	**4,254**	**18**	**4,272**
Less: Accumulated depreciation and impairment	**(1,146)**	**(9)**	**(1,155)**
Carrying amount at end of year	**3,108**	**9**	**3,117**
Movement:			
Carrying amount at start of year	**2,970**	**13**	**2,983**
Additions	**77**	**2**	**79**
Terminations	**(2)**	**–**	**(2)**
Remeasurements	**339**	**–**	**339**
Depreciation expense	**(274)**	**(6)**	**(280)**
Other	**(2)**	**–**	**(2)**
Carrying amount at end of year	**3,108**	**9**	**3,117**

2020	PROPERTIES $M	PLANT AND EQUIPMENT $M	TOTAL $M
Cost	3,857	16	3,873
Less: Accumulated depreciation and impairment	(887)	(3)	(890)
Carrying amount at end of year	2,970	13	2,983
Movement:			
Carrying amount at start of year	–	–	–
Transfer on Restructure	2,971	9	2,980
Additions	33	6	39
Terminations	(4)	–	(4)
Remeasurements	79	(1)	78
Depreciation expense	(109)	(1)	(110)
Carrying amount at end of year	2,970	13	2,983

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.3 Leases (continued)

3.3.2 Lease liabilities

MATURITY PROFILE OF CONTRACTUAL UNDISCOUNTED CASH FLOWS	2021 $M	2020 $M
One year or less	**437**	419
One year to two years	**415**	413
Two years to five years	**1,055**	1,050
Five years to 10 years	**1,756**	1,643
Over 10 years	**1,509**	1,581
Total undiscounted lease liabilities	**5,172**	5,106

MOVEMENT IN LEASE LIABILITIES	2021 $M	2020 $M
Carrying amount at start of year	**3,611**	–
Transfer on Restructure	**–**	3,587
Additions	**79**	40
Terminations	**(3)**	(4)
Remeasurements	**339**	79
Interest expense	**174**	73
Payments for interest component of lease liabilities	**(174)**	(73)
Repayment of lease liabilities	**(247)**	(91)
Carrying amount at end of year	**3,779**	3,611
Current	**429**	414
Non-current	**3,350**	3,197
Total lease liabilities	**3,779**	3,611

Included in lease liabilities is $350 million (2020: $320 million) owing to Woolworths Group. Of this, $43 million (2020: $38 million) is owed within the next 12 months. During the financial year, Endeavour Group paid $54 million (2020: $23 million) in rental charges to Woolworths Group under lease arrangements between the two groups.

Commitments for leases not yet commenced

At 27 June 2021, the Group had committed to leases which had not yet commenced. Accordingly, these lease contracts are not included in the calculation of the Group's lease liabilities. The Group has estimated that the potential future lease payments for these lease contracts as at the end of the financial year would result in an increase in undiscounted lease liabilities of $48 million (2020: $34 million).

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.3 Leases (continued)

3.3.3 Other amounts recognised in the Consolidated Statement of Profit or Loss

YEAR ENDED 27 JUNE 2021	BRANCH EXPENSES $M	FINANCE COSTS $M
Interest expense on lease liabilities	**–**	**174**
Variable lease payments not included in the measurement of lease liabilities [1]	**21**	**–**
Expense relating to short-term leases	**5**	**–**

YEAR ENDED 28 JUNE 2020	BRANCH EXPENSES $M	FINANCE COSTS $M
Interest expense on lease liabilities	–	73
Variable lease payments not included in the measurement of lease liabilities [1]	2	–
Expense relating to short-term leases	2	–

1 Variable lease payments represent 4.4% (2020: 1.1%) of total lease payments.

3.3.4 Amounts recognised in the Consolidated Statement of Cash Flows

FOR THE YEAR ENDED	2021 $M	2020 $M
Payments for short-term leases, service components of leases, and variable payments (included in payments to suppliers and employees)	**(54)**	(15)
Payments for the interest component of lease liabilities	**(174)**	(73)
Repayment of lease liabilities	**(247)**	(91)
Total cash outflow for leases	**(475)**	(179)

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.3 Leases (continued)

SIGNIFICANT ACCOUNTING POLICIES

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits from an identified asset for a period of time in exchange for consideration. A lease liability and corresponding lease asset are recognised at commencement of the lease.

Lease liabilities

Lease liabilities are measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, at the Group's incremental borrowing rate specific to the lease term. Lease payments (excluding non-lease components) include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate.
- Amounts expected to be payable by the Group under residual value guarantees.
- Exercise price of a purchase option that the Group is reasonably certain to exercise.
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. When there is a change in lease term or a change in future lease payments, lease liabilities are remeasured, with a corresponding adjustment to lease assets.

Lease assets

Lease assets are initially measured at cost, comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs, and any restoration costs.

Lease assets are subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Lease assets are tested for impairment in accordance with the policy adopted for non-financial assets in Note 3.6.

Short-term leases

Short-term leases of 12 months or less are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred.

Non-lease components

Non-lease components of lease payments are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred and include items such as embedded property outgoings and repairs and maintenance.

Note 3. Assets and liabilities (continued)

3.3 Leases (continued)

CRITICAL ACCOUNTING ESTIMATES

Determining the lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. Extension options are most common for property leases. At the end of the financial year, the weighted average lease expiries for the portfolio of leases were:

	WEIGHTED AVERAGE LEASE EXPIRY [1]	
	2021 YEARS	2020 YEARS
Retail [2]	8.7	8.6
Hotels	14.6	15.0
Group	11.6	13.0

1 Represents the weighted average number of years from the end of the financial year to the end of the reasonably certain lease term.
2 The 'Retail' segment was previously known as 'Endeavour Drinks'.

During the current financial year, revising lease terms for exercising extension options resulted in an increase in recognised lease assets and lease liabilities of $286 million (2020: $34 million).

Determination of non-lease components

Determining the non-lease components of lease payments requires significant judgement. The Group separates the non-lease components for property leases based on a residual method using property outgoing market data and separates the non-lease components for other leases based on the individual contract breakdown of these costs or otherwise best estimate of these costs.

Discount rates

In calculating the lease liability, the lease payments are discounted using the rate implicit in the lease or the Group's incremental borrowing rate. Determining the incremental borrowing rate requires significant judgement. The discount rate is derived from key external market-based rates, the Group's credit margin, and the length of the lease.

At the end of the financial year, the weighted average incremental borrowing rate for the Group was 4.39% (2020: 4.65%).

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.4 Property, plant and equipment

2021	DEVELOPMENT PROPERTIES $M	FREEHOLD LAND, RETAIL, AND OTHER PROPERTIES $M	LEASEHOLD IMPROVEMENTS $M	PLANT AND EQUIPMENT $M	TOTAL $M
Cost	–	727	928	2,074	3,729
Less: accumulated depreciation, amortisation, and impairment	–	(114)	(363)	(1,365)	(1,842)
Carrying amount at end of year	–	613	565	709	1,887
Movement:					
Carrying amount at start of year	–	578	551	714	1,843
Additions	–	33	34	167	234
Acquisition of businesses	–	22	–	7	29
Disposals	–	–	(1)	(25)	(26)
Depreciation and amortisation expense	–	(9)	(36)	(140)	(185)
Impairment expense	–	(8)	–	–	(8)
Other transfers	–	(3)	17	(14)	–
Carrying amount at end of year	–	613	565	709	1,887

2020	DEVELOPMENT PROPERTIES $M	FREEHOLD LAND, RETAIL, AND OTHER PROPERTIES $M	LEASEHOLD IMPROVEMENTS $M	PLANT AND EQUIPMENT $M	TOTAL $M
Cost	–	672	871	1,945	3,488
Less: accumulated depreciation, amortisation, and impairment	–	(94)	(320)	(1,231)	(1,645)
Carrying amount at end of year	–	578	551	714	1,843
Movement:					
Carrying amount at start of year	–	–	–	–	–
Transfer on Restructure	7	541	554	712	1,814
Additions	–	4	15	61	80
Acquisition of businesses	–	32	–	3	35
Disposals	–	–	(4)	(6)	(10)
Depreciation and amortisation expense	–	(3)	(14)	(56)	(73)
Transfers to assets held for sale	–	(3)	–	–	(3)
Other transfers	(7)	7	–	–	–
Carrying amount at end of year	–	578	551	714	1,843

Note 3. Assets and liabilities (continued)

3.4 Property, plant and equipment (continued)

SIGNIFICANT ACCOUNTING POLICIES

Carrying value

The Group's property, plant and equipment are measured at cost less accumulated depreciation, amortisation, and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, and a proportion of overheads. The cost of development properties (those being constructed or developed for future use) includes borrowing, holding, and development costs until the asset is ready for its intended use.

Depreciation

Assets are depreciated on a straight-line basis over their estimated useful lives to their residual values. Leasehold improvements are amortised over the expected useful life of the improvement. Useful lives are reassessed each financial year. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets.

Expected useful lives are as follows:

Buildings	25–40 years
Plant and equipment	2.5–20 years
Leasehold improvements	Up to 25 years (retail properties) or 40 years (hotels)

Proceeds from sale of assets

The gross proceeds from asset sales are recognised at the date that an unconditional contract of sale is exchanged with the purchaser or when title passes. The net gain or loss is recognised in the Consolidated Statement of Profit or Loss.

Impairment

Property, plant and equipment are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.6.

CRITICAL ACCOUNTING ESTIMATES

Estimation of useful life of assets

Estimates of remaining useful lives require significant judgement as to the period over which an asset is expected to be available for use by the Group based on experience with similar assets. Useful lives are reviewed at least annually. Where useful lives are changed, the net written down value of the asset is depreciated or amortised from the date of the change in accordance with the revised useful life.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.5 Intangible assets

3.5.1 Carrying amounts of and movements in intangible assets

2021	GOODWILL $M	BRAND NAMES $M	LIQUOR, GAMING LICENCES, AND OTHER $M	SOFTWARE $M	TOTAL $M
Cost	**1,714**	**13**	**2,260**	**196**	**4,183**
Less: accumulated amortisation and impairment	**(16)**	**(1)**	**(228)**	**(93)**	**(338)**
Carrying amount at end of year	**1,698**	**12**	**2,032**	**103**	**3,845**
Movement:					
Carrying amount at start of year	**1,697**	**12**	**2,043**	**86**	**3,838**
Additions	**–**	**–**	**5**	**40**	**45**
Acquisition of businesses	**1**	**–**	**2**	**–**	**3**
Disposals, transfers and other	**–**	**–**	**(1)**	**–**	**(1)**
Amortisation expense	**–**	**–**	**(17)**	**(23)**	**(40)**
Carrying amount at end of year	**1,698**	**12**	**2,032**	**103**	**3,845**

2020	GOODWILL $M	BRAND NAMES $M	LIQUOR, GAMING LICENCES, AND OTHER $M	SOFTWARE $M	TOTAL $M
Cost	1,713	13	2,268	157	4,151
Less: accumulated amortisation and impairment	(16)	(1)	(225)	(71)	(313)
Carrying amount at end of year	1,697	12	2,043	86	3,838
Movement:					
Carrying amount at start of year	–	2	–	–	2
Transfer on Restructure	1,697	5	2,041	72	3,815
Additions	–	5	2	28	35
Acquisition of businesses	–	–	8	–	8
Disposals, transfers and other	–	–	(1)	(6)	(7)
Amortisation expense	–	–	(7)	(8)	(15)
Carrying amount at end of year	1,697	12	2,043	86	3,838

Note 3. Assets and liabilities (continued)

3.5 Intangible assets (continued)

3.5.2 Allocation of indefinite life intangible assets to cash-generating units

	GOODWILL		BRAND NAMES		LIQUOR AND GAMING LICENCES	
	2021 $M	2020 $M	2021 $M	2020 $M	2021 $M	2020 $M
Retail[1]	**963**	962	**12**	12	**1,021**	1,016
Hotels	**735**	735	**–**	–	**993**	991
Total indefinite life intangible assets	**1,698**	1,697	**12**	12	**2,014**	2,007

1 The 'Retail' segment was previously known as 'Endeavour Drinks'.

SIGNIFICANT ACCOUNTING POLICIES

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Where acquired in a business combination, cost represents the fair value at the date of acquisition.

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

Brand names	Indefinite useful life
Liquor and gaming licences	Indefinite useful life
Victorian gaming entitlements	10 years
Software	Five to 10 years for core systems; three to five years for non-core systems
Other (primarily property development rights)	Indefinite or finite up to 20 years

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in Note 3.6.

CRITICAL ACCOUNTING ESTIMATES

Estimation of useful life of assets

Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability, and continuing support. Brand names incorporate complementary assets such as store formats, networks, and product offerings. Liquor and gaming licences (excluding Victorian gaming entitlements) have been assessed to have an indefinite useful life on the basis that the licences are expected to be renewed in line with ongoing regulatory requirements.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.6 Impairment of non-financial assets

The Group's impairment testing is performed at both a total business unit level (group of CGUs) and individual CGU level. The Group has assessed the carrying amounts of property, plant and equipment, lease assets, goodwill and intangible assets and no impairments were recognised at a total business unit level. At an individual CGU level, $8 million in impairment related to Hotels was recognised during the financial year (2020: $nil).

SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

The carrying amounts of the Group's lease assets (refer to Note 3.3), property, plant and equipment (refer to Note 3.4), goodwill, and intangible assets (refer to Note 3.5), are reviewed for impairment as follows:

Lease assets, property, plant and equipment and finite life intangibles	When there is an indication that the asset may be impaired (assessed at least each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed
Goodwill and indefinite life intangibles	At least annually and when there is an indication that the asset may be impaired

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose. For an asset that does not generate largely independent cash inflows, the recoverable amount is assessed at the cash-generating unit (CGU) level, which is the smallest group of assets generating cash inflows independent of other CGUs that benefit from the use of the respective asset. Goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments and grouped at the lowest levels for which goodwill is monitored for internal management purposes.

Recoverable amounts are determined using internal value in use assessments and independent property valuations.

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

Impairment losses recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis to their carrying amounts.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.6 Impairment of non-financial assets (continued)

CRITICAL ACCOUNTING ESTIMATES

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

In assessing value in use (VIU), estimated future cash flows are based on the Group's most recent Board approved business plan covering a period not exceeding five years. The financial year 2022 Board approved business plan is for Years 1 to 3. For impairment testing purposes cash flows for Year 4 and beyond are extrapolated using estimated long-term growth rates.

Long-term growth rates are based on past experience, expectations of external market operating conditions, and other assumptions which take account of the specific features of each business unit.

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

The rates used in determining recoverable amounts are set out below:

	2021 %	2020 %
Long-term growth rate	**2.5**	2.5
Pre-tax discount rate	**10.3 – 13.0**	9.7 – 12.9

The carrying value of assets subject to impairment testing includes lease assets, property, plant and equipment, intangibles, inventories, and other working capital balances. Inventories are carried at the lower of cost or net realisable value.

The Group considers that any reasonably possible change in the key assumptions applied would not cause the carrying value of assets to exceed their recoverable amount and result in a material impairment based on current economic conditions and CGU performance.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.7 Income taxes

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

	2021 $M	2020 $M
Current tax expense	**260**	36
Deferred tax relating to the origination and reversal of temporary differences	**(53)**	(23)
Income tax expense	**207**	13

3.7.2 Reconciliation between profit before income tax and income tax expense

	2021 $M	2020 $M
Profit/(loss) before income tax	**652**	(51)
Income tax expense/(benefit) using the Australian corporate tax rate of 30%	**196**	(15)
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:		
Non-deductible expenses	**9**	27
Other	**2**	1
Income tax expense	**207**	13

The effective tax rate of the Group in 2021 was 31.8% (2020: (25.5%)).

3.7.3 Deferred tax balances recognised in the Consolidated Balance Sheet

2021	OPENING BALANCE $M	RECOGNISED IN PROFIT OR LOSS $M	RECOGNISED IN OTHER COMPREHENSIVE INCOME $M	ACQUISITIONS AND OTHER $M	CLOSING BALANCE $M
Deferred tax assets					
Property, plant and equipment	**70**	**14**	**–**	**–**	**84**
Provisions and accruals	**93**	**32**	**–**	**–**	**125**
Lease liabilities	**1,301**	**(168)**	**–**	**–**	**1,133**
Tax losses	**4**	**(1)**	**–**	**–**	**3**
Total deferred tax assets	**1,468**	**(123)**	**–**	**–**	**1,345**
Deferred tax liabilities					
Other non-current financial assets	**–**	**–**	**(16)**	**–**	**(16)**
Intangible assets	**(549)**	**–**	**–**	**(1)**	**(550)**
Lease assets	**(1,106)**	**171**	**–**	**–**	**(935)**
Prepayments	**–**	**(1)**	**–**	**–**	**(1)**
Other	**(3)**	**6**	**–**	**(3)**	**–**
Total deferred tax liabilities	**(1,658)**	**176**	**(16)**	**(4)**	**(1,502)**
Net deferred tax (liability)/asset	**(190)**	**53**	**(16)**	**(4)**	**(157)**

Note 3. Assets and liabilities (continued)

3.7 Income taxes (continued)

3.7.3 Deferred tax balances recognised in the Consolidated Balance Sheet (continued)

	2021 $M	2020 $M
Deferred tax assets	**14**	14
Deferred tax liability	**(171)**	(204)
Net deferred tax (liability)	**(157)**	(190)

2020	OPENING BALANCE $M	TRANSFER ON RESTRUCTURE $M	RECOGNISED IN PROFIT OR LOSS $M	ACQUISITIONS AND OTHER $M	CLOSING BALANCE $M
Deferred tax assets					
Property, plant and equipment	–	69	1	–	70
Provisions and accruals	–	86	7	–	93
Lease liabilities	–	1,130	171	–	1,301
Tax losses	–	–	4	–	4
Total deferred tax assets	–	1,285	183	–	1,468
Deferred tax liabilities					
Intangible assets	–	(547)	–	(2)	(549)
Lease assets	–	(951)	(155)	–	(1,106)
Prepayments	–	1	(1)	–	–
Other	–	–	(4)	1	(3)
Total deferred tax liabilities	–	(1,497)	(160)	(1)	(1,658)
Net deferred tax asset/(liability)	–	(212)	23	(1)	(190)

Unrecognised deferred tax losses

At the reporting date, the Group has unused capital losses of $9 million (2020: $9 million) available for offset against future capital gains. A deferred tax asset has not been recognised in association with these capital losses as it is not probable that there will be sufficient capital gains available against which these capital losses can be utilised in the foreseeable future.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.7 Income taxes (continued)

3.7.4 Tax consolidation

The Company and its wholly owned Australian resident subsidiaries have not elected to form an income tax consolidated group as at the reporting date, which means that they are each separate income taxpayers.

SIGNIFICANT ACCOUNTING POLICIES

Income tax expense in the Consolidated Statement of Profit or Loss for the financial year presented comprises current and deferred tax.

Income tax is recognised in the Consolidated Statement of Profit or Loss except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax is also recognised in other comprehensive income, or directly in equity, respectively.

Current tax

Current tax payable represents the amount expected to be paid to taxation authorities on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the year in which the liability is settled, or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.8 Trade and other payables

	2021 $M	2020 $M
Trade payables	**889**	950
Payables to related parties	**85**	182
Accruals	**303**	342
Contract liabilities	**3**	2
Total trade and other payables	**1,280**	1,476

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade payables are non-interest bearing and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contract liabilities

Contract liabilities represent consideration received for performance obligations not yet satisfied. Revenue is recognised when the associated performance obligation is satisfied. Substantially all revenue deferred at reporting date will be recognised in the following year.

3.9 Provisions

	2021 $M	2020 $M
Current		
Employee benefits	**144**	124
Team member remediation	**102**	50
Self-insured risks	**22**	24
Onerous contracts and other	**10**	12
Total current provisions	**278**	210
Non-current		
Employee benefits	**15**	13
Self-insured risks	**22**	20
Total non-current provisions	**37**	33
Total provisions	**315**	243

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 3. Assets and liabilities (continued)

3.9 Provisions (continued)

Movements in total self-insured risks, onerous contracts and other provisions

	SELF-INSURED RISKS		ONEROUS CONTRACT AND OTHER[1]	
	2021 $M	2020 $M	2021 $M	2020 $M
Movement:				
Balance at start of year	**44**	–	**12**	–
Transferred on Restructure	**–**	45	**–**	45
Net provisions recognised/(reversed)	**30**	11	**–**	8
Cash payments	**(10)**	(3)	**(2)**	(41)
Other	**(20)**	(9)	**–**	–
Balance at end of year	**44**	44	**10**	12
Current	**22**	24	**10**	12
Non-current	**22**	20	**–**	–
Balance at end of year	**44**	44	**10**	12

1 Endeavour Group did not recognise any restructuring costs in the current financial year related to internal restructuring activities (2020: $6 million).

SIGNIFICANT ACCOUNTING POLICIES

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made as to the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave.

Liabilities expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Self-insurance

The provision for self-insured risks primarily represents the estimated liability for workers' compensation and public liability claims.

Note 3. Assets and liabilities (continued)

3.9 Provisions (continued)

CRITICAL ACCOUNTING ESTIMATES

Discount rates

Where a provision is measured using the cash flows estimated to settle the obligation, with the exception of employee benefits, the cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Employee benefits are discounted by reference to market yields at the end of the financial year on high quality corporate bonds. Rates are reviewed periodically and given the nature of the estimate, reasonably possible changes are not considered likely to have a material impact.

Employee benefits assumptions

In estimating the value of employee benefits, consideration is given to expected future salary and wage levels (including on-cost rates), experience of employee departures, and periods of service. The assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Included in Employee benefits are amounts relating to salaried team member remediation. The calculations of the salary payment shortfall involve a substantial volume of data, a high degree of complexity, interpretation and estimation.

Team salary and wage remediation

In June 2020, the Group identified salary payment shortfalls for salaried team members relating to our Retail and Hotels segments under the General Retail Industry Award (GRIA) and Hospitality Industry General Award (HIGA). Furthermore, during the 2021 financial year, possible underpayments in relation to hourly paid waged team members covered by the HIGA and the BWS Enterprise Agreement have also been identified. The Group has continued to review all relevant periods over which the payment shortfalls related and for which electronic records existed and this work is ongoing.

The calculations of the payment shortfalls involve a substantial volume of data, a high degree of complexity, interpretation, estimates, statistical extrapolations and are subject to further analysis. Determining the liability and amount of the historical payment shortfall requires consideration of numerous clauses of the GRIA and/or HIGA or relevant agreement, which translates into numerous decision rules across each year of the review. Changes to any of these variables have the potential to result in future adjustment to the provision in subsequent periods as analysis and work continues. On final determination of the payment shortfalls the Group will need to consider the extent to which identified payment shortfalls relate to current or prior periods.

As disclosed is Note 6.2 Employee benefits, the current year profit or loss charge pertaining to team salary and wage remediation is $52 million.

Actuarial assumptions

Self-insurance provisions are determined based on independent actuarial assessments, which consider numbers, amounts, and duration of claims and allow for future inflation and investment returns. Allowance is included for injuries which occurred before the reporting date, but where the claim is expected to be notified after the reporting date. The assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Onerous contracts

Provisions for onerous leases are recognised based on the lower of the estimated unavoidable net costs of meeting all leases and other obligations under the stores and associated contracts, and management’s best estimate of the compensation expected to be payable to landlords and other third parties as a result of early termination of contracts. Estimates differ depending on the rent, location, lease exit terms, sublease income, and management’s assessment of the timing and likely termination costs.

Any changes in the estimates and judgements of the provision in future years will be recognised in the Group’s profit or loss.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management

4.1 Earnings per share

	2021	2020
Profit/(loss) for the year attributable to equity holders of the parent entity used in earnings per share ($M)	**445**	(64)
Weighted average number of shares used in earnings per share – Basic and diluted (shares, millions) [1,2]	**1,791**	727
Basic and diluted earnings/(loss) per share (cents per share)	**24.8**	(8.8)

1 Weighted average number of shares has been adjusted to remove shares held in trust by Endeavour Custodian Pty Ltd (as trustee of the employee share trust). The impact of their exclusion results in an insignificant difference between basic and diluted earnings/(loss) per share.
2 The weighted average number of shares used in earnings per share in 2021 and 2020 has been retrospectively adjusted to reflect the change in outstanding ordinary shares that occurred via the share split completed in the 2021 financial year.

4.2 Dividends

	2021			2020[1]		
	CENTS PER SHARE	TOTAL AMOUNT $M	PAYMENT DATE	CENTS PER SHARE	TOTAL AMOUNT $M	PAYMENT DATE
Current year interim [2]	**53.8**	**269**	**17 May 2021**	–	–	–
Prior year final	**2.6**	**13**	**18 September 2020**	–	–	–
Dividends declared and paid during the year	**56.4**	**282**		–	–	

1 Prior to the Merger on 4 February 2020, ALH Group declared a dividend of $157 million which was subsequently paid on 6 March 2020 and is reflected in the Group's Consolidated Statement of Cash Flows.
2 Of the $269 million interim dividend declared and paid in the financial year, $39 million was settled in cash with BMG and $230 million was settled via borrowings with Woolworths. Total dividends paid in cash in F21 was $52 million, $39 million related to the current year interim dividend and $13 million related to the prior year final dividend.

All dividends paid were fully franked at a 30% tax rate.

On 26 August 2021, the Board of Directors determined to pay a final dividend in respect of the financial year ended 27 June 2021 of 7.0 cents per ordinary share fully franked at a 30% tax rate (28 June 2020: $13 million fully franked at a 30% tax rate). As the dividend was not determined to be paid until after 27 June 2021, no provision has been recognised at 27 June 2021.

Franking credit balance

	2021 $M	2020 $M
Franking credits available for future financial years (tax paid basis, 30% tax rate)	**692**	552

The above amount represents that balance of the franking accounts at the end of the financial year, adjusted for:

– Franking credits that will arise from the payment of income tax payable at the end of the financial year.

– Franking debits that will arise from the payment of dividends provided at the end of the financial year.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.3 Contributed equity

	2021		2020	
SHARE CAPITAL	**NUMBER**	**$M**	**NUMBER**	**$M**
1,790,980,017 fully paid ordinary shares (2020: 500,000,000)				
Movement:				
Balance at start of year	**500,000,000**	**4,033**	2	–
Issue of/adjustments to the issue of shares on Restructure	**–**	**(158)**	426,999,998	2,859
Issue of shares on Merger	**–**	**–**	73,000,000	1,174
Share split [1]	**1,290,980,017**	**–**	–	–
Balance at end of year	**1,790,980,017**	**3,875**	500,000,000	4,033
TREASURY SHARES				
Movement:				
Balance at start of year	**(100,000)**	**(2)**	–	–
Issue of shares on Restructure	**–**	**–**	(100,000)	(2)
Balance at end of year	**(100,000)**	**(2)**	(100,000)	(2)
Contributed equity at end of year	**1,790,880,017**	**3,873**	499,900,000	4,031

1 On 25 June 2021, in advance of the Demerger, the Company increased its number of ordinary shares from 500,000,000 to 1,790,980,017 via a share split.

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

4.4 Reserves

2021	CASH FLOW HEDGE RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	REMUNERATION RESERVE $M	EQUITY INSTRUMENT RESERVE $M	MERGER RESERVE $M	TOTAL $M
Balance at start of year	**(2)**	**(1)**	**–**	**(12)**	**(569)**	**(584)**
Effective portion of changes in the fair value of cash flow hedges, net of tax	**2**	**–**	**–**	**–**	**–**	**2**
Share-based payments expense	**–**	**–**	**10**	**–**	**–**	**10**
Change in the fair value of investments in equity securities, net of tax	**–**	**–**	**–**	**(17)**	**–**	**(17)**
Balance at end of year	**–**	**(1)**	**10**	**(29)**	**(569)**	**(589)**

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.4 Reserves (continued)

2020	CASH FLOW HEDGE RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	REMUNERATION RESERVE $M	EQUITY INSTRUMENT RESERVE $M	MERGER RESERVE $M	TOTAL $M
Balance at start of year	–	–	–	–	–	–
Effective portion of changes in the fair value of cash flow hedges, net of tax	(2)	–	–	–	–	(2)
Foreign currency translation of foreign operations, net of tax	–	(1)	–	–	–	(1)
Issue of shares on Merger	–	–	–	–	(1,174)	(1,174)
ALH Group non-controlling interest transferred to Merger reserve on Merger	–	–	–	–	261	261
Retained earnings of subsidiaries transferred on Restructure	–	–	–	–	344	344
Change in the fair value of investments in equity securities	–	–	–	(12)	–	(12)
Balance at end of year	(2)	(1)	–	(12)	(569)	(584)

SIGNIFICANT ACCOUNTING POLICIES

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in the Consolidated Statement of Profit or Loss when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy. Refer to Note 4.7 for details of hedging.

Foreign currency translation reserve (FCTR)

FCTR comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

Remuneration reserve

The remuneration reserve comprises the fair value of Endeavour Group share-based payment plans recognised as an expense in the Consolidated Statement of Profit and Loss.

Equity instrument reserve

The equity instrument reserve arises on the revaluation of investments in listed equity securities. Subsequent to initial recognition, these investments are measured at fair value with any changes recognised in other comprehensive income. Upon disposal, the cumulative gain or loss recognised in other comprehensive income is transferred to retained earnings.

Merger reserve

See Note 1.2.2 for details of the Restructure and Merger that gives rise to the Merger reserve.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.5 Cash and cash equivalents

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

	2021 $M	2020 $M
Profit/(loss) for the year	**445**	(64)
Adjustments for:		
Depreciation and amortisation	**505**	198
Impairment	**8**	–
Net loss on disposal and write-off of property, plant and equipment	**27**	20
Other	**14**	5
Changes in:		
Decrease in trade and other receivables	**5**	52
Decrease in inventories	**61**	131
(Decrease)/increase in trade payables	**(59)**	62
Increase in other payables	**12**	154
Increase in provisions	**72**	4
(Decrease) in deferred taxes	**(53)**	(25)
Increase in current tax payable	**77**	23
Net cash provided by operating activities	**1,114**	560

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

4.6 Borrowings

4.6.1 Movements in borrowings

2021	OPENING BALANCE $M	NON-CASH MOVEMENTS $M	NET CASH MOVEMENTS $M	CLOSING BALANCE $M
Current, unsecured				
Loans from related parties	–	2,147	(437)	1,710
Bank loans	2	–	2	4
Total current borrowings	**2**	**2,147**	**(435)**	**1,714**
Non-current, unsecured				
Loans from related parties	1,081	(1,081)	–	–
Total non-current borrowings	**1,081**	**(1,081)**	**–**	**–**
Total borrowings	**1,083**	**1,066**	**(435)**	**1,714**

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.6 Borrowings (continued)

4.6.1 Movements in borrowings (continued)

2020	OPENING BALANCE $M	TRANSFER ON RESTRUCTURE $M	NON-CASH MOVEMENTS $M	NET CASH MOVEMENTS $M	CLOSING BALANCE $M
Current, unsecured					
Loans from related parties	–	1,081	(1,081)	–	–
Bank loans	–	1	–	1	2
Total current borrowings	–	1,082	(1,081)	1	2
Non-current, unsecured					
Loans from related parties	–	–	1,081	–	1,081
Total non-current borrowings	–	–	1,081	–	1,081
Total borrowings	–	1,082	–	1	1,083

4.6.2 Composition of debt

		NOTIONAL VALUE		CARRYING VALUE	
	MATURITY	2021 $M	2020 $M	2021 $M	2020 $M
Loans from related parties (current)					
Loans from related parties [1]	30 June 2021	**1,710**	1,081	**1,710**	1,081
Total		**1,710**	1,081	**1,710**	1,081
Bank loans (current)					
Bank loans	31 January 2022	**4**	2	**4**	2
Total		**4**	2	**4**	2

1 Refer to Note 6.4 for further discussion regarding the repayment of this outstanding loan with related parties.

SIGNIFICANT ACCOUNTING POLICIES

Borrowings

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

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.7 Financial risk management

During the financial year Woolworths Group's treasury function was responsible for managing the Company's liquidity, funding, and capital requirements, and identifying and managing financial risks relating to the Group's operations. These financial risks include:

- Market risk (refer to Note 4.7.1).
- Liquidity risk (refer to Note 4.7.2).
- Credit risk (refer to Note 4.7.3).

During the year and while the ultimate parent entity of the Group was Woolworths, the Group adhered to the Woolworths Group treasury policy approved by the Woolworths Group Board of Directors, which set written principles on liquidity risk, interest rate risk, foreign exchange risk, credit risk, and the use of derivatives for hedging purposes. The Woolworths Group treasury function reports on its compliance with the policy to the Woolworths Group Board of Directors and such compliance is reviewed periodically by the Woolworths Group's internal auditors.

The Group holds various types of derivatives to hedge its exposures to variability in foreign exchange rates.

The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

4.7.1 Market risk

(i) Interest rate risk

Interest rate risk is the risk that a change in interest rates may negatively impact the Group's cash flow or profitability because the Group's borrowings reset directly in accordance with interest rate benchmarks or reset regularly to current rates influenced by interest rate benchmarks. The risk is minimal to the Group given its borrowings are primarily held with related parties at fixed interest rates.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that a change in foreign exchange rates may negatively impact the Group's cash flow or profitability because the Group has an exposure to a foreign currency or has foreign currency denominated obligations.

To hedge against the majority of this exposure, the Group uses approved derivatives to hedge up to 100% of the risk. The exposure to purchases of inventory in foreign currencies is primarily managed through forward exchange contracts. These are designated as cash flow hedges and the Group has established a 100% hedge relationship against identified exposures during the year.

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

(iii) Hedging arrangements

At the reporting date, the fair value and notional amounts of derivatives entered into for hedging purposes for the Group are:

	NOTIONAL VALUE		FAIR VALUE ASSET		FAIR VALUE LIABILITY	
	2021 $M	2020 $M	2021 $M	2020 $M	2021 $M	2020 $M
Cash flow hedges						
Forward exchange contracts [1]	–	85	–	–	–	2
Total	–	85	–	–	–	2

1 There were no forward exchange contracts at 27 June 2021 in order to prepare for the separation of Woolworths' and Endeavour's treasury functions on Demerger.

Forward exchange contracts and foreign currency options

At the reporting date, the Group did not have any forward exchange contracts hedging anticipated purchases of inventory and equipment. Therefore, the net amount of unrealised losses related to forward exchange contracts is $nil (2020: $2 million).

During the financial year all hedge relationships were assessed as highly effective with insignificant hedge ineffectiveness and a gain of $2 million (2020: $2 million loss) recognised in the hedge reserve.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.7 Financial risk management (continued)

4.7.1 Market risk (continued)

(iv) Cash flow hedge reserve

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

	2021 $M	2020 $M
Balance at the start of year	**2**	–
Gain/loss arising on changes in fair value of hedging instruments entered into for cash flow hedges:		
Forward exchange contracts and foreign currency options	**(2)**	2
Cash flow hedge reserve	**–**	2

(v) Sensitivity analysis

At the reporting date, the Group's exposure to interest rate risk is not considered material. At reporting date, the Group's exposure to foreign currency risk after taking into consideration hedges of foreign currency payables and forecast foreign currency transactions is not considered material.

4.7.2 Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient cash balances and access to funding sources to meet its cash obligations. This risk arises through the possibility that unusually large amounts may fall due for payment, there is an interruption to cash inflows due to technology incidents or banking system interruption, or there is an interruption to funding sources and markets.

The treasury policy has set an appropriate liquidity risk management framework for short, medium, and long-term funding requirements.

At reporting date, the Group had $2,725 million (2020: $1,975 million) in financing facilities in place with Woolworths with undrawn committed facilities of $1,015 million (2020: $894 million) available. These facilities were subject to certain financial covenants and undertakings. No covenants have been breached during the financial year.

Post reporting date, the facilities with Woolworths noted above were replaced with external financing facilities as detailed in Note 6.4.

The following tables detail the Group's undiscounted non-derivative and derivative liabilities and their contractual maturities. The maturity profile of the Group's undiscounted lease liabilities is disclosed in Note 3.3.2.

2021	ONE YEAR OR LESS $M	ONE TO TWO YEARS $M	TOTAL $M
Non-derivative liabilities			
Loans from related parties	**1,710**	**–**	**1,710**
Bank loans	**4**	**–**	**4**
Trade and other payables [1]	**1,277**	**–**	**1,277**
Total	**2,991**	**–**	**2,991**

1 Excludes contract liabilities.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.7 Financial risk management (continued)

4.7.2 Liquidity risk (continued)

2020	ONE YEAR OR LESS $M	ONE TO TWO YEARS $M	TOTAL $M
Non-derivative liabilities			
Loans from related parties	–	1,081	1,081
Bank loans	2	–	2
Trade and other payables [1]	1,476	–	1,476
Total	1,478	1,081	2,559
Derivative liabilities			
Foreign exchange contracts	2	–	2
Total	2	–	2

1 Excludes contract liabilities.

Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at the reporting date.

4.7.3 Credit risk

Credit risk is the risk that counterparties who may be required to pay monies to the Group may fail and therefore not be able to make those payments.

Under the policy, the Group can only invest short-term surplus funds or execute derivatives with approved counterparty banks and financial institutions that are rated BBB+ or higher by Standard & Poor's (or equivalent with other rating agencies).

The recognised financial assets of the Group include amounts receivable arising from unrealised gains on derivatives. For derivatives which are deliverable, credit risk may also arise from the potential failure of the counterparties to meet their obligations under the respective contracts at maturity.

At the reporting date, no material credit risk exposure existed in relation to potential counterparty failure. Other than the loss allowance recognised in relation to trade and other receivables in Note 3.1, no financial assets were impaired or past due.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 4. Capital structure, financing, and risk management (continued)

4.7 Financial risk management (continued)

4.7.4 Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each financial year. The following table provides information about how the fair values of these financial assets and financial liabilities are determined. They are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		FAIR VALUE ASSET		FAIR VALUE LIABILITY		
	NOTE	2021 $M	2020 $M	2021 $M	2020 $M	FAIR VALUE HIERARCHY
Listed equity securities	3.2	**87**	84	**–**	–	Level 1

There were no transfers between Level 1 and Level 2 during the financial year.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis. The carrying value of cash and cash equivalents, financial assets, bank and other loans, and non-interest bearing monetary financial liabilities of the Group approximate their fair value.

4.8 Commitments for capital expenditure

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

	2021 $M	2020 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**14**	18
Total capital expenditure commitments	**14**	18

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

5 Group structure

5.1 Subsidiaries

Deed of cross guarantee

On 4 February 2020 Endeavour Group Limited and its wholly owned subsidiaries at the time (together referred to as the Closed Group) entered into a Deed of Cross Guarantee (the Deed), as defined in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (the Instrument). The effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

Pursuant to the Instrument, the wholly owned subsidiaries within the Closed Group are relieved from the requirement to prepare, audit, and lodge separate financial reports.

COMPANY	
Aceridge Pty Limited	Jimmy Brings Australia Pty Limited
ALH Group Pty Ltd	Management (BMG) Pty Ltd
ALH Group Property Holdings Pty Ltd	Manningham Hotel (BMG) Pty Ltd
Auspubs Pty Ltd	MGW Hotels Pty Ltd
Australian Leisure and Hospitality Group Pty Limited	Pinnacle Wines Pty Limited
Chapel Hill Winery Pty Ltd	Playford Tavern Pty Ltd
Club Management (BMG) Pty Ltd	Taverner Hotel Group Pty Ltd
Dorrien Estate Winery Pty Ltd	The Common Link Pty Ltd
E.G. Functions Pty Ltd	Vicpoint Pty Ltd
Elizabeth Tavern Pty Ltd	Vinpac International Pty Limited
Endeavour Custodian Pty Ltd	Warm Autumn Pty Ltd
Hadwick Pty Ltd	

In addition to the subsidiaries included in the Closed Group noted above, Endeavour Group International (NZ) Limited (100% owned) and Shorty's Liquor CBD Pty Limited (80% owned) are consolidated subsidiaries of Endeavour Group Limited for the entire financial year ended 27 June 2021.

The Company's investment in Shorty's Liquor CBD Pty Limited results in the recognition of an insignificant non-controlling interest.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 5. Group Structure (continued)

5.1 Subsidiaries (continued)

Deed of cross guarantee (continued)

A Statement of Profit or Loss and retained earnings, and Balance Sheet for the entities which are party to the Deed at the reporting date are as follows:

Statement of Profit or Loss and retained earnings

	2021 $M	2020 $M
Revenue from the sale of goods and services	**11,563**	4,129
Cost of sales	**(7,901)**	(3,022)
Gross profit	**3,662**	1,107
Other revenue	**33**	9
Branch expenses	**(2,193)**	(693)
Administration expenses	**(603)**	(383)
Earnings before interest and tax	**899**	40
Finance costs	**(247)**	(91)
Profit/(loss) before income tax	**652**	(51)
Income tax expense	**(206)**	(13)
Profit/(loss) for the year	**446**	(64)

	2021 $M	2020 $M
Retained earnings/(losses)		
Balance at start of year	**(60)**	4
Profit/(loss) for the year	**446**	(64)
Dividends paid	**(282)**	–
Actuarial gain on defined benefit superannuation plans, net of tax	**1**	–
Other	**(3)**	–
Balance at end of year	**102**	(60)

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 5. Group Structure (continued)

5.1 Subsidiaries (continued)

Deed of cross guarantee (continued)

Balance Sheet

	2021 $M	2020 $M
Current assets		
Cash and cash equivalents	**435**	373
Trade and other receivables	**116**	343
Inventories	**1,202**	1,257
	1,753	1,973
Assets held for sale	**3**	3
Total current assets	**1,756**	1,976
Non-current assets		
Trade and other receivables	**40**	40
Other financial assets	**121**	116
Lease assets	**3,117**	2,983
Property, plant and equipment	**1,876**	1,831
Intangible assets	**3,829**	3,823
Deferred tax assets	**13**	14
Total non-current assets	**8,996**	8,807
Total assets	**10,752**	10,783
Current liabilities		
Trade and other payables	**1,276**	1,470
Lease liabilities	**428**	414
Borrowings	**1,710**	–
Current tax payable	**111**	33
Other financial liabilities	**–**	750
Provisions	**278**	210
Total current liabilities	**3,803**	2,877
Non-current liabilities		
Lease liabilities	**3,350**	3,197
Borrowings	**–**	1,081
Other financial liabilities	**3**	–
Provisions	**37**	33
Deferred tax liabilities	**171**	204
Other non-current liabilities	**3**	4
Total non-current liabilities	**3,564**	4,519
Total liabilities	**7,367**	7,396
Net assets	**3,385**	3,387
Equity		
Contributed equity	**3,873**	4,031
Reserves	**(590)**	(584)
Retained earnings/(losses)	**102**	(60)
Total equity	**3,385**	3,387

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 5. Group Structure (continued)

5.2 Parent entity information

Financial information for the parent entity, Endeavour Group Limited, is as follows:

	2021 $M	2020 $M
Assets		
Current assets	**1,845**	1,639
Non-current assets	**6,079**	6,058
Total assets	**7,924**	7,697
Liabilities		
Current liabilities	**2,781**	2,057
Non-current liabilities	**951**	1,658
Total liabilities	**3,732**	3,715
Equity		
Contributed equity	**3,873**	4,031
Reserves		
Cash flow hedge reserve	**–**	(1)
Remuneration reserve	**10**	–
Equity instrument reserve	**(29)**	(12)
Retained earnings/(losses)	**338**	(36)
Total equity	**4,192**	3,982

	2021 $M	2020 $M
Profit/(loss) for the year	**658**	(40)
Other comprehensive (loss) for the year, net of tax	**(18)**	(13)
Total comprehensive income/(loss) for the year	**640**	(53)

Commitments for expenditure

	2021 $M	2020 $M
Capital expenditure commitments		
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**6**	6
Total	**6**	6

SIGNIFICANT ACCOUNTING POLICIES

Financial information for the parent entity, Endeavour Group Limited, has been prepared on the same basis as the Consolidated Financial Statements with the exception of investments in subsidiaries which are accounted for at cost.

Note 5. Group Structure (continued)

5.3 Related parties

5.3.1 Transactions with related parties

Following the Restructure, Endeavour Group and Woolworths Group gave effect to a series of medium-term and long-term strategic agreements, referred to as Partnership Agreements, which are intended to be mutually beneficial for both groups. These agreements cover key business areas, including the provision of goods and services related to supply chain & stores, loyalty & fintech, digital & media and business support, as well as the international distribution of Pinnacle Drinks products to Woolworths Group's retail network in New Zealand.

In certain circumstances, Woolworths Group settles liabilities with third parties on the Group's behalf and subsequently recovers the third-party costs by on-charging without a margin. The Group views the on-charging of third-party costs without a margin as transactions with a third party. Therefore, these transactions have not been disclosed as related party transactions. However, as balances that remain unsettled at the reporting date are amounts owed to related parties, these are disclosed as related party payables even if related to third party costs.

During the financial year, the Group conducted various transactions with BMG related entities, who are related parties via BMG's shareholding in the Company.

All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

5.3.2 Transactions with Woolworths Group Limited and its controlled entities

During the financial year, the Group entered into the following trading transactions with related parties that are not members of the Group:

	2021 $000	2020 $000
Charges from Woolworths Group Limited and its controlled entities		
Receipt of services	**368,928**	129,891
Rental charges[1]	**53,671**	23,385
Purchase of assets	**44,483**	11,481
Finance costs on borrowings	**73,678**	17,713
Total charges from Woolworths Group Limited and its controlled entities	**540,760**	182,470
Sales to Woolworths Group Limited and its controlled entities		
Sales of goods	**11,121**	10,771
Total sales to Woolworths Group Limited and its controlled entities	**11,121**	10,771

1 Rental charges represent payments made by Endeavour Group and its controlled entities under lease arrangements where Woolworths is (or its controlled entities are) lessor. Note 3.3.2 details the balance of lease liabilities associated with these lease arrangements.

Amounts owed to and receivable from Woolworths Group Limited and its controlled entities are disclosed in Notes 3.1, 3.8 and 4.6.2.

5.3.3 Transactions with BMG

Endeavour Group incurred charges from BMG related entities of $13 thousand for services and goods received (2020: $12 thousand). Endeavour Group received rental income from BMG related entities of $41 thousand (2020: $17 thousand).

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 5. Group Structure (continued)

5.3 Related parties (continued)

5.3.4 Directors and Key Management Personnel

All transactions with Directors and Key Management Personnel (including their related parties) were conducted on an arm's length basis in the ordinary course of business and under normal terms and conditions for customers and employees. Related parties of Key Management Personnel who are employees received normal employee benefits on standard terms and conditions.

The total annual remuneration for Key Management Personnel of the Group is as follows:

	2021 $	2020 $
Short-term benefits	**1,790,912**	1,521,444
Post-employment benefits	**45,438**	25,000
Other long-term benefits	**14,193**	14,266
Share-based payments	**2,119,182**	940,453
Total remuneration	**3,969,725**	2,501,163

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

6 Other

6.1 Contingent liabilities

The Group has entered the following guarantees, however the probability of having to make a payment under these guarantees is considered remote:

	2021 $M	2020 $M
Bank guarantees	**25**	16
Total bank guarantees	**25**	16

No provision has been made in the Consolidated Financial Statements in respect of these contingencies.

6.2 Employee benefits

The employee benefits expense for the Group is as follows:

	2021 $M	2020 $M
Remuneration and on-costs	**1,231**	415
Superannuation expense	**99**	29
Salary and wages remediation expense	**52**	–
Share-based payments expense	**26**	8
Total employee benefits expense	**1,408**	452

Defined contribution plans

The majority of employees in Australia and New Zealand are part of a defined contribution superannuation scheme and receive fixed contributions from the Group in accordance with statutory obligations.

SIGNIFICANT ACCOUNTING POLICIES

Share-based payments

Equity-settled share-based payments to employees are measures at the fair value of the equity instruments at grant date. The fair value excludes the effect of non-market based vesting conditions.

The fair value of instruments with market-based performance conditions (e.g. TSR) is calculated at the date of grant using a Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (e.g. EPS, sales per trading SQM, ROFE) and service conditions and retention rights is calculated using a Black-Scholes option pricing model.

The fair value determined at grant date is expensed on a straight-line basis over the vesting period based on the number of equity instruments that will eventually vest. There is a corresponding increase in equity, except where the ultimate parent company recharges the Group for the cost of participating in the LTI plan, with the amount of that recharge offset against related party payables.

At each reporting date the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. Any change in original estimates is recognised in profit or loss with a corresponding adjustment to reserves or related party payables.

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 6. Other (continued)

6.3 Auditor's remuneration

The auditor's remuneration for the Group is as follows:

	2021 $'000	2020 $'000
Deloitte Touche Tohmatsu Australia		
Audit or review of financial reports	**1,945**	1,635
Total audit or review of the financial reports	**1,945**	1,635
Other assurance and agreed-upon procedures under other legislation or contractual agreements	**50**	70
Other services:		
Other non-assurance services	**19**	–
Total other services	**69**	70
Total auditor's remuneration	**2,014**	1,705

Notes to the Consolidated Financial Statements

for the financial year ended 27 June 2021

Note 6. Other (continued)

6.4 Subsequent events

The Demerger

On 28 June 2021, Endeavour Group separated from Woolworths Group, with Woolworths making a distribution of 70.8% of Endeavour Shares to eligible Woolworths Group shareholders on a one-for-one basis. The remaining 29.2% of Endeavour Shares were retained by BMG (14.6%) and Woolworths Group (14.6%).

In conjunction with the Demerger, on 24 June 2021, Endeavour Shares started to separately trade on the Australian Securities Exchange on a deferred settlement basis with normal settlement commencing on 1 July 2021 under the code 'EDV'.

Newly entered external financing facilities

Following completion of conditions precedent on 28 June 2021, the Company entered into the following unsecured committed facilities:

- $1,900 million syndicated loan facility split into two tranches ($900 million maturing June 2025 and $1,000 million maturing June 2026).
- $600 million in bilateral loan facilities maturing June 2024.

In addition, $80 million in unsecured committed bank guarantee facilities were entered into on the same date.

All the above facilities are based on market standard terms and conditions, including undertakings to comply with thresholds on certain financial covenants.

The syndicated loan facility was partially drawn down on 28 June 2021 to repay $1,712 million in outstanding related party loans with Woolworths. The $1,712 million repaid represents $1,710 million in current borrowings disclosed in Note 4.6.1 and $2 million in accrued interest recognised as trade and other payables.

Hotel closures across Australia

The Group closed a number of hotels across Australia related to the following state and territory lockdowns:

- New South Wales: Lockdown commencing 26 June in Greater Sydney resulted in the closure of 41 hotels. The number of affected Local Government Areas in the state has increased in the intervening period and all 54 hotels are now closed.
- Victoria: Lockdowns occurred from 15 to 27 July and recommenced from 6 August, which resulted in the closure of 80 hotels. Lockdown recommenced on 21 August for Regional Victoria closing four hotels, which previously reopened on 10 August.
- Queensland: Lockdowns occurred from 29 June to 3 July and 31 July to 8 August, which resulted in the closure of 92 hotels.
- South Australia: Lockdown occurred from 20 to 27 July, which resulted in the closure of 33 hotels.
- Northern Territory: Lockdown commenced 16 August with the closure of four hotels. Lockdown ended for Greater Darwin on 19 August and all four hotels reopened.
- Western Australia: Lockdown restrictions were lifted on 2 July, which resulted in the reopening of 24 hotels.

BWS and Dan Murphy's stores in the above affected areas continued to operate under COVID-19 regulations with increased focus on employee and customer health and wellbeing.

F21 final dividend

On 26 August 2021, the Board of Directors determined to pay a final dividend in respect of the financial year ended 27 June 2021 of 7.0 cents per ordinary share fully franked at a 30% tax rate. Refer to Note 4.2 for further information.

Directors' Declaration

The Directors declare that:

(a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) In the Directors' opinion, the attached Consolidated Financial Statements are in compliance with International Financial Reporting Standards, as stated in Note 1.1 to the Consolidated Financial Statements;

(c) In the Directors' opinion, the attached Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

(d) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the Instrument applies, as detailed in Note 5.1 to the Consolidated Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.
On behalf of the Directors.

Peter R. Hearl
Chairman

Steve Donohue
Managing Director and CEO

8 September 2021

Independent Auditor's Report

Deloitte.

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Independent Auditor's Report to the Members of Endeavour Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Endeavour Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the Consolidated Balance Sheet as at 27 June 2021, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the 52-week period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 27 June 2021 and of its financial performance for the 52-week period then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER
Team member remediation As disclosed in Notes 3.9 and 6.2, the Group identified that certain team members were not paid in full compliance with the Group's obligations under relevant industrial awards. At 27 June 2021, the Group has estimated the total cost to remediate payment shortfalls associated with 2021 and prior years, including interest and other associated costs, to be $102 million before tax. The estimated cost of remediation is based on a significant volume of historical data from a number of different sources, involves a high degree of complexity, interpretation, judgement, estimation and remains subject to further analysis. The provision for underpayment of salaried team members under the Hospitality Industry General Award (HIGA) is material and the determination of the provision is subject to significant judgements and estimates and has been considered to be a key audit matter.	**Our procedures included but were not limited to:** - Developing an understanding of the basis for management's best estimate of the provision and the key areas of judgement applied in determining the provision. - Evaluating the competence, capabilities and objectivity of the Group's external experts used to assist management in the interpretation of the HIGA. - Obtaining and critically evaluating the data and assumptions used by management and their experts in developing the provision. - Considering the appropriateness of any extrapolation of data, statistical methods used and assumptions made for periods for which detailed calculations have not yet been performed at the reporting date. - On a sample basis, recalculating the remediation estimate for selected affected salaried team members and evaluating the results. - Assessing the appropriateness of the disclosures included in Note 3.9 and Note 6.2.
IT systems The systems across the Group are complex and there are varying levels of integration. These systems are vital to the ongoing operations of the business and to the integrity of the financial reporting process and as a result the assessment of IT systems forms a key component of our external audit.	**Our procedures included but were not limited to:** - Discussing with management the IT environment and consideration of the key financial processes to identify IT systems to include in the scope of our testing. - Testing the design and implementation of the key IT controls of relevant financial reporting systems of the Group. - Responding to deficiencies identified by designing and performing additional procedures which include the identification and testing of compensating controls and varying the nature, timing and extent of substantive procedures performed.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the 52-week period ended 27 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 66 to 89 of the Directors' Report for the 52-week period ended 27 June 2021.

In our opinion, the Remuneration Report of Endeavour Group Limited, for the 52-week period ended 27 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

T Elliott

Taralyn Elliott

Partner
Chartered Accountants

Sydney, 8 September 2021

Shareholder information

The shareholder information set out below was applicable as at 10 August 2021.

Twenty largest ordinary fully paid shareholders

ENDEAVOUR GROUP LIMITED		NUMBER OF FULLY PAID SHARES	% OF ISSUED CAPITAL
1	HSBC Custody Nominees (Australia) Limited	287,934,125	16.08
2	Woolworths Group Limited	261,486,309	14.60
3	J P Morgan Nominees Australia Pty Limited	211,660,811	11.82
4	Citicorp Nominees Pty Limited	78,187,025	4.37
5	BNP Paribas Nominees Pty Ltd	77,788,667	4.34
6	National Nominees Limited	43,754,910	2.44
7	WWH 007478203 Pty Limited	36,863,101	2.06
8	Bruand Investments Pty Ltd	27,874,097	1.56
9	SH 060694779 Pty Limited	20,716,520	1.16
10	FLH 069953108 Pty Limited	16,573,321	0.93
11	BH 067351839 Pty Limited	13,892,335	0.78
12	CPH 065411369 Pty Limited	10,541,168	0.59
13	EXH 104364892 Pty Limited	10,358,130	0.58
14	CHH 076054227 Pty Limited	9,748,874	0.54
15	MORH 070511143 Pty Limited	9,748,874	0.54
16	DCH 070725905 Pty Limited	9,407,639	0.53
17	BLM Club Management No. 1 Pty Limited	9,066,403	0.51
18	OJH 078016841 Pty Limited	9,030,057	0.50
19	ACH 069328098 Pty Limited	9,017,767	0.50
20	GH 070212618 Pty Limited	7,921,107	0.44

Distribution of shares

Analysis of numbers of shareholders by size of holding:

RANGE OF SHARES	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 – 1,000	340,583	86,260,501
1,001 – 5,000	109,120	236,574,728
5,001 – 10,000	11,664	82,503,107
10,001 – 100,000	5,384	106,044,523
100,001 and over	146	1,279,597,158
Total	466,897	1,790,980,017

All shares above are fully paid ordinary shares.
There were 140,716 holders of less than a marketable parcel of shares.

Voting rights

Holders of Endeavour's fully paid ordinary shares have, at general meetings, one vote on a show of hands and, upon a poll, one vote for each fully paid ordinary share held by them.

Substantial shareholdings in Endeavour Group Limited

The substantial shareholders in Endeavour Group Limited as at 10 August 2021, and the number of shares to which each substantial holder and the substantial holders' associates have a relevant interest, as disclosed in substantial holding notices given to Endeavour Group Limited, are as follows:

HOLDER	NUMBER OF FULLY PAID SHARES
Woolworths Group Limited [1]	261,486,309
Bruce Mathieson Sr [2]	261,584,693

1 Substantial shareholding as at 1 July 2021, as per notice lodged with ASX on the same date.
2 Substantial shareholding as at 1 July 2021, as per notice lodged with ASX on 2 July 2021.

Dividend

The final dividend of 7.0 cents per share is expected to be paid on or around 22 September 2021 to eligible shareholders.

Stock Exchange listings

Endeavour Group Limited ordinary shares are listed on the Australian Securities Exchange (ASX) under the code of EDV. Endeavour is not currently in the market conducting an on market buy-back of its shares.

Corporate Governance Statement

A copy of the Corporate Governance Statement can be found on our website. Visit www.endeavourgroup.com.au

Shareholder Calendar [1]

EVENT	DATE
Full year results and final dividend announcement date	**26 August 2021**
Ex-dividend date for final dividend	1 September 2021
Record date for final dividend	2 September 2021
Final dividend payment date [2]	22 September 2021
2021 Annual General Meeting	**21 October 2021**

1 Dates may change if circumstances require.
2 On or about.

Subleases between Endeavour Group and Woolworths Group

In anticipation of Endeavour's demerger from Woolworths, certain waivers and consents were sought and received from the ASX. As a condition to one of those waivers, Endeavour is required to provide in each of its Annual Reports a summary of the material terms of the sublease arrangements between Endeavour and Woolworths.

That summary appears below.

TERM	DESCRIPTION
Form	Each sublease is a separate agreement.
Head lease	The subleases contain an obligation on Endeavour to perform and observe Woolworths' obligations as tenant under the head lease that relate to the liquor premises. There is an obligation on Woolworths to observe and perform its obligations under the head lease. The sublease automatically terminates if the head lease is terminated or surrendered for any reason.
Commencement date and term	The term and further terms of each sublease align with the term and further terms under the relevant head lease, minus one day.
Option terms	Where Woolworths exercises its option to renew the head lease, it must offer a further term to Endeavour. However, in circumstances where head leases include an obligation to trade as a liquor store, Endeavour is obliged to exercise its option if Woolworths does.
Occupancy costs	The rent and outgoings payable are calculated according to the proportion of the area of the liquor premises against the area of the whole premises. All occupancy costs must be paid by Endeavour to Woolworths, with any adjustments to outgoings to be made at the end of the financial year.
Turnover	Endeavour must comply with Woolworths' obligations under the head lease relating to maintaining records of turnover, and providing statements of turnover to Woolworths in the form and at the times required under the head lease.
Maintenance and repair	Endeavour must keep the premises in good and tenantable repair and condition. Endeavour is not responsible for structural repairs or repairs for damage resulting from reasonable fair wear and tear, fire, storm, earthquake and other customary matters, except to the extent the damage or need for repair was caused or contributed to by Endeavour. These matters are the responsibility of the head landlords under the head leases.
Amenity	Endeavour must not do anything that would detract from the amenity of the supermarket premises or interfere with Woolworths' business.
Liquor licence	Endeavour is the beneficial owner of the liquor licence. However, it can only vary the terms and conditions of the liquor licence with Woolworths' consent, which is not to be unreasonably withheld or delayed.
Dealings	Endeavour must not assign, sublet or license without Woolworths' consent. Consent may be granted or withheld at Woolworths' absolute discretion. A change in control of Endeavour is a breach of the sublease.

TERM	DESCRIPTION
Make good obligations	Endeavour is required to leave the liquor premises in good and tenantable repair and condition. Where Woolworths is vacating the supermarket on or around the end date of the sublease, Endeavour must comply with the make good obligations under the head lease. Where Woolworths is not vacating the supermarket on or around the end date of the sublease, Endeavour must put the premises back to Base Building Condition, as defined in the sublease.
Damage and destruction	Any rent abatement granted due to damage and destruction of the premises under the head lease must be passed on to Endeavour in the proportion that the liquor premises is affected. Woolworths must enforce any of its rights against the head lessor to reinstate the premises if requested by Endeavour.
Relocation	If the head lease allows Woolworths to relocate the premises, Endeavour must relocate the liquor premises so that it continues to form part of the supermarket premises.

Glossary

GLOSSARY	
Board	The Board of Directors of Endeavour
Board Committee	A committee of the Board
Cash realisation ratio	Operating cash flow as a percentage of Group profit for the year (after income tax) before depreciation and amortisation
Cost of doing business (CODB)	Expenses which relate to the operation of the business
Director	Each of the Directors of Endeavour from time to time
Directors' Report	The Directors' Report for Endeavour Group for the financial year ended 27 June 2021, set out on pages 62 to 65
Drive-thru	Convenient options for customers to pick up online orders or shop using drive through facilities
EBITDA	Earnings before interest, tax, depreciation and amortisation
Endeavour	Endeavour Group Limited
Endeavour Group	Endeavour and its controlled entities
Financial Report	The Financial Report for Endeavour Group for the financial year ended 27 June 2021, set out on pages 91 to 141
Free cash flow	Cash flow generated by Endeavour Group after equity related financing activities including dividends and repayment of lease liabilities
Funds employed	Net assets employed, excluding net tax balances
Monthly Active Users (MAU)	Total unique devices that have accessed the BWS and/or Dan Murphy's apps within the month
n.m.	Not meaningful
Net assets employed	Net assets excluding net debt and other financial assets and 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)
On-demand/ express delivery	An express or scheduled delivery service providing online orders at the customer's convenience
Online penetration	Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period
Operating cash flow	Represents the net of cash inflows and cash outflows associated with operating activities
Pick up	A service which enables collection of online shopping orders in-store or at select locations

GLOSSARY

Renewals	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
Return on Funds Employed (ROFE)	ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed, including significant items provisions
Sales per square metre	Total Retail sales for the previous 12 months divided by the average trading area of Retail stores
Total net debt	Borrowings less cash balances, including debt hedging derivatives and lease liabilities
Voice of Customer (VOC)	Externally facilitated survey of a sample of Endeavour Group customers where customers rate Endeavour Group businesses on a number of criteria. Expressed as the percentage of customers providing a rating of six or seven on a seven-point scale
VOC NPS	VOC NPS is based on feedback from Woolworths Rewards members (for BWS), or My Dan's members (for Dan Murphy's). VOC NPS is the number of promoters (score of nine or 10) less the number of detractors (score of six or below)

Company directory

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