

F25 First Quarter Trading Update

Stable Q1 sales underpinned by resilient performance in Hotels

Sales for the 14 weeks from 1 July 2024 to 6 October 2024

\$ million	Q1 F25 (14 WEEKS)	Q1 F24 (14 WEEKS)	CHANGE
Retail	2,538	2,538	0.0%
Hotels	567	553	2.5%
Group	3,105	3,091	0.5%

Highlights and Guidance Update

- **Group - Retail and Hotels portfolio delivers stable first quarter sales in soft market conditions**
- **Retail - growing market share in a challenging trading environment**
- **Hotels - positive sales momentum with all key business drivers in growth**
- **Brand and customer metrics remain strong**
- **F25 capex and finance costs within previously guided ranges**
- **H1 F25 Retail Operating EBIT margin expected to be between 7.0% and 7.5%¹**

Endeavour Group Managing Director and CEO, Steve Donohue, said:

"Endeavour Group delivered a stable trading performance in the first quarter as cost of living pressures continued to impact consumer spending in our categories. This result demonstrates the value of our diversified portfolio, with the moderation in Retail sales during the quarter offset by a stronger performance in Hotels. Retail sales were in-line with the first quarter of the prior year and Hotels recorded 2.5% sales growth.

"We are encouraged by our performance in Hotels, which has been underpinned by growth across all four key business drivers - food, bar, gaming and accommodation. This result reflects the ongoing efforts of our team to enhance our customers' experience across all aspects of our Hotels offering. It also demonstrates the resilience of the Hotels segment and the ongoing attraction of meeting at the pub for social occasions, despite the pressure on household budgets.

"After a positive start to the year, Retail sales momentum slowed in September. During the quarter, promotional intensity lifted across the sector as customers became increasingly value conscious. In challenging market conditions, our Retail business has continued to execute well - growing our market share, maintaining our best-in-class Voice of Customer scores and expanding the My Dan's loyalty base to 5.5 million active members. In the near term, softer sales and a lower margin sales mix, resulting from both a higher percentage of sales on promotion and consumer downtrading, are expected to impact Retail profitability. Continued inflationary pressure on operating costs is also impacting margins. As a result, the Group expects that Retail Operating EBIT margin¹ in H1 will be between 7.0% and 7.5% compared to 8.0% in H1 F24.

¹ Retail Operating EBIT margin excludes One Endeavour costs.

"In response to inflationary cost pressure in both Retail and Hotels, the Group is tightly managing CODB and continuing to implement a program of measures to make the Group a simpler and more efficient end to end business:

- Our established endeavourGO optimisation program, which delivered \$100 million of cost savings in F24, continues to drive increased efficiency across the Group. In particular, activity based rostering in Retail continues to deliver improvements in sales per labour hour.
- The separation and consolidation of our people systems under our One Endeavour program remains on track to complete by the end of F25.
- The Group has evolved its Jimmy Brings business into a partnership model with Milkrun. Under this new commercial arrangement, Jimmy Brings will become the exclusive liquor provider for Milkrun and will receive an annual licence fee. The new partnership model, which is expected to be EBIT accretive in year one, will reduce Endeavour's fixed costs while streamlining our ecommerce operating model.
- The Group has made the decision to remodel its digital and marketing teams and consolidate digital projects in endeavourX.
- Ongoing focus on inventory management is delivering working capital benefits.

"These measures are designed to position the Group to deliver improved returns to our shareholders once retail trading conditions start to recover.

"Looking ahead, the second quarter remains an important period for the Group, featuring the annual Black Friday and Cyber Monday sales events as well as key social occasions including Spring Racing, the Christmas festive season, New Year celebrations and summer entertaining. We are well prepared to execute successfully over the peak trading period by delivering the best prices, service and experiences for customers. Our 30,000 team members are committed to ensuring that we are the destination of choice for our customers as they gather with friends and family to socialise and enjoy the holiday season."

Retail

- **Retail sales** of \$2,538 million in Q1 F25, in line with Q1 F24. Combined Dan Murphy's and BWS sales of \$2,466 million, in line with Q1 F24. On a comparable store basis, sales for BWS and Dan Murphy's were down 1.1% vs Q1 F24, cycling 1.8% growth in the pcp.
- Customers continued to shop more selectively and prioritise value with promotional activity intensifying during the quarter.
- Supply chain costs in H1 F25 will be higher than the pcp, primarily due to distribution centre wage costs as a result of wage increases mandated under relevant Enterprise Agreements as well as a temporary duplication of supply chain costs relating to the transition of warehousing in Queensland, which will not continue beyond H1 F25.
- **My Dan's** total active member base grew by 156,000 to 5.5 million. The Q1 scan rate was 83.5%, with personalised offers driving 24% higher sales compared to standard marketing.
- Dan Murphy's maintained its market-leading **Voice of Customer** score of 81, while BWS improved its score to 75 (+1pt).
- **Online sales** grew 6.3% to comprise 9.3% of total Retail sales, driven by double digit online sales growth in BWS, which benefited from increased sales via ultra-convenience partners, and higher online sales in Dan Murphy's.
- The Group has taken a number of steps to enhance and expand its **ultra-convenience offering**. In addition to the new Jimmy Brings partnership with Milkrun, Dan Murphy's and BWS have recently entered into new delivery partner arrangements with Doordash and Menulog respectively.
- BWS' exclusive app based pricing offer, **Appy Deals**, has resulted in 244,000 app sign ups during the quarter and reached peak monthly active app users of 615,000.
- Total network of **1,725 stores**, with three new BWS stores opened and six closed, 20 BWS store renewals, capital-light upgrades to 9 BWS stores and two Dan Murphy's store renewals.

- **Pinnacle Drinks** exclusive portfolio of brands delivered another quarter of sales growth. During Q1 F25 Pinnacle released approximately 120 products and received over 280 Wine, 21 Beer/Cider and 21 Spirits Awards including Wine of the Year for Oakridge 864 Funder and Diamond Chardonnay at the 2025 Halliday Wine Companion Awards.
- We continue to progress our **property strategy** with the development application lodged for a Dan Murphy's store and residential towers containing more than 180 apartments at our Camberwell (Victoria) site.

Hotels

- **Hotels sales** of \$567 million in Q1 F25, +2.5% vs F24. On a comparable hotel basis, sales were up 2.9% vs Q1 F24, cycling 1.2% growth in the pcp.
- Hotels made a positive start to Q1, delivering sales growth in July and August despite cycling the Women's Football World Cup in the pcp. Sales momentum improved in September, driven by higher food and beverage sales over Father's Day, school holidays and the footy finals.
- Gaming remains resilient, with Queensland exhibiting the strongest growth of the key gaming markets. Pleasingly, the Group has started to regain market share in Victoria as mandatory changes to trading hours commenced market wide from the end of August.
- Investment in the latest trending games continues to support performance. The Group notes Light & Wonder's announcement that it has stopped further sales of the Dragon Train game in Australia following the issue of a US court order in September 2024. The Light & Wonder Dragon Train litigation has not impacted the Group's existing gaming operations and our offering continues to include Dragon Train.
- **Customer satisfaction improved** to 8.9/10 (+0.3), driven by our continued focus on value and service.
- The new **pub+ app**, rolled out nationally in August is exceeding expectations, with 211,000 registered users.
- Three hotel renewals were completed in the quarter (The Morris Hotel (Western Australia), Upper Ross Hotel (Queensland) and Moreland Hotel (Victoria)), with a further 13 renewals scheduled to be completed by the end of H1 F25.
- The Group continues to operate a total of **354 Hotels** with The Cavenagh Hotel (Northern Territory) added to the portfolio on 30 September 2024 and one lease discontinued at the Raintrees Tavern (Queensland).

October Trading and Outlook

While the outlook for the consumer remains uncertain, the compelling value, convenience and product innovation offered by Dan Murphy's, BWS, Pinnacle Drinks and our resilient Hotels business mean the Group is well positioned to navigate the current macroeconomic environment.

Entering the second quarter, promotional activity in the Retail sector remains elevated and customers continue to gravitate towards value. Achieving Retail sales growth in the second quarter is expected to be challenging, noting that our Retail business is cycling 3.0% sales growth in the pcp. Positive sales momentum in Hotels has continued in October. The level of Christmas bookings in our hotels is also encouraging, with reservations already at 54% of capacity. Across both Hotels and Retail, cost inflation remains a headwind.

The Group confirms that:

- Capital expenditure outlook for F25 remains within our guidance range of \$450 million to \$500 million, including the One Endeavour program capital.
- One Endeavour program capital expenditure and operating costs in F25 are each expected to be within our guidance range of \$60 million to \$80 million.
- Finance costs in F25 are expected to be within our guidance range of \$310 million to \$325 million. The Group expects Finance costs will be weighted towards H1, given that H1 comprises a period of 27 weeks compared to H2 which comprises 25 weeks.

Endeavour Group has a unique portfolio of Retail and Hotel assets, with well recognised brands and market leading positions in the Australian drinks retailing and hospitality sectors. The Group's omnichannel network includes 1,725 stores, more than 350 hotels and scalable digital platforms across our websites and apps. We have also built leading brands and production capability in our Pinnacle Drinks business.

The Group operates in defensive categories, is highly cash generative and has a strong track record of performing through the economic cycle. We remain focused and committed on executing our strategy scorecard commitments to deliver value for shareholders.

Retail

Operating Metrics

	Q1 F25 (14 WEEKS)	Q1 F24 (14 WEEKS)
Customer metrics		
BWS VOC NPS (Store and Online)	75	74
Dan Murphy's VOC NPS (Store and Online)	81	81
My Dan's active members (million)	5.5	5.3
Sales productivity metrics		
BWS and Dan Murphy's (\$ million)	2,466	2,469
Specialty (\$ million)	72	69
Total Retail sales (\$ million)	2,538	2,538
Total Retail sales growth	0.0%	1.9%
Combined BWS and Dan Murphy's sales growth	(0.1%)	2.6%
Combined BWS and Dan Murphy's comparable sales growth	(1.1%)	1.8%

	Q1 F25 (14 WEEKS)	Q1 F24 (14 WEEKS)
eCommerce Customer Metrics		
Dan Murphy's Online VOC NPS	76	77
BWS Online VOC NPS	72	71
eCommerce Metrics		
Online sales (\$ million)	235	221
Online sales growth	6.3%	2.8%
Online penetration	9.3%	8.7%
BWS and Dan Murphy's Pick-up mix (orders)	44.0%	48.0%

Hotels

Operating Metrics

	Q1 F25 (14 WEEKS)	Q1 F24 (14 WEEKS)
Sales productivity metrics		
Total sales (\$ million)	567	553
Total sales growth	2.5%	2.8%
Comparable sales growth	2.9%	1.2%

The contents of this F25 First Quarter Trading Update are derived from the unaudited accounting records of Endeavour Group.

Endeavour Group Managing Director and CEO, Steve Donohue, and Chief Financial Officer, Kate Beattie, will host an analyst and investor conference call today at 10:30am (AEDT). Analysts, investors and media can access the management briefing via the following:

Teleconference Registration: <https://s1.c-conf.com/diamondpass/10042328-gh76t5.html>

Participants will need to pre-register for the call at the link above. You will receive a calendar invite and a unique code which is to be quoted when dialling into the call.

The release of this announcement was authorised by the Board.

Further Information

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Appendices

Appendix 1: New stores/hotels and renewals

	OPENING BALANCE	GROSS NEW STORES / HOTELS (INCL. ACQUISITIONS)	CLOSURES	ENDING BALANCE	RENEWALS
F25 First Quarter					
BWS	1,453	3	6	1,450	20
Dan Murphy's	272	0	0	272	2
The Cellar	3	0	0	3	0
Retail	1,728	3	6	1,725	22
Hotels	354	1	1	354	3
Endeavour Group	2,082	4	7	2,079	25

Appendix 2: Glossary

TERM	DESCRIPTION
B2B	Business-to-business.
Comparable sales	<p>Retail: Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from store disruption from new store openings/closures.</p> <p>Hotels: Measure of sales which excludes hotels opened or closed in the last 12 months.</p> <p>For like-for-like comparison, F25 comparable sales growth will be measured against the period 3 July 2023 to 30 June 2024 (weeks 2 to 53 of F24).</p>
My Dan's active members	My Dan's active members are the number of unique members who have transacted in the last 12 months.
n.a.	Not applicable.
Online penetration	Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period.
pcp	Prior comparable period.
Retail Operating EBIT margin	Retail EBIT margin excluding One Endeavour costs.
Renewals	A significant upgrade to the store / hotel environment, enhancing customer experience, range and process efficiency (including digital).
VOC NPS	Voice of Customer Net Promoter Score (VOC NPS) is based on feedback from customers, and represents the number of promoters (score of nine or 10) less the number of detractors (score of six or below). This includes scores from in-store and online customers.

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