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F22 Half-Year Profit and Dividend Announcement

For the 27 weeks ended 2 January 2022

A positive first half result despite continued COVID-19 challenges

F22 Half-Year Group Highlights

Group Sales	Online Sales	Group EBIT	Group NPAT	Dividend Per Share
$6,337m	**$603m**	**$556m**	**$311m**	**12.5c**
↓0.3% vs H1 F21 ↑ 11.3% vs H1 F20[1]	↑ 24.8% vs H1 F21	↑3.2% vs H1 F21	↑15.6% vs H1 F21	71.9% payout ratio

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

"Our first 6 months trading as an independent business has demonstrated the structural resilience of the Group. We maintained Group Sales in line with last year, and improved our profitability significantly. This is a positive result during a period which was heavily impacted by COVID-19. These financial outcomes have been delivered through the hard work and dedication of our team who have responded diligently and flexibly to many COVID-19 related challenges.

Our Hotels business was particularly hard hit in H1 F22. There were multiple and extensive COVID-19 impacts in the first quarter, including lockdowns in the key markets of Victoria and New South Wales. We have however, continued to invest in our Hotels, retained core team members, deployed new digital services and created COVIDSafe environments; all of which enabled the business to rebound strongly during periods when COVID-19 impacts abated. Unfortunately, high levels of infection in the community since the emergence of the Omicron variant resulted in reduced patronage in hotels in the period immediately prior to Christmas and impacted the first six weeks of H2 F22.

With on-premise restrictions in place, the retail market remained elevated through the half. We delivered Retail sales consistent with the exceptionally strong H1 F21 period. Our Retail business profitability also improved considerably in the period. Retail EBIT increased by 10.0% when compared to the same period last year, delivered through gross profit margin improvements and disciplined cost management."

Key financial metrics ($ million)	H1 F22 (27 WEEKS)	H1 F21 (27 WEEKS)	CHANGE
Group Sales	6,337	6,357	(0.3%)
Group EBIT	556	539	3.2%
Group Profit for the period after income tax (Group NPAT)	311	269	15.6%
Basic earnings per share (EPS) - cents	17.4	15.0	16.0%
Dividend per share - cents[2]	12.5	53.8	n.m.

1. F20 refers to the Equivalent F20 result. Refer to the Appendix for further detail on comparative figures.
2. The F21 interim dividend of 53.8 cents per share was declared when Endeavour's ordinary shares on issue were 500,000,000 versus the F22 interim dividend where Endeavour had 1,790,980,017 shares on issue.

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Progress against Key Priorities

Navigating COVID-19

This half again demonstrated the structural resilience of our combined business. Our on-premise Hotels business and off-premise Retail business have provided a natural hedge to each other through COVID-19. The majority of our product range is sourced from Australia and New Zealand, has a long shelf life and is relatively substitutable, which means we did not suffer supply chain impacts to the same extent as some other sectors. In addition, our focus on providing COVIDSafe options including fast and efficient delivery and pick-up services in Retail, plus contactless ordering and COVIDSafe environments in Hotels, optimised our trading over this period.

Investing for the future

Throughout this last phase of COVID-19 we have maintained positive customer engagement with strong Voice of Customer (VOC) NPS scores in Retail and Hotels. We also continued to invest and plan for the future with a focus on digital, our network and overall Group optimisation.

Key achievements in the half-year included:

Growing digital engagement	Expanding and enhancing our network	Optimising our Group
• Grew our leading membership program - My Dan's - to 6.2 million members enabled by enhanced sign-up and expanded offers • Rolled out contactless order and pay capability (me&u) across 333 hotels, providing customer insights and mix benefits • Launched Dan's Gifting Hub - an internal partnership between Pinnacle Drinks, Shorty's Liquor and Dan Murphy's to provide an innovative gifting offering to our customers • Launched the "Dan Picked" subscription service powered by our Cellarmasters capabilities • Grew BWS app usage via the Before Convenience express delivery (within 60 minutes) campaign, winner of Viewers' Choice award[1]	• Three acquired hotels came online during the half: Terrey Hills Tavern (Sydney, NSW), The Manly Hotel (Brisbane, QLD) and the Commercial Hotel (Charters Towers, QLD) • Expanded our Retail footprint by 24 stores • Renewed 49 stores and 22 hotels • Upgraded 32 gaming rooms • Opened the first Dan Murphy's 2.0 neighbourhood store in South Australia in Glenelg including an Express Drive Thru • Entered into an agreement with Qantas to supply Paragon Wine Estates products on domestic Business Class flights	• Reviewed our matrix operating model and increased investment in digital, data and analytics, and technology • Tight cost management through COVID-19 closures • Launched over 325 new Pinnacle products including partnerships such as "Better Beer" • Won more than 370 product awards • Ongoing investment in Hotels reducing the average age of EGMs to 7.9 years (from 9.6 years at the beginning of F21) • Launched Dan Murphy's Electronic Shelf Label trials (15 locations in the half-year) and rollout of our pick-up optimisation program

1. Channel 9's State of Originality 'Viewer's Choice' award.

Sustainability and our commitment to "our imprint"

At Endeavour Group, our sustainability ambition is to leave a positive imprint on the communities we are part of. In October we shared the Endeavour Group Sustainability Strategy which set out our goals and commitments across three principles: Responsibility & Community, People and Planet.

Responsibility & Community

Our Responsibility & Community principle is focused on advocating responsible choices and supporting positive change in our communities. We are especially committed to remaining an industry leader in the responsible service of alcohol and gambling. During the half, we launched our unique 'Leading in Responsibility' team training - to further enhance our strong culture of responsibility by continuing to educate all team members on the principles of responsible service of alcohol and gambling. We rolled out a refreshed "Schoolies" program in over 230 BWS and Dan Murphy's stores and over 50 hotels, as well as our ecommerce businesses, including with delivery drivers. We also partnered with Drinkwise to support their research into the use of low and non-alcoholic options to moderate consumption and we have significantly expanded our low and non-alcoholic product range.

Community engagement has remained a priority. Today we consider all network expansion through our bespoke ESG (Environment, Social and Governance) reviews. This initial process step considers ESG matters associated with all new store and licence proposals and identifies potential stakeholders for engagement and consultation before we consider progressing towards any regulatory process stage. The review is repeated and refreshed when any material circumstances related to any proposal change.

We have also been building our Darwin Community Advisory Committee, and have appointed a Darwin based Senior Advisor - Community Engagement & Sustainability, to lead our ongoing work in the Northern Territory and support progress towards our first Reconciliation Action Plan.

People

We are focused on championing individuality, human and personal rights. We're committed to creating an empowering, safe and inclusive workplace. In H1 F22, with COVID-19 continuing to disrupt our operations, we maintained our focus on providing a COVIDSafe environment for team members and customers. We also established Proud at Endeavour, celebrating the diversity of our 28,000+ team members.

Planet

We are committed to reducing our impact on the planet and are currently developing our climate change strategy which will guide our future actions to address the impacts of climate change and how we can reduce our environmental footprint. In the half we launched an Australian first reuse and recycle scheme for beer can clips and progressed our solar energy investments.

Group Performance

$ million	H1 F22 (27 WEEKS)	H1 F21 (27 WEEKS)	CHANGE
Sales	**6,337**	**6,357**	**(0.3%)**
Retail EBIT	461	419	10.0%
Hotels EBIT	121	122	(0.8%)
Other EBIT	(26)	(2)	n.m.
Earnings before interest and tax (EBIT)	**556**	**539**	**3.2%**
Finance costs	(105)	(136)	(22.8%)
Profit before income tax	**451**	**403**	**11.9%**
Income tax expense	(140)	(134)	4.5%
Profit for the period (after income tax)	**311**	**269**	**15.6%**

Results Overview

The Group delivered sales of $6.3 billion (-0.3%) in the first half of F22, in line with last year. There were extensive COVID-19 impacts in both periods.

Group EBIT increased 3.2% to $556 million compared to H1 F21, driven by an improvement in gross profit margin within the Retail segment. This growth is after accounting for a $24 million decrease in Other EBIT, driven by costs associated with operating as an independently listed business, which were not incurred in H1 F21. Finance costs of $105 million in the half were $31 million lower than last year due to a favourable change to interest rate when funding was converted from related party to external debt. The Group's profit for the half-year after income tax was $311 million (+15.6%).

On 21 February 2022 the Board resolved to pay an interim dividend of 12.5 cents per share representing a payout ratio of 71.9%. This equates to an expected total payment of $224 million to the Group's shareholders. Endeavour shares will trade ex-dividend from 1 March 2022, the record date is 2 March 2022 and the distribution is expected to be paid to shareholders on 28 March 2022.

Segment Performance - Retail

F22 Half-Year Financial Results

$ million	H1 F22 (27 WEEKS)	H1 F21 (27 WEEKS)	CHANGE
Sales	**5,657**	**5,690**	**(0.6%)**
EBITDA	**604**	**552**	**9.4%**
Depreciation and amortisation	(143)	(133)	7.5%
EBIT	**461**	**419**	**10.0%**
Gross margin (%)	*23.7%*	*22.3%*	*+141bps*
Cost of doing business (%)	*15.5%*	*14.9%*	*+62bps*
EBIT to sales (%)	*8.1%*	*7.4%*	*+79bps*

VOC NPS	2 year headline sales growth[1]	Online sales	Online penetration	ROFE
DM 78 (↑ 2) **BWS 74** (↑ 4) vs H1 F21	**↑ 18.4%** vs H1 F20[1]	**$603m** ↑24.8% vs H1 F21	**10.7%** ↑217 bps vs H1 F21	**17.8%** ↑220 bps vs H1 F21

Results Overview

The Retail business delivered sales of $5.7 billion in the first half of F22, slightly behind the exceptionally strong sales in H1 F21 and up 18.4% on a two-year basis[1]. EBIT increased 10.0% to $461 million and the EBIT to sales ratio improved 79 bps to 8.1%.

The ongoing investments to improve in-store and online customer experience continued to strengthen customer metrics, with VOC NPS for both Dan Murphy's and BWS improving compared to prior year. This is particularly pleasing in light of supply chain challenges and team availability impacts experienced across the peak Christmas trading period. The My Dan's membership program continues to grow in popularity with members reaching 6.2 million at the end of December, an increase of 21.6% on the prior year.

The retail market remained elevated due to extensive on-premise closures in the first four months of the financial year. Following the easing of COVID-19 restrictions during October, Retail sales started to normalise as customers returned to on-premise venues.

Online sales grew 24.8% to $603 million, representing a penetration of 10.7%, 217 bps higher than H1 F21, driven by sustained investment in our digital offering and focus on delivering exceptional online customer experience and convenience.

Gross profit margin was 23.7%, a 141 bps increase on H1 F21, driven by generally lower promotional activity in the market, premiumisation trends and mix improvements through higher margin new products, and growing demand for Pinnacle Drinks brands. We continue to see consumers move to craft offerings, more premium wines and spirits, with gin and seltzers particularly strong. Beer and cider were the only major categories in decline compared to last year.

Competitor promotional activity began to increase in the lead up to Christmas, and we saw margins start to normalise as we responded to this, particularly through the Dan Murphy's lower liquor price guarantee mechanism.

1.Two-year change is calculated with comparison to the Equivalent F20 results. Refer to the Appendix for further detail on comparative figures.

Cost of doing business (CODB) as a percentage of sales was 15.5%, 62 bps higher than prior year, reflecting the continued investment we are making in our store network, the reset in store salaries and wages following pay remediation reviews, as well as ramping up our investment in digital, data and analytics and technology.

Segment funds employed declined by 5.4% to $3.7 billion due to lower inventory levels, partially as a result of supply chain disruptions. Alongside a higher 12-month rolling EBIT, lower inventory levels contributed to the improvement in ROFE which increased by 220 bps compared to the prior corresponding period.

During the half, our Retail store network increased by a net 24 stores, and we renewed 49 stores. Six Dan Murphy's stores were opened and four stores were renewed. Following a successful pilot, we have commenced the roll out of the Dan Murphy's 2.0 format with five stores now live. There were a total of 257 Dan Murphy's stores at the end of the half. Further BWS network expansion also took place in H1 F22 with the opening of 24 new stores, and the renewal of 45 stores, bringing the total number of stores to 1,410 (six BWS stores were closed during the period). This growth was supported by our continued partnership with Woolworths, with two of the new BWS stores and 17 renewals attached to Woolworths Supermarkets. Six of the new BWS stores were acquired as part of the three hotel acquisitions.

Retail Operating Metrics by Quarter

	H1 F22 (27 WEEKS)	Q2 F22 (13 WEEKS)	Q1 F22 (14 WEEKS)	Q4 F21 (12 WEEKS)	Q3 F21 (13 WEEKS)
Customer metrics					
BWS VOC NPS	74	73	74	72	71
Dan Murphy's VOC NPS	78	78	79	78	78
Sales productivity metrics					
Total sales ($ million)	5,657	3,003	2,654	2,092	2,396
Total sales growth[1]	(0.6%)	(1.0%)	(0.2%)	(7.3%)	6.3%
Two-year sales growth[2]	18.4%	15.9%	21.4%	n.m.	n.m.
Comparable sales growth	(1.5%)	(1.6%)	(1.2%)	(7.6%)	5.6%

1. F21 sales growth is calculated with comparison to the Equivalent F20 results. Refer to the Appendix for further detail on comparative figures.
2. Two-year change is calculated with comparison to the Equivalent F20 results. Refer to the Appendix for further detail on comparative figures.

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	H1 F22 (27 WEEKS)	Q2 F22 (13 WEEKS)	Q1 F22 (14 WEEKS)	Q4 F21 (12 WEEKS)	Q3 F21 (13 WEEKS)
Sales productivity metrics					
Online sales ($ million)	603	298	305	183	193
Online sales growth	24.8%	16.4%	34.4%	14.1%	23.8%
Online penetration	10.7%	9.9%	11.5%	8.8%	8.0%
Loyalty					
My Dan's Members (million)	6.2	6.2	5.9	5.5	5.3
My Dan's scan rates	68.3%	67.9%	68.7%	65.5%	62.4%
Everyday Rewards scan rates - BWS	44.8%	44.9%	44.2%	44.8%	43.9%

Segment Performance - Hotels

F22 Half-Year Financial Results

$ million	H1 F22 (27 WEEKS)	H1 F21 (27 WEEKS)	CHANGE
Sales	**680**	**667**	**1.9%**
EBITDA	**245**	**244**	**0.4%**
Depreciation and amortisation	(124)	(122)	1.6%
EBIT	**121**	**122**	**(0.8%)**
Gross margin (%)	*84.4%*	*84.8%*	*-36bps*
Cost of doing business (%)	*66.6%*	*66.4%*	*+17bps*
EBIT to sales (%)	*17.8%*	*18.3%*	*-50bps*

Voice of Customer[1]	Number of hotels (incl clubs)	Days when all hotels were open	2-year sales growth (decline)	ROFE
8.5/10	**342**	**56**	**↓26.0%**	**6.6%**
↑0.2 vs H1 F21	↑3 vs F21	vs 37 in H1 F21	vs H1 F20[2]	↑484 bps vs H1 F21

Results Overview

COVID-19 continued to have a significant impact on Hotels trading performance through the first half of F22. Sales grew by 1.9% to $680 million on a one-year basis, and were still well down on a two-year basis[1] (pre COVID-19) by 26.0% due to lockdowns and trading restrictions. There were only 30% of total trading days where all our hotels were open in this half-year. When hotels were permitted to open, they were subject to ongoing trading restrictions ranging from outdoor only trading to seated service only, as well as various other capacity constraints which differed by state and region.

The most significant closures were in New South Wales and Victoria which extended for the full first quarter. Hotels in New South Wales reopened, with restrictions in place, on 11 October and Victoria reopened from 29 October. On reopening, there was strong demand from our customers and the trading results in November and early December were encouraging though remained below pre COVID-19 levels due to ongoing restrictions as well as the impact of team availability issues. Hotel trading conditions weakened again in the last three weeks of the half, as cases of the Omicron variant surged across the country.

Despite the significant volatility in the operating environment, gross profit margin remained stable at 84.4% compared to 84.8% in the prior comparative period.

In H1 F22, CODB as a percentage of sales was 66.6%, 17 bps higher than the prior corresponding period. Costs were managed well in what were particularly difficult circumstances, with constant changes to restrictions by state. The CODB rate remains above pre COVID-19 levels, due to suppressed sales driving lower fractionalisation of the fixed cost base.

Hotels EBIT of $121 million was in line with the same period last year (H1 F21: $122 million).

1. Voice of Customer for Hotels is based on external customer online reviews measured by Loopon.
2. Two-year change is calculated with comparison to the Equivalent F20 results. Refer to the Appendix for further detail on comparative figures.

ROFE improved by 484 bps to 6.6% due to cycling a lower 12-month rolling EBIT. This created a material improvement despite EBIT and segment funds employed being relatively consistent between H1 F22 and H1 F21.

Terrey Hills Tavern (Sydney, NSW), The Manly Hotel (Brisbane, QLD) and the Commercial Hotel (Charters Towers, QLD) were acquired during the half. The total Hotels portfolio consisted of 342 hotels (including five managed clubs) at the end of the period.

Hotels Operating Metrics by Quarter

	H1 F22 (27 WEEKS)	Q2 F22 (13 WEEKS)	Q1 F22 (14 WEEKS)	Q4 F21 (12 WEEKS)	Q3 F21 (13 WEEKS)
Sales productivity metrics					
Total sales ($ million)	680	398	282	360	390
Total sales growth[1]	1.9%	12.4%	(9.9%)	605.9%	11.4%

1. F21 sales growth is calculated with comparison to the Equivalent F20 results. Refer to the Appendix for further detail on comparative figures.

Group Financial Summary

Balance Sheet and Cash Flow Metrics

Operating cash inflow	Cash realisation ratio	Leverage ratio	ROFE	Capital expenditure
$932m ↑$45m vs H1 F21	**161.2%** (vs 169.3% H1 F21)	**3.1x** (vs 3.8x H1 F21)[1]	**11.3%** ↑263 bps vs H1 F21	**$150m** ↑$17m vs H1 F21

Group Funds Employed [2]

$ million	H1 F22 2 JAN 2022	F21 27 JUNE 2021	H1 F21 3 JAN 2021
Trade working capital	235	483	355
Lease assets	3,132	3,117	3,150
Property, plant and equipment	1,898	1,887	1,838
Intangible assets	3,852	3,845	3,838
Other liabilities (net)	(797)	(610)	(725)
Funds employed	**8,320**	**8,722**	**8,456**
Tax liabilities (net)	268	268	245
Other liabilities/(assets), net	-	10	(53)
Net debt	667	1,277	837
Lease liabilities	3,803	3,779	3,788
Equity	3,582	3,388	3,639
Total funding & tax	**8,320**	**8,722**	**8,456**

Total Funds employed as of 2 January 2022 was $8.3 billion, $136 million below H1 F21 and $402 million below F21.

Trade working capital at the end of H1 F22 was low due to lower inventory levels brought about by international supply chain disruption and the record Retail sales achieved in the last two weeks of the period. Compared to the end of F21, trade working capital was significantly lower due mainly to the seasonality of the Retail business which peaks in the Christmas period.

Other liabilities (net) increased by $187 million in the half primarily due to the seasonal nature of the business and the reduction in investments following the sale of ALE Property Group shares to Charter Hall pursuant to its acquisition of the Group.

1. Leverage ratio - Net debt plus lease liabilities, divided by 12-month rolling EBITDA. H1 F21 leverage ratio is calculated with reference to the Equivalent H2 F20 results. Refer to the Appendix for further detail on comparative figures.
2. Presentation of the Funds employed table in the current and prior periods has been updated to align to the definition of ROFE applicable from F22 onwards in order to provide a consistent comparison across periods.

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Net Debt

$ million	H1 F22 2 JAN 2022	F21 27 JUNE 2021	H1 F21 3 JAN 2021
Borrowings	1,480	1,714	1,482
Deduct: Cash and cash equivalents	813	437	645
Net debt	**667**	**1,277**	**837**

Net debt was $610 million lower than at the end of the F21 year and reflects the seasonality of cash flows, associated with elevated Retail sales in the Christmas period, as well as lower borrowings. Compared to H1 F21, net debt was $170 million lower due to a higher cash position at H1 F22 which benefited from $72 million in cash received for the sale of the investment in ALE Property Group, lower trade working capital and the flow through of earnings.

The Group generated a **net cash inflow** for the period of $376 million (H1 F21: $270 million, +39.3%).

Borrowings decreased $234 million during the period, with the balance at H1 F22 representing amounts owing on external debt net of unamortised borrowing costs. On Demerger, outstanding 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.

Group Cash Flow

$ million	H1 F22 (27 WEEKS)	H1 F21 (27 WEEKS)	CHANGE
EBIT	**556**	**539**	**17**
Depreciation and amortisation expenses	267	255	12
Changes in trade working capital	248	181	67
Changes in assets and liabilities and other non-cash items	136	172	(36)
Finance costs on borrowings paid	(29)	(47)	18
Payment for the interest component of lease liabilities	(93)	(101)	8
Income tax paid	(153)	(112)	(41)
Operating cash flows	**932**	**887**	**45**
Payments for property, plant and equipment and intangible assets	(123)	(116)	(7)
Payments to acquire businesses, net of cash acquired	(18)	(17)	(1)
Proceeds from the sale of listed investments	72	-	72
Dividends received	3	-	3
Repayment of lease liabilities	(137)	(121)	(16)
Dividend paid	(125)	(13)	(112)
Payment for shares held in trust	(10)	-	(10)
Free cash flow	**594**	**620**	**(26)**
Cash realisation ratio (%)	*161.2*	*169.3*	*-810bps*

A **cash realisation ratio** of 161.2% was achieved in H1 F22. This result reflects the seasonality of cash flow associated with Retail sales in the Christmas period and is broadly in line with 169.3% in H1 F21.

Payments for the purchase of property, plant and equipment and intangible assets were $123 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, were $18 million which includes the acquisition of Terry Hills Tavern (Sydney, NSW), The Manly Hotel (Brisbane, QLD) and Commercial Hotel (Charters Towers, QLD).

During the period the Group paid its first dividend since Demerger from Woolworths, being the **final F21 dividend** of $125 million.

Current Trading and Outlook

The Omicron outbreak has caused increased uncertainty and brought new challenges to both Retail and Hotels.

Our sales across the first six weeks of the second half are tracking slightly behind F21, with Retail -2.0% and Hotels -2.9% below. Team availability has been a challenge in both businesses and consumer hesitancy reduced patronage in our hotels particularly in January. This has eased in February as restrictions were lifted.

The two-year growth rates have also moderated. Retail sales were up 12.2% when compared to the same period in F20[1] whilst Hotels were down 12.7%.

We are confident that the actions we have taken and the investments we have made in our hotels and stores, in our technology and online offering, as well as in our Pinnacle Drinks business have provided us with strong foundations to navigate this next phase of COVID-19 and to continue to build a strong and resilient business.

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The release of this announcement has been authorised by the Board.

Further Information

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1. Sales growth is calculated with comparison to the Equivalent F20 results. Refer to the Appendix for further detail on comparative figures.

Appendices

Appendix 1: Non-IFRS Financial Information

This profit and dividend announcement for the 27 weeks ended 2 January 2022 (H1 F22) 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, comparable sales growth). 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.

Equivalent F20 Financial Information

Woolworths' Drinks and Hotels businesses were only transferred to, and merged with, Endeavour Group Limited (Endeavour Group) on 2 February 2020 (Restructure) and 4 February 2020 (Merger), respectively. Prior to this only the results of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, were included.

To enhance comparability against earlier periods an Equivalent F20 period is referenced, which relates to the results of what was previously known as Woolworths' Drinks and Hotels businesses for the full 52-week period ended 28 June 2020, rather than only after the Restructure and Merger. This information has been sourced from the data used in the F20 Woolworths Group Limited Annual Report, adjusted to exclude consolidation adjustments not applicable to Endeavour Group on a standalone basis.

Reclassification between Administration expenses and Cost of sales

In order to report similar costs together and align with our operating model, we have made reclassifications between Administration expenses (included within CODB) and Cost of sales. This has the impact of reducing Gross profit and CODB. EBIT and EBIT to sales margin are not impacted.

Our comparative period has also been adjusted to provide a like-for-like comparison. The impact of the reclassification in H1 F21 decreased both Gross profit and CODB by $98 million, with no impact to EBIT.

Appendix 2: Glossary

TERM	DESCRIPTION
Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	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
Cost of doing business (CODB)	Expenses which relate to the operation of the business
EBITDA	Earnings before interest, tax, depreciation and amortisation
Funds employed	Net assets employed, excluding net tax balances
n.m.	Not meaningful
Net assets employed	Net assets excluding net debt, lease liabilities and other financing-related assets and liabilities
Online penetration	Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period
Pick-up	A service which enables collection of online shopping orders in-store or at select locations
Renewals	A total store/hotel transformation focused on the overall store environment, team, range and process efficiency (including digital)
Return on Funds Employed (ROFE)	ROFE is calculated as EBIT for the previous 12 months as a percentage of 13 month average adjusted funds employed
Sales per square metre	Total Retail sales for the previous 12 months divided by the average trading area of Retail stores
Segment funds employed	Funds employed by the segment adjusted to exclude deferred taxes on indefinite life intangible assets
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 instore and online customers.

Appendix 3: New stores and renewals

F22 HALF-YEAR	GROSS NEW STORES / HOTELS (INCL. ACQUISITIONS)	NET NEW STORES / HOTELS (INCL. ACQUISITIONS)	RENEWALS
Retail	30	24	49
Hotels	3	3	22
Endeavour Group	33	27	71