endeavour group

ASX Announcement

Appendix 4E and 2022 Annual Report

Sydney: Tuesday, 23 August 2022

In accordance with ASX Listing Rule 4.3A, Endeavour Group provides the following documents for the full-year ended 26 June 2022:

- Appendix 4E (Preliminary Final Report); and
- 2022 Annual Report.

An investor webcast and conference call will be held on the full-year results from 10.30am AEST. This briefing will be accessible via our website at www.endeavourgroup.com.au/investor-relations.

The release of this announcement was authorised by the Board.

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Appendix 4E
Under ASX Listing Rule 4.3A

Endeavour Group Limited and its controlled entities
For the financial year ended 26 June 2022

Results for announcement to the market

This Appendix 4E presents the results of Endeavour Group Limited (the Company) and the entities it controlled at the end of, or during, the financial year ended 26 June 2022 (together referred to as the Group or Endeavour Group).

The current reporting period represents the 52 weeks from 28 June 2021 to 26 June 2022 (the financial year) and the previous corresponding reporting period represents the 52 weeks from 29 June 2020 to 27 June 2021.

Key information

	2022 52 WEEKS $M	2021 52 WEEKS $M	CHANGE $M	CHANGE %
Revenue from the sale of goods and services	11,597	11,595	2	imm.
Profit for the year	495	445	50	11.2
Profit for the year attributable to equity holders of the Company	495	445	50	11.2

Details related to dividends

	AMOUNT PER ORDINARY SHARE CENTS	FRANKED AMOUNT PER ORDINARY SHARE CENTS	DIVIDEND DECLARED $M	PAYMENT DATE
2022 final dividend [1]	7.7	7.7	138	16 September 2022
2022 interim dividend	12.5	12.5	224	28 March 2022
2021 final dividend	7.0	7.0	125	22 September 2021
2021 interim dividend	53.8	53.8	269	17 May 2021

1 The $138 million dividend determined to be paid represents the anticipated dividend based on shares on issue at the date of this report. This value will change if there are any shares issued between the date of this report and the ex-dividend date (31 August 2022). The record date for determining entitlements is 1 September 2022 and the payment date disclosed is the anticipated payment date.

Net tangible (liabilities) per ordinary share

	26 JUNE 2022 CENTS	27 JUNE 2021 CENTS
Net tangible (liabilities) per ordinary share	(18.2)	(25.5)

Details of entities over which control has been gained or lost

During the year ended 26 June 2022, Endeavour Group gained control of Shorty's Liquor Holdings Pty Limited, an 80% owned subsidiary, when it was incorporated in Australia on 3 November 2021.

Other information

Additional Appendix 4E disclosure requirements and further information, including commentary on significant features of the operating performance, results of segments, trends in performance, and other factors affecting the results for the financial year are included in Our Strategy, Business review (Group, Retail, Hotels, endeavourX, Pinnacle Drinks), Our risks and risk management, and the accompanying F22 Profit and Dividend Announcement.

The Consolidated Financial Statements contained within the 2022 Financial Report, upon which this report is based, have been audited by Deloitte Touche Tohmatsu.

endeavour group

cheers!

2022 ANNUAL REPORT

A year of creating more sociable moments together

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Acknowledgement of Country

We acknowledge the Traditional Custodians of Country throughout Australia and recognise their continuing connection to land, waters and community. We pay our respects to Elders past, present and emerging and commit to continued listening to and learning from First Nations voices.

Endeavour Group Limited
ACN 159 767 843

Coming back together...

After a year of lockdowns, restrictions and hardships for many, we have started reconnecting with our friends and families. We're getting back together and enjoying being a part of our vibrant local communities.

It hasn't always been easy, but Our Purpose of "Creating a more sociable future together" has helped us focus on what matters – bringing people together to share good times and good company.

Our Values – we're real, we're inclusive and we're responsible – have guided our team in all that they have done this year. And we couldn't have done it without them, our communities, suppliers, partners and customers. So, cheers to a year of creating more sociable moments together!

bringing people together

good times

79

Dan Murphy's Voice of Customer NPS score (+2pt)

74

BWS' Voice of Customer NPS score (+3pt)

8.4/10

Hotels' Voice of Customer score (+0.1pt)

Our stores, hotels and products all bring people together.

We think that we're fortunate to be part of so many celebrations at our hotels. We pop the bubbly for the toast, serve up the Sunday roast and pour the schooners before kick-off.

And then there are the get-togethers at home. People socialise and unwind, enjoying our products. Our beers get passed around the neighbourhood BBQ, our wines are enjoyed with a meal and our spirits are sipped by people from all walks of life.

We love that we can play a role in Australian social occasions, wherever they may be – in homes, hotels, parks, you name it. Helping to make memories, experiences and stories – that's what we're all about!

connecting communities, acting responsibly

doing the right thing

92%

Of our team members are trained in our newly created Leading in Responsibility program

12,400+

Team members completed Family and Domestic Violence Awareness training

76%

Voice of Team engagement score

We proudly serve hundreds of thousands of customers across thousands of communities every day, and are mindful of the products and services we provide, acting responsibly in everything we do.

We've created and launched our 'Leading in Responsibility' program so all of our team members understand the principles of responsible service of alcohol and gaming.

Our Community Advisory Committee was established in Darwin, where they are exploring innovative harm minimisation solutions. This year, we have also collaborated with our partners to create a positive impact on all the communities we are a part of.

We think social communities are thriving ones!

always innovating

mixing it up

560

Pinnacle Drinks awards won

340+

Low and zero alcohol products offered in Dan Murphy's

479

New Pinnacle Drinks products launched

We find new ways to innovate and connect individuals and communities to have a good time. Because bringing people together is the best part of what we do – hands down!

And when we identified that our customers wanted low or zero-alcohol alternatives, we expanded our range of zero-alcohol products. We even opened a Zero% alcohol pop-up bar.

Our Pinnacle Drinks range has expanded as we create new trends and keep up with customers' changing tastes. We're proud of the awards that our wines are collecting.

endeavourX has led the way in digital transformation, especially in understanding our customers and providing them with personalised offers to make their next social occasion a memorable one.


Low Alcohol Spirits

Our market leading network

Endeavour Group Stores and Hotels Network Footprint

Footprint

1,675
BWS and Dan Murphy's stores

344
Hotels (including five managed clubs)

5
Wineries

Digital

35%
Growth in monthly active users of BWS and Dan Murphy's apps

10.1m
Average monthly website and app visits

$1.0b
Online sales

Customer convenience

204
Dan Murphy's stores providing contactless Direct to Boot pick-up

334
Hotels with contactless order and pay

550+
BWS stores providing express delivery

A Message from our Chairman and CEO

Bringing people back together

As we emerge from another financial year marked by natural disasters, lockdowns, restrictions and unpredictable market conditions, there's never been a more important time to be in the business of creating products, places and experiences that bring people back together.

When we reflect on what was a challenging first year as a listed company, we're proud of everything the team has achieved. We've delivered a strong financial outcome, grown our customer reach, expanded and renewed our network of retail stores and hotels, and invested in our digital capabilities and platforms. We made progress against sustainability commitments which will leave a lasting, positive imprint on our communities, our people and our planet. And we established ourselves as a focused, top 50 ASX-listed company, driven by 28,000 team members with a shared purpose: 'Creating a more sociable future together'.

Our Foundations

At the beginning of the year we executed one of the largest demergers in Australian history. Since then, we've laid solid foundations, reinforcing our corporate infrastructure and embedding a customer-focused strategy and a purpose that has people at its heart. These foundations helped us navigate the challenges of COVID-19, looking after our people, customers and communities, while maintaining momentum in our core businesses and strategic initiatives to bring people back together, in more enjoyable, more memorable ways.

We grew our reach and digital engagement to connect with more customers, increasing My Dan's membership by 15% to 4.5 million active users, boosting the BWS on tAPP application's active base to over 260,000 users, and progressing digitisation in Hotels. Our online business now represents over $1 billion of sales.

We grew our network, adding seven Dan Murphy's and 25 BWS net new stores, and five hotels. At the same time, we renewed 72 BWS stores, nine Dan Murphy's stores, and 40 hotels. We also enhanced our Paragon Wine Estates portfolio with the acquisition of Josef Chromy Wines.

We continued innovating to maintain our trend leadership, with 40% of our Retail sales coming from drinks that did not exist eight years ago. Our Pinnacle Drinks products have been critical to this expanded range, including wines from our Paragon Wine Estates range of Endeavour-owned wineries, and exclusively produced and sourced beer, wine and spirits from local and international partners.

Our Hotels business successfully navigated the impacts of COVID-19, particularly in the first half of the year when almost all of our hotels were at sometime locked down and many enduring multiple lockdowns and reopenings, to deliver a particularly strong second half financial and operational performance.

Importantly, we also improved customer engagement and satisfaction scores across all our businesses, despite the challenges of lockdowns and rapidly changing trading restrictions.

Throughout the year our team members have stepped up to every challenge - supporting the business, each other and their communities while creating new ways to connect with our customers, grow our brands and live Our Purpose.

Our F22 Performance

Our F22 financial performance reflects the resilience of our business and the natural hedge between the Retail and Hotels businesses. Overall, the Group delivered a strong result, with Group sales in line with last year at $11.6 billion and Profit for the year (after income tax) up 11.2% to $495 million.

Our Retail business delivered EBIT of $666 million, down 0.4% from F21 as we cycled strong off-premise demand created by COVID-19 restrictions. These restrictions were also a feature of our first half, where we recorded a strong result assisted by the switch to off-premise and online purchasing. Our second half performance reflected the seasonal lower level of sales, the reopening of on-premise venues, an increase in promotional activity and elevated supply chain costs.

Hotels EBIT grew by 20.7% from F21 to $315 million, largely due to a strong second half as COVID-19 restrictions eased and more normal operating conditions returned. Our second half financial performance also benefited from disciplined cost management and solid contributions from gaming, beverage, food and accommodation.

Consistent with this strong Group financial performance, the Board has declared a final dividend of 7.7 cents. When combined with the interim dividend payment of 12.5 cents this delivers a payout ratio of 73.1%, in line with the previously guided payout ratio of 70 to 75%.

Our Positive Imprint

We are passionate about creating a more sociable future: helping people come together and making memories that leave a positive imprint. The way we create those moments matters. In everything we do, in each choice we make, we strive to create a sociable, sustainable future, thinking beyond today for our communities, our team and our planet.

Our first independent Sustainability Strategy, launched in October, shared our ambition and plan to make a positive, lasting imprint in the areas of Responsibility and Community, People and Planet.

We've made progress, particularly in relation to the responsible service of alcohol and gaming. We went above and beyond regulatory obligations, training and mobilising our 28,000 team members to lead in responsible service, and working to understand our influence in responsible consumption and harm minimisation. We are also rolling out market-leading technology to help identify and support customers who display at-risk playing patterns, and installed voluntary pre-commitment on over 95% of the gaming machines that we operate.

We focused on building a positive, safe and inclusive workplace: one team with a shared purpose. Our people are listening and learning from each other and those in our communities to make meaningful strides towards true inclusion, and working collaboratively to protect human rights in our operations and supply chain.

We're also making progress towards decarbonisation and remain committed to building climate resilience through innovation and energy efficiency initiatives in our operations.

'Our Positive Imprint', our first independent Sustainability Report, details the progress we've made so far and what we're focused on next. It's a collaborative effort, so we encourage you to visit https://www.endeavourgroup.com.au/sustainability

Our F23 Outlook

Despite the operational challenges, from a financial perspective the Group was a net beneficiary of restrictions and lockdowns in the year, as the elevated sales that we experienced in our Retail business outweighed the challenges in our Hotels business. In F23, we expect some of those Retail gains to unwind and Hotels to recover as operating conditions return to normal.

We expect inflation will remain elevated, putting upward pressure on wages, cost of goods and supply chain costs, and potentially dampening customers' spending on discretionary items. We will manage these impacts through measured cost recovery, disciplined cost management and operational optimisation.

While the worst of the impacts of COVID-19 are hopefully behind us, like many businesses, we are dealing with legacy issues such as talent shortages, particularly in digital and customer-facing roles. We are focused on building a critical capabilities pipeline to address these gaps.

We are also focused on evolving our partnership with Woolworths Group, investing in our own stand alone capabilities in areas such as technology and people services, while maintaining a strong partnership for joint long-term growth in areas such as supply chain and logistics.

We expect F23 to be another year of progress for Endeavour. We will continue seeding innovation in our core businesses, building our trusted brands, and maintaining trend leadership in our drinks portfolio. We will further develop our digital assets and capabilities and leverage our extensive retail store and hotel networks.

As a company we have a clear purpose, a team of exceptional people, a customer-focused strategy, and a disciplined approach to financial management. We are well placed and ready to deliver for all stakeholders and shareholders.

On behalf of the Board, we thank you for your continued support, and encourage you to read this report.

Peter R. Hearl
Chairman

Steve Donohue
Managing Director and CEO

Our strategy

Endeavour Group operates Australia's largest retail drinks network under the Dan Murphy's and BWS brands, and the largest portfolio of licensed hotels in communities across the country. Our 28,000 team members are passionate about Our Purpose: 'Creating a more sociable future, together.' It guides us to focus our strategy on what matters most: bringing people together to share memorable moments.

Our business is supported by a unique collection of physical and digital assets, customer connections, and industry partnerships:

- We are custodians of a trusted, complementary and well-recognised brand portfolio
- We operate an omnichannel network comprising more than 1,675 stores, 344 hotels and scalable digital platforms in our websites and apps
- We have leading in-house brands and production capability in our Pinnacle Drinks portfolio
- Our customer base is large, growing and highly engaged, with over 4.5 million active My Dan's members
- We play a leading role in supporting suppliers and other industry partners, ranging over 3,000 mostly small suppliers in stores and on our Marketplace platform
- We take our obligations seriously to ensure we have the legal and social licence to operate in highly regulated industries.

We deliver strong returns for our shareholders by operating as an interconnected group, using our assets, customer understanding and industry partnerships to achieve our vision: **to be the leading platform enabling social occasions.**

Our strategy has three core pillars: creating leading customer offers; driving an efficient end-to-end business; and building partnerships that grow our industry. These strategic pillars are supported by a continuous focus on acting as one team living Our Purpose and Values, and creating a positive and sustainable imprint.

Our purpose, vision and strategy:
Delivering strong returns

Our strategy has three core pillars:

Leading customer offers

Understanding, connecting with and meeting the needs of our customers are key to our strategy. We will continue investing in our digital, data and insights capabilities to help us understand our existing and emerging customers. These insights help us to drive engagement and create leading customer brands, experiences and product trends.

Our digital capability in endeavourX is key to step-changing customer engagement and delivering enhanced digital experiences. In F23 we will enable discovery in Dan Murphy's through personalised My Dan's offers and Dan's Daily in-app content, grow BWS on tAPP to become a market-leading convenience app, and relaunch the Hotels membership program as the 'digital front door' to our hotels.

Our network enables us to create physical and omnichannel experiences for our customers. We will continue to optimise our offer in the more than 1,500 communities we serve across Australia by expanding our network of stores and hotels, and enhancing customer experience through our renewal programs.

We will continue driving innovation to create the next trends in the market, building trusted brands within our portfolio through our Pinnacle Drinks capability.

We will deliver further innovative customer experiences by expanding the on-demand offering in Jimmy Brings and the on-demand fulfilment service for BWS and Dan Murphy's, and by expanding our B2B business, including customer events and gifting.

Efficient end-to-end business

By optimising our business end-to end, we will drive customer and shareholder value, and deliver a better, more connected team experience, through end-to-end optimisation.

We will increase our operational efficiency and build structural resilience into our margin, enabled by our investment in advanced analytics capability. We are building a flexible, scalable and future-focused technology platform to support and enable our businesses with a single view of team, customer, supplier, product and fulfilment.

Partnerships that grow our industry

Our partnerships unlock outcomes that benefit our customers and drive growth across the industry.

We are expanding our services to supplier partners with our Retail Media capability. This will use our extensive digital and data assets and capabilities to deliver great campaigns for our suppliers. Our extensive network coverage and digital assets will reach customers in targeted and meaningful ways.

We are supported by strategic partnerships, in particular our ongoing relationship with the Woolworths Group, which is one of mutual value creation.

One team living Our Purpose and Values

At Endeavour, we will always act as one team living Our Purpose and Values. We are continually building a culture that activates our purpose of "Creating a more sociable future together". We are investing to attract, retain and develop our talent to deepen critical capabilities, while enhancing the team experience.

A positive and sustainable imprint

Grounded in Our Purpose, the reason we do what we do, and how we do it, our Sustainability Strategy is a commitment to operate responsibly and inclusively, with our communities, people and planet front of mind.

We demonstrate leadership in the responsible service of alcohol and gaming, encourage responsible consumption of our products and services, and help to build connected, sustainable communities. Our team members and partners are central to our ambition, and we champion individuality, respect and human rights based on Our Values of fairness, inclusion and diversity. In the Planet space, we are on the path to decarbonisation and are reducing our impact on our natural environment.

In F23 we will release our first Sustainability Report, our Reconciliation Action Plan and our first Modern Slavery Statement.

Operating and Financial Review

Group Financial Performance

Endeavour Group Limited and its controlled entities
For the 52 weeks ended 26 June 2022

F22 was a milestone year for Endeavour Group, our first as a listed company.

Group Sales
$11.6b

Profit for the year
(after income tax)
$495m
▲ 11.2% from F21

Full year dividend per share
20.2c

Group EBIT
$924m
▲ 2.8% from F21

Earnings per share
27.6
▲ 11.3% from F21

Full year dividend payout ratio
73.1%

Results Overview

As a group, we delivered **Sales** of $11.6 billion in F22, in line with last year. It was a strong result given we were again impacted by a challenging trading environment. Our Hotels business endured temporary extensive closures and restrictions, particularly in the first half of the financial year. At the same time, these closures created tailwinds for our Retail business, with an elevated at-home market. The effects of COVID-19 reduced through the second half of the financial year as trading conditions returned to more normal patterns.

Group EBIT increased 2.8% to $924 million, driven by the partial recovery of Hotels and another strong result in Retail, which delivered EBIT in line with F21. Both segments recorded robust EBIT margins for the year (EBIT as a percentage of Sales). Productivity initiatives broadly offset the cost of inflation, and we continued to invest in our network, technology and digital capabilities.

Expenses associated with our **Other** segment, comprising corporate costs, were $57 million for the year, in line with expectations set out at the time of Demerger from Woolworths Group.

As F22 is our first full year of trading independently, this is not directly comparable to F21, where only part-year corporate costs were recorded and totalled $31 million[1].

Finance costs of $205 million in F22 were $42 million lower than last year due to a favourable change to interest rates when funding was converted from related party to external debt on Demerger.

The Group's profit for the year after income tax was $495 million (+11.2%).

The effective tax rate for F22 was 31.2%.

On 23 August 2022 the Board determined to pay a fully franked **final dividend** of 7.7 cents per ordinary share representing a full-year payout ratio of 73.1%. This equates to an expected final dividend payment of $138 million to the Group's shareholders. Endeavour shares will trade ex-dividend from 31 August 2022, the record date is 1 September 2022 and the distribution is expected to be paid to shareholders on 16 September 2022.

F22 Earnings Summary

$ million	F22 (52 weeks)	F21 (52 weeks)	Change
Sales	11,597	11,595	imm.
Retail EBIT	666	669	(0.4%)
Hotels EBIT	315	261	20.7%
Other EBIT (e.g. corporate costs)	(57)	(31)	83.9%
Earnings before interest and tax (EBIT)	**924**	**899**	**2.8%**
Finance costs	(205)	(247)	(17.0%)
Profit before income tax	**719**	**652**	**10.3%**
Income tax expense	(224)	(207)	8.2%
Profit for the year (after income tax)	**495**	**445**	**11.2%**

Forward-looking statements

Information presented in this report is, unless stated otherwise, current as at 26 June 2022. 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', 'target', '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.

1 Excluding the impact of Other EBIT in F21 and F22, Group EBIT in F22 would have grown by approximately 5.5%.

Group Funds Employed[1]

$ million	F22 26 June 2022	F21 27 June 2021	Change
Trade working capital	546	483	63
Lease assets	3,126	3,117	9
Property, plant and equipment	1,935	1,887	48
Intangible assets	3,894	3,845	49
Other liabilities (net)	(677)	(610)	(67)
Funds employed	**8,824**	**8,722**	**102**
Tax liabilities (net)	273	268	5
Other (assets)/liabilities (net)	(54)	10	(64)
Net debt	1,221	1,277	(56)
Lease liabilities	3,816	3,779	37
Equity	3,568	3,388	180
Total funding and tax	**8,824**	**8,722**	**102**
Return on funds employed (ROFE) (%)	**11.4**	**11.1**	**+28bps**

Total Funds employed as of 26 June 2022 was $8.8 billion, $102 million higher than 27 June 2021.

Trade working capital at the end of F22 was $63 million higher due to higher inventory levels partly offset by increases in trade payables. Inventory increased in F22 following replenishment of lower than usual holdings in the prior year which were impacted by strong retail trade in the lead up to balance date (27 June 2021).

Lease assets increased $9 million due to remeasurements and new leases largely offset by depreciation.

Property, plant and equipment increased by $48 million driven by investments in new stores and renewals of existing properties as well as the purchase of new retail stores, five hotels and Josef Chromy Wines. This was partly offset by depreciation, amortisation and disposals.

Intangible assets increased by $49 million through investments in licences and software assets as well as goodwill recognised on business acquisitions, partly offset by amortisation and disposals.

Other liabilities (net) increased by $67 million in F22 primarily due to a reduction in investments following the sale of ALE Property Group shares to Charter Hall. As part of the consideration, the Group maintained an investment in Charter Hall Long WALE REIT which is valued at $27 million at 26 June 2022.

Tax liabilities (net) increased by $5 million due to capital gains tax payable on the sale of ALE Property Group shares offset by a reduction in deferred tax.

Other (assets)/liabilities (net) decreased by $64 million mainly due to the market value movement of interest rate swaps executed during F22.

Net debt was $56 million lower in F22. Refer to Net Debt overview below for more details.

Lease liabilities increased $37 million due to remeasurements, new leases and interest, partly offset by lease payments.

Net Debt

$ million	F22 26 June 2022	F21 27 June 2021	Change
Borrowings	1,502	1,714	(212)
Deduct: Cash and cash equivalents	294	437	(143)
Add back: Unamortised borrowing costs	13	-	13
Net debt	**1,221**	**1,277**	**(56)**

Net debt was $56 million lower at the end of F22 and reflects a reduction in borrowings (excluding the impact of unamortised borrowing costs) partly offset by a lower cash position compared to F21.

Borrowings decreased $212 million during the period, with the balance at the end of 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.

The Group generated a reduction in **cash and cash equivalents** for the period of $143 million (F21: increase of $62 million), which represents $56 million in free cash flow (discussed in more detail under Group Cash Flow) offset by the reduction in borrowings (excluding the impact of unamortised borrowing costs).

1 Presentation of the Funds employed table for F21 has been updated to align to the definition of ROFE applicable from F22 onwards in order to provide a consistent comparison across periods.

Group Cash Flow

$ million	F22 (52 weeks)	F21 (52 weeks)	Change
EBIT	**924**	**899**	**25**
Depreciation and amortisation	525	505	20
Changes in trade working capital	(63)	7	(70)
Changes in assets and liabilities and other non-cash items	26	130	(104)
Finance costs on borrowings paid	(45)	(72)	27
Payment for the interest component of lease liabilities	(173)	(174)	1
Income tax paid	(245)	(181)	(64)
Operating cash flows	**949**	**1,114**	**(165)**
Payments for property, plant and equipment and intangible assets	(285)	(279)	(6)
Payments for the purchase of businesses, net of cash acquired	(64)	(39)	(25)
Proceeds from the sale of equity securities and assets held for sale	74	-	74
Dividends received	4	-	4
Repayment of lease liabilities	(263)	(247)	(16)
Dividends paid	(349)	(52)	(297)
Payments for shares held in trust	(10)	-	(10)
Free cash flow	**56**	**497**	**(441)**
Cash realisation ratio (%)	*93.0*	*117.3*	

A **cash realisation ratio** of 93.0% was achieved in F22 (F21: 117.3%). **Operating cash flows** were lower despite higher earnings, largely due to investments in working capital to replenish inventory levels, payments of $62 million to part-settle amounts owed in relation to pay remediation and lower income tax instalments in F21 resulting in a higher F21 final tax being paid during F22.

Payments for the purchase of property, plant and equipment and intangible assets totalled $285 million, consistent with F21 and included investment in new stores, renewals of existing stores and hotels, as well as investment in software intangibles and licences.

Payments for the purchase of businesses, net of cash acquired, were $64 million which includes the acquisition of Josef Chromy Wines, Terry Hills Tavern (NSW), The Manly Hotel (QLD), Commercial Hotel (QLD), The Empire Hotel (SA) and The Grand Tasman Hotel (SA).

Proceeds from the sale of equity securities and assets held for sale mainly relates to cash received for the sale of ALE Property Group shares to Charter Hall.

During the year the Group **paid** two **dividends**, the F21 final dividend of $125 million and the F22 interim dividend of $224 million.

Non-IFRS Financial Information

The 2022 Annual Report for the 52 weeks ended 26 June 2022 (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, cash realisation ratio). 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 Securities 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.

Normalised 52-week Equivalent F19 Information

Woolworths' Drinks and Hotels businesses were transferred to, and merged with, Endeavour Group Limited 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 pre COVID-19 periods, a Normalised 52-week Equivalent F19 period is referenced, which relates to the results of what was previously known as Woolworths' Drinks and Hotels businesses for the 52-week period ended 23 June 2019. This information has been sourced from the data used in the F19 Woolworths Group Limited Annual Report, adjusted to include sales to other Woolworths Group controlled entities that were previously classified as intercompany transactions (pre Demerger) and remove the impact of the 53rd week in F19 from 24 to 30 June 2019.

Reclassification between Cost of doing business and Cost of sales

In order to report similar costs together and align with our operating model, we have made reclassifications from Administration expenses and Branch expenses (included within Cost of doing business or CODB) to Cost of Sales for the comparative period. This has the impact of reducing Gross profit and CODB by $188 million in F21. EBIT and EBIT to sales margin are not impacted.

Overview

Our Retail segment operates one of the largest retail networks in Australia with 1,675 stores across the country as well as leading digital and loyalty platforms. Our key brands, Dan Murphy's and BWS, are complemented by specialty offerings such as Jimmy Brings, Langton's and Shorty's Liquor. The Retail segment also incorporates Pinnacle Drinks which produces and distributes exclusive drinks brands.

Business review

Retail

We've maintained our Retail EBIT in line with the strong F21 result, delivering gross profit margin gains and making strategic investments to grow our network and capabilities.

Sales

$10.1b

▼ 0.9% vs F21
▲ 19.3% vs F19[1]

Online sales

$1.0b

▲ 17.0% vs F21

EBIT

$666m

▼ 0.4% vs F21

Trading performance

The Retail segment delivered Earnings Before Interest and Tax of $666 million, broadly consistent with F21, with both years impacted by COVID-19. The EBIT to sales ratio was also steady at 6.6%.

Sales at $10.1 billion were marginally lower than F21. However, Gross profit for F22 increased by $69 million compared to F21 and Gross profit margin improved by 89bps.

CODB increased by 4.5% during the year. This is primarily due to a step up in our investments focused on enhancing our network and developing our stand alone technology and digital platforms that will support the Retail segment into the future.

Average segment funds employed were slightly lower than prior year at $4.0 billion, with EBIT stable. This created a small improvement in ROFE which increased by 45 bps compared to F21.

COVID-19 impact on business performance

COVID-19 had a significant impact on the performance of the Retail segment in F22, as it did in F21.

As an indicator, Retail Sales in F22 were 19.3% higher than F19[1], being the relevant pre COVID-19 comparative period. The retail market was elevated as a result of extensive temporary on-premise closures, particularly in the first four months of the financial year. In the second half, these restrictions eased and Retail sales started to return to normal.

1 Normalised 52-week Equivalent F19 results.

Margin improvement

Gross profit margin improved 89 bps to 23.2% (F21: 22.4%), underpinned by premiumisation, higher margin new products and demand for Pinnacle Drinks products, as well as a lower level of promotional activity in the market. The margin gains were strongest in the first half as supply chain costs increased in the second half and as promotional activity started to increase.

Growth in Spirits and Premix was a highlight, with innovative new products such as seltzers performing particularly well. Over the last three years, sales in these categories have grown over 40%. Consumers continue to seek out new, premium and craft offerings. Whilst still small, we have also seen an acceleration of low and zero alcohol products, with five of the top 10 fastest growing subcategories being in low and zero alcohol.

Navigating challenges and investing for the future

Our Retail Cost of doing business rate (as a percentage of Sales) was 16.6%, 86 bps higher than prior year. This was in part due to increased investment in our network and digital capabilities, as well as technology investment as we continue to set up and optimise our stand alone platforms. As we move from legacy systems towards cloud-based technologies, a higher portion of our technology spend was operating rather than capital in nature.

Productivity savings were largely able to offset the cost challenges, which stemmed from the volatile operating environment. During the year we experienced further COVID-19 challenges including staff constraints, as well as severe weather events. We were largely able to offset both the resulting cost pressures and underlying cost inflation through efficiency initiatives and strong cost control.

Growing customer engagement

Over the past 12 months we have grown the My Dan's membership program, with active members exceeding 4.5 million. We continued to enhance our in-store and online customer experience with Dan Murphy's Voice of Customer scores (VOC NPS) increasing to 79 (F21: 77[2]) and BWS VOC NPS increasing to 74 (F21: 71[2]). In-store customer experience was a key driver in improving the customer engagement scores for both brands.

During the year, we increased our digital investment to improve and expand our online and omnichannel customer offering, which supported online sales growth of 17% to $1.0 billion, with online penetration reaching 10.0%, 152 bps higher than the prior year. We continued to invest in personalised shopping experiences and improved search capabilities to support customers online and in-store, and developed a new content management system which enables seamless updates to our web and app platforms.

Expanding and enhancing our network

We continued to grow our store network in F22, adding 32 net new stores, including seven Dan Murphy's and 25 BWS stores, and we completed 81 store renewals. We have piloted innovative new formats such as the Dan Murphy's Cellar store and neighbourhood stores. At the end of the financial year, there were 258 Dan Murphy's stores and 1,417 BWS stores. We also expanded our Paragon Wine Estates portfolio with the acquisition of Josef Chromy Wines, a premium Tasmanian winery best known for its award-winning Pinot Noir and Chardonnay.

Looking ahead to F23

We expect the retail market will continue to return to normal over the course of F23. We are mindful of the volatile operating environment and the impact that inflationary pressures may have on retail spending over the next period.

Our diversified portfolio of trusted brands, extensive network of stores and digital capabilities, together with our customer-focused strategy and exceptional team, ensures we are well positioned to respond to changing conditions as needed in F23.

F22 Financial Results

$ million	F22 (52 weeks)	F21 (52 weeks)	Change
Sales	**10,086**	**10,178**	(0.9%)
EBITDA	**944**	**936**	0.9%
Depreciation and amortisation	(278)	(267)	4.1%
EBIT	**666**	**669**	(0.4%)
Gross profit margin (%)	23.2	22.4	+89bps
Cost of doing business (%)	16.6	15.8	+86bps
EBIT to sales (%)	6.6	6.6	+3bps

2 F21 VOC NPS has been represented to show the average score for the full year, in line with F22's methodology.

Dan Murphy's helps you
Drink Better

As more Australians switched to at-home consumption due to COVID-19 restrictions and venue lockdowns, Dan Murphy's role as the destination for drinks discovery and trend leadership expanded.

Throughout the year, continuing to guarantee the lowest price and best value for customers remained critical. During this challenging time, the Dan Murphy's team proved itself agile and adaptable, rapidly evolving the customer experience to support accelerated growth in online purchasing to create a seamless omnichannel experience.

- We are first on new trends and support local innovation
- We guarantee the lowest price and best value for customers
- We enable drinks discovery through innovative store formats, knowledgeable team members and personalised, rich content online
- We have the industry's first and largest membership program, My Dan's
- We are rapidly evolving our business model to support eCommerce growth and a seamless omnichannel experience

Launched new concept stores

Responding to evolving retail preferences, the Dan Murphy's team rolled out a range of new concept stores designed to meet inter-generational customers' diverse needs:

- The Cellar by Dan Murphy's expanded from Prahran, Melbourne to now include Lane Cove, Sydney
- Neighbourhood stores in Elanora Heights, Sydney and Glenelg, Adelaide
- Zero% alcohol pop-up store in Hampton, Melbourne

Licence plate recognition drive-thrus, including three new locations

As customers sought more convenient and time efficient ways to purchase their drinks, Dan Murphy's introduced licence plate recognition in some of its drive-thrus to meet this demand in a COVID-safe way.

Innovating and laying the foundations for growth through the launch of

- Dan Picked - Subscription service
- Dan's Gifting Hub
- Dan's Daily - "The Inside Word on Drinks" publication
- "Daniel Francis Murphy" TV, print, billboards and digital media advertising campaign

Customers

79 Customer VOC NPS score (+2pt)

4.5m My Dan's active members (+15%)

eCommerce

56% Growth in eCommerce transactions

52% Of store sales are researched online

Footprint

258 Stores

7 Net new stores

9 Renewals

Team

~6,500 Team members

79% Team engagement score

BWS does
Drinks your way

BWS is the largest and most convenient drinks retailer in Australia – we do Drinks your way

Each store has a range of products to suit its community with local craft suppliers increasingly prominent amongst our offerings.

Store formats have been designed to match customers' needs. That includes drive-thrus for those who want to be in and out fast, supermarket attached stores for those who want to match their food and wine, and high street stores for those looking for something special to go with their dinner.

For those who can't get to our stores there's always the convenience of our one-hour express delivery.

In F22 we raised our investment in our digital capabilities and stores to deliver a more exciting and convenient omnichannel experience across all customer touchpoints.

- Valued connections with local communities through hyper localised range and format
- Well-known, trusted and loved brand in the local community that offers some of the most convenient ways to buy drinks
- Expansive footprint across Australia, underpinned by a large store network in convenient locations
- Express delivery from store to door in one-hour from more than 550 stores and 30 minute in-store pick-up
- Scale and convenience of our store network backed by our strong Woolworths partnership

Drive-thru upgrade

With the impacts of COVID-19 continuing to drive in-home socialising and occasions, retail demand continued to stay elevated throughout the year.

We responded by converting 125 drive-thru stores to contactless pick up and trialled new technology to increase speed and convenience.

Invested in our team

In F22 we continued to invest in digital tools to enable our store team members to better connect with and serve their customers.

We also launched Connected Communities: we organised peer-to-peer communities to allow our 9,000+ team members to connect, challenge and support each other.

BWS on tAPP growth

Our app, BWS on tAPP, is becoming the front door to our brand for the omnichannel customer.

This year, the BWS Cooler promotion reached 365,000 unique customers who swiped for over 2.8 million prizes in January and February.

Customers

74 Customer VOC NPS score (+3pt)

262k Average monthly app users

~800k Downloads for BWS on tAPP

eCommerce

35% Growth in eCommerce orders

62% Of eCommerce orders delivered via express

Footprint

1,417 Stores

25 Net new stores

72 Renewals

Team

~9,000 Team members

72% Team engagement score

Business review

Hotels

It wasn't always smooth sailing in F22 but Hotels performed strongly across the second half as restrictions eased.

Sales

$1.5b

▲ 6.6% vs F21
▼ 7.9% vs F19[1]

Number of hotels (including clubs)

344

▲ 5 vs F21

EBIT

$315m

▲ 20.7% vs F21

Days when all hotels were open

231

vs 195 days in F21

Overview

Our Hotels segment operates the nation's largest portfolio of hotels, providing a range of hospitality experiences, including on-premise bars and food, electronic gaming, wagering, live entertainment and accommodation. We operate over 300 bistros, 900+ bars and over 2,400 accommodation rooms. We are also the leading operator of Electronic Gaming Machines (EGMs) in Australia, with 12,539 EGMs in 300 hotels.

Trading performance

Total Sales for the Hotels segment in F22 was $1.5 billion (F21: $1.4 billion). This is higher than the same period last year reflecting the more extensive COVID-19 closures in F21.

The higher sales flowed through to deliver a much stronger EBIT result at $315 million, 20.7% higher than F21, reflecting better operating leverage.

COVID-19 continued to have a significant impact on our Hotels business

We started the financial year with extensive COVID-19 related restrictions, particularly in New South Wales and Victoria. These restrictions extended across the first four months of the year. Following this, there was a brief period where our hotels were reopening, before the Omicron variant emerged and once again the segment was negatively impacted. The results for this year therefore represent 231 trading days when all our hotels were allowed to open (vs 195 days in F21).

1 Normalised 52-week Equivalent F19 results.
2 As measured by Loopon.

Returning to full operations

Trading recovered strongly in the second half of the financial year as COVID-19 restrictions were reduced, with second half sales back to pre COVID-19 levels (+7.3% vs H2 F19[1]).

Despite the challenging environment, customer ratings have remained strong with Voice of Customer scores[2] reaching 8.4, up slightly on F21.

Gross profit margin was stable at 85.1%, compared to 85.0% in the prior year. The Cost of doing business rate (as a percentage of sales) reduced 236 bps to 64.2%, benefiting from higher sales leverage and continued strong cost management including responding to closures and restrictions.

ROFE improved by 130 bps to 8.0% due to cycling a lower 12-month rolling EBIT. This created a material improvement with segment funds employed being relatively consistent between financial years.

Targeted investments

During the year, we acquired five hotels - the Terrey Hills Tavern (NSW), The Manly Hotel (QLD), the Commercial Hotel (QLD), The Empire Hotel (SA) and The Grand Tasman Hotel (SA) and also completed 40 hotel renewals.

The total Hotels portfolio consists of 344 hotels (including five managed clubs) at the end of the period.

Customer trends such as 'order and pay at table' accelerated in response to COVID-19 and we have continued to roll out technology to benefit from this growing demand. We now have over 330 hotels live with 'order and pay at table', and have executed over 3.7 million transactions using this technology.

Looking ahead to F23

We are encouraged by the strong recovery in Hotels' trading seen in the second half of F22 as Australians return to socialising in hospitality settings. In F23, we plan to continue our disciplined investment approach to further enhance and expand our Hotels network.

Overall, we believe that the community focus and range of hospitality experiences offered by our hotels will provide an exciting platform for us to continue to innovate our offerings across a wide range of social occasions.

F22 Financial Results

$ million	F22 (52 weeks)	F21 (52 weeks)	Change
Sales	**1,511**	**1,417**	6.6%
EBITDA	**561**	**499**	12.4%
Depreciation and amortisation	(246)	(238)	3.4%
EBIT	**315**	**261**	20.7%
Gross profit margin (%)	85.1	85.0	+8bps
Cost of doing business (%)	64.2	66.6	-236bps
EBIT to sales (%)	20.8	18.4	+243bps

ALH Hotels

Australian Leisure and Hospitality

We are community minded, with a deep commitment to our responsibilities.

We have a growing portfolio of hotels and strive to bring each pub's story and potential to life to create rich, fulfilling and authentic experiences for our customers.

It was another challenging year for the hospitality industry, but we haven't let that get in the way of progressing our strategy. Throughout the year we have continued to renew and innovate across all aspects of our hotel operations.

Food

Bistros tailored to the local community and enabled through our order and pay at table technology and team

Bars

Tap and drink lists optimised based on customer data and our knowledge of the latest trends

Gaming

Improved player experience by reducing the average age of our electronic gaming machines

Accommodation

Segmented brands offering comfortable and affordable accommodation in 110 locations

Digital

Opportunity to enhance member program to deliver more engaging personalised experiences

Local and authentic

All of our hotels belong to their own community, and our customers love the fact that it is their pub. That's why each hotel has its own unique identity, with local wines, local beers, local food and local entertainment.

Moments that matter

Moments that matter is all about sharing our warm hospitality to create memorable moments for our customers. We know the key to this is our people, which is why we are focused on attracting, retaining and developing the best team in the industry.

Renewing our hotels

Through our renewals program, we are step changing our Hotels formats, including our accommodation offerings. Even though we are a community of 344 hotels, we want to ensure that we bring each pub's story to life in a way that is meaningful to the local community.

Customers

8.4/10 Customer satisfaction score

569k Average monthly engaged social media users

Footprint

344 Hotels (including five managed clubs)

900+ Bars

300+ Bistros

2400+ Accommodation rooms

Digital

334 Hotels with order and pay at table technology

3.7m Digitally enabled bar and food transactions

6.8yrs Average age of our electronic gaming machines (down from 9.6 years)

Team

11,000+ Team members

endeavourX
Industry leading digital capability

endeavourX enables personalised, digital experiences that power memorable moments for our customers and team members.

endeavourX uses the best of data, design and technology to bring discovery, convenience and experience to life through our portfolio of brands such as Dan Murphy's, BWS and Jimmy Brings.

Our agile teams are empowered to innovate and to deliver an excellent experience for our customers – whether they choose to shop in-store or online. With an industry-leading technology team, backed by analytics, we're capable and willing to experiment.

Deep understanding of our customers and their journeys through digital engagement at scale and industry leading digital membership programs

Industry-leading capabilities in personalisation and fulfilment that we leverage across our portfolio of brands

Empowered, agile teams who continuously innovate to uplift the customer experience

Speciality brands (Jimmy Brings, Langton's and Shorty's Liquor) provide key capabilities in fulfilment, premium customer experience and B2B that support growth in our major retail brands

Expanded personalisation capability

Our model provides us scale to develop new capabilities that we can leverage across multiple brands and channels. In F22 we expanded our personalisation capability leveraging 'customer pulse' (our single view of customers) and 'product pulse' (our enriched product information).

On average we initiate 7.5 million personalised conversations per week.

Growing and profitable eCommerce

Our growing eCommerce business achieves profitability through our scale, our digital and fulfilment capabilities and our focus on personalisation.

Establishing new channels

During the year we expanded our eCommerce and digital capabilities by adding new channels, including subscription through Dan Picked, gifting through the Dan's Gifting Hub and a new content management system which enables seamless updates to our web and app platforms and supports the Dan's Daily online publication.

Team

45 Agile development and trading squads

30 Chapters including data science, software engineering, analytics and design

Digital

$74m Of investment

38% Dan Murphy's and BWS sales are digitally influenced

3.7m Hotel transactions are digitally influenced

868k Monthly Average App Users (MAUs)

129m Total Retail online web and app traffic

eCommerce

$1.0b Online sales and 10% online penetration

23% Growth in pick-up and 45% growth in on-demand delivery

42% Dan Murphy's and BWS on-demand orders fulfilled via Jimmy Brings' on-demand delivery platform

Pinnacle Drinks

Pinnacle Drinks
Together we craft brands people love

Pinnacle Drinks is a customer focused brand builder with integrated assets and broad capabilities.

Pinnacle Drinks identifies trends, drives innovation and brings new products to market at speed.

Pinnacle Drinks delivers premium value across its range, producing industry-leading brands in Paragon Wine Estate's award-winning and deep-heritage wineries, and sourcing exclusive products through key partners.

Lead in Trends and Innovation

Delight customers with quality brands and products that lead trends by leveraging our insights and capabilities

Greater Customer Choice

Simplify the value chain, while providing customers with greater choice

Unlock Growth Opportunities

Target growth opportunities in new channels and geographies

Differentiation and Team Advocacy

Energise and educate store and hotel teams on our brands, to delight customers, including bold in-store activations

Lead in Sustainability

Leverage viticulture, manufacturing and brand capabilities to lead in sustainability across our industry

Continued to grow Paragon Wine Estates

Paragon Wine Estates is a portfolio of premium wine brands from leading regions with deep history, an authentic sense of place, and award-winning winemaking. In F22 Paragon Wine Estates continued to drive premiumisation and invigorate categories, providing customers with greater choice. Paragon Wine Estates also expanded its premium wine footprint, most recently through the acquisition of Josef Chromy Wines in April 2022 and Shingleback Wine in August 2022.

Created trends and drove innovation

Pinnacle Drinks continued to rapidly commercialise new products that meet customer needs and create trends. We delivered 479 new products in F22, including in emerging categories: Rainbird Seltzer, one of the first brands launched in the seltzer category, is now a top three seltzer brand at Endeavour.

Loud & Proud

In December 2021 our Endeavour Proud Committee identified an opportunity to support the LGBTQ+ community and in just eight weeks we developed our 'Loud & Proud' products. The products were ranged in every BWS and Dan Murphy's store and supported by bold store displays, with 100% of the profits (over $300,000) raised for the **Pride Foundation Australia** since launch.

Customer reach

7/10 Of our Retail customers purchased a Pinnacle product

Product innovation

479 New products delivered

30%+ Sales growth in Paragon Wine Estates

Premium products

560 Product awards won

19 Best in Class trophies

First Australian wine to win the International Grenache Trophy at the 2022 International Wine Challenge

The Ethereal One Fleurieu Grenache 2020

Australia's best grenache in the 2021 James Halliday Grenache Challenge and 2022 Grenache Trophy winner at the National Wine Show

Krondorf Founders View Barossa Grenache 2020

Awarded Top-rated Chardonnay in the 2022 Halliday Wine Companion Awards

Oakridge 864 Chardonnay 2019

Sustainability

A positive imprint, made together

Our approach to sustainability is reflected in Our Purpose, Values and Ways of Working. We know the decisions we make today have a lasting imprint on people, communities and the planet, and we want it to be a positive one.

Since sharing our first Sustainability Strategy in October 2021, we have invested time in listening and learning from a variety of stakeholders, while establishing our baselines and setting a strong foundation to be able to deliver on our commitments. We are especially committed to remaining an industry leader in the responsible service of alcohol and gambling.

Our Sustainability Principles

Responsibility and Community

Advocating responsible choices and supporting positive change in our communities

People

Championing individuality, human and personal rights

Planet

Reducing our impact on the planet

We have made good progress as described in the highlights on the next page, but you can find more information in:

Our first Sustainability Report

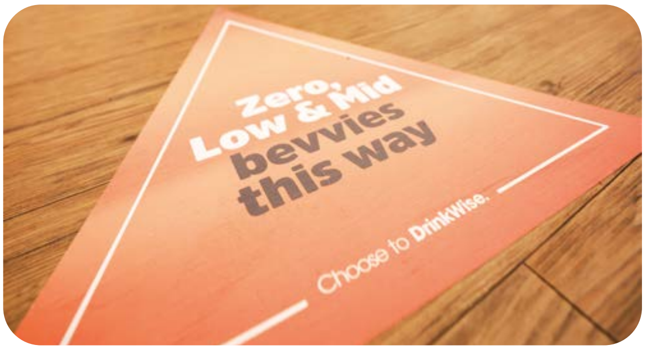
Our first Modern Slavery Statement

Darwin Community Advisory Committee (CAC)

This is a locally-based panel of diverse community leaders, with a range of lived experience and professional expertise. The CAC will explore initiatives that seek to reduce harm from the misuse of alcohol or problem gambling in the local area by connecting with a range of local experts and community groups to investigate and evaluate potential collaborations, partnerships and programs.

Leading in Responsibility

We developed our very own program to train all team members in the principles of responsible service of alcohol and gambling. 92% of our team have now completed this training.



Partnering with Drinkwise

Partnering in an exclusive in-store trial with Drinkwise, to support their research into the use of low and no alcoholic options to moderate consumption. We have also significantly expanded our low and zero alcohol product range to provide more options to our customers.

Responsibility and Community

12,400+ Team members completed Family and Domestic Violence Awareness training

340+ Low and zero alcohol products ranged

150+ Combined community and property analyses completed

$3.7m Donated to charities, with our customers

People

76% For our first Voice of Team engagement score

36% Senior positions held by women

Launched our 'Proud at Endeavour' network

Planet

104 Sites with solar panels installed

SUSTAINABLE WINEGROWING AUSTRALIA — Chapel Hill vineyard and winery is Sustainable Winegrowing Australia certified

8,498MWh Electricity generated by solar

Our risks and risk management

Endeavour Group operates in a diverse, dynamic and continuously evolving environment. As such, we are exposed to various risks that must be effectively managed for the Group to live our purpose and pursue our objectives. Endeavour Group is committed to maintaining the culture, framework and mechanisms required to handle risks in accordance with our compliance obligations and corporate governance principles and in line with our team, customer, community and shareholder expectations.

As part of the Demerger from Woolworths Group, we stood up our stand-alone risk management framework and established our own Risk and Compliance team. Building on previous work conducted, we continued to embed the risk management framework across the Group. This included establishing a Risk Appetite Statement (approved by the Board) and evolving our organisational risk profile (inherited while part of Woolworths Group) to one that better reflects the business and our strategy. The Group has established governance and reporting processes for risk and compliance management, including a series of 'deep dives' at the Board Committee level and implementing risk management in our operations, such as material investment decisions. We continue working to mature our risk management capability and embed the framework across the organisation.

Key risks of all types that could adversely affect our ability to achieve the Group's strategy or otherwise affect business performance are outlined in the following table, with a summary of how we manage each. This is based on identifying, analysing and assessing existing, new and emerging risks. Risks are then drawn into risk profiles across the organisation, with the most material risks forming the organisational profile.

Overall, the critical risks listed reflect those inherent in operating a large and diverse retail, hotels and wine production business. Many of the risks listed remain the same as reported in our 2021 Annual Report. Others have evolved, but the significant changes reflect the external environment in which Endeavour operates. Conditions continue to change as the world moves to a new phase of the COVID-19 pandemic and the war in Ukraine alters the geopolitical landscape. As a result of these and many other factors, the world economy is more fragile than it was pre-pandemic.

In addition, the cyber threat environment continues to worsen (with unprecedented messaging from several of the western world's security agencies), and this year has shown how climate change remains one of the world's most pressing and damaging risks. The upheavals at Crown and The Star also act as reminders of the importance of compliance and good culture. Endeavour's management has focused on addressing these evolving threats but also recognises that many opportunities exist in this rapidly changing landscape.

Risks and mitigating activities

Changes in the macroeconomic environment, customer preferences and competition

Risk

The retail and hotels trading environments are highly competitive. Existing players vie for market share and face technological disruption, new market entrants and rapidly evolving customer needs and preferences. The risk landscape shifts as macroeconomic conditions change.

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

Mitigating activities

Endeavour Group's performance and competitive positioning are based on our well-established and flexible operating posture; our strong network, asset and digital bases; maintaining our leading brands; and the excellent capabilities we have developed across the business. Endeavour Group prioritises the ongoing monitoring of consumer experiences and trends. We review critical insights, including customer, team and supplier metrics, competitor movements and market forces to enable well-informed decision-making. We continually evolve and innovate with our product offerings, channels and services, store and hotel formats, data use and eCommerce.

Endeavour Group's strategy is designed to build from this strong base with the noted threats in mind. Our dedicated strategy team leads the development of our strategic direction, and the Board provides oversight and guidance, allowing us to monitor and prioritise how to allocate resources for the best results as well as guiding our decision making. We recognise that the immediate future macroeconomic environment may be more challenging and uncertain. Functions across our business will continue to work collaboratively to monitor changes and determine strategies to maximise short and long-term shareholder value.

Transition, transformation and change

Risk

The Demerger from Woolworths Group was a major event for Endeavour Group. It resulted in significant changes to our environment, systems and process. In various instances, these changes also involve dependencies on Woolworths Group via partnership arrangements. These include services necessary to business operations and managing risks on Endeavour's behalf (including IT, financial reporting and supply chain services).

Transitioning these services to Endeavour's direct management and transforming the systems that support these and other services is a significant and complex change program with many associated risks.

Mitigating activities

Endeavour Group is addressing these challenges by closely monitoring the services provided by Woolworths Group and developing detailed transition plans with joint governance between the businesses to align and address any issues.

We have strengthened our change and program management disciplines to support and assure these projects individually and as a whole. Further, we are sourcing program and project leadership, and other dedicated expertise, to deliver the program. We have established governance to monitor the delivery of individual streams and the program more broadly, allowing for oversight of ongoing risk management and issue escalation. Our protocols enable structured and robust decision-making that draws on the appropriate levels of executive and senior management from across the organisation.

Our risks and risk management

Data management, privacy and cyber security

Risk

The integrity, reliability and security of data and information in all its forms are critical to Endeavour Group's day-to-day operations and strategic direction. The resilience of our IT systems and our ability to deal with cyber security risks or data breaches are critical. Failures may lead to business and reputational damage, adverse regulatory and financial impacts, and negative impacts on customer trust.

Mitigating activities

Endeavour Group has systems and controls to mitigate these risks, including a Cyber Security Framework and a dedicated team of IT security professionals that protects, monitors, and manages threats to our systems and data. The framework aligns with the Centre for Internet Security (CIS) control framework. A multi-year program is in place, and tangible progress is being made to continue maturing the processes and controls across the business.

In addition, and working closely with the IT security team, the Group has a Privacy Framework (aligned to the Australian Privacy Principles). Our privacy and data governance team specialises in protecting and managing our customers' data. Amongst other framework elements, we continually identify, analyse and implement controls via vendor risk and privacy impact assessments. These are undertaken for material arrangements where data is shared beyond Endeavour Group's systems or where privacy principles have the potential to be breached. A data breach response plan is also in place.

Endeavour Group operates extensive IT systems vital to our strategy and ongoing operations. We are committed to improving our operating systems, tools and procedures to become more efficient and effective, which includes security access, system development, change management, disaster recovery and incident management.

Team and capability

Risk

Endeavour Group's business depends 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 meet labour needs in a controlled costs environment could negatively impact our 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 markets for specific critical capabilities, such as hospitality workers and digital and data professionals, are currently constrained, and there is a risk these constraints will worsen over time.

Mitigating activities

Endeavour Group's team is pivotal to our business, as is our ability to attract and retain people with diverse skill sets. We continue to develop and refine effective workforce plans, conduct regular succession planning activities, and help manage and support our teams through their careers. We capture ongoing feedback from team members to help develop strategies for improved engagement.

We continue to focus on rectifying historical pay irregularities. We now have in place processes and controls to reduce the risk of recurrence and monitoring to identify if any problems arise.

We 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 and pay processes to achieve sustainable risk management improvements.

Safety, health and wellbeing

Risk

Endeavour Group cares about our customers, team members and business partners' safety and health, both physical and psychological. We are committed to creating a healthy work environment for our teams where people feel safe.

Failure to provide this safe environment can result in severe consequences such as serious illness, injury or death. It can also impact our culture and engagement.

Mitigating activities

Aligned to our *Safety, Health and Wellbeing Standard*, Endeavour Group has implemented a control framework and developed programs to provide a healthy and safe workplace. We have progressive employment policies and practices focused on our team's wellbeing across our stores, hotels and other sites. The Standard, policies and programs are regularly reviewed by management.

We also have an experienced Safety, Health and Wellbeing team that 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, appropriate responsiveness, and management of any issues or concerns.

We continue to strengthen and enhance safety governance and embed a culture of care across the business as an ongoing priority for management.

Product and food safety

Risk

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.

Mitigating activities

Endeavour Group complies with the *Australia New Zealand Food Standards Code*. Our product quality and food safety processes meet legislative and regulatory requirements, including with respect to own-brand products. In both areas, we have established testing regimes and audit our suppliers.

We have dedicated food safety and quality assurance personnel assigned to those parts of the business subject to product and food safety risks. We continue to strengthen and extend our food and product safety systems and produce recall/withdrawal procedures and monitoring systems. These measures help us maintain safety and compliance with relevant mandatory standards and continually improve our performance.

Regulatory change and compliance

Risk

Endeavour Group is subject to several 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. We recognise our responsibility in operating stores, hotels and delivery channels and that regulatory intervention across the alcohol and gaming industries has increased over recent years.

To maintain our licence to operate sustainably, Endeavour Group must comply with existing and incoming regulations. This compliance requires continuous monitoring. Changes to current regulations may also alter or restrict our ability to operate as we do today or fully realise our strategy.

Mitigating activities

Endeavour Group has an overarching compliance framework encompassing a range of policies, procedures and operational compliance plans. This framework helps us manage our legal and regulatory obligations. We monitor new or proposed regulatory changes to manage their impact on existing operations and proposed strategic objectives.

Our code of conduct and supporting compliance training programs clarify the foundational values and standards underpinning Endeavour Group's functions.

Endeavour Group's legal and compliance teams monitor and support the business, engage with relevant regulatory bodies, and proactively manage material compliance risks and breaches as they arise. We continue to strengthen our monitoring and supervision to ensure adequate controls and prioritise remedial activity where required.

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

Our risks and risk management

Business resilience and partners

Risk

Endeavour Group may be subject to unexpected events and natural hazards, including severe weather events, pandemics and utilities or infrastructure disruptions. Any of these could cause a sudden or complete cessation of our day-to-day operations. The last three years have seen unprecedented strain on our business via significant weather events, the COVID-19 pandemic and international supply chain disruptions.

Failure to effectively manage and enhance Endeavour Group's strategic third-party relationships and a critical failure of a key supplier can also have a material impact on our operations. This includes a key dependency that Endeavour has on the Woolworths Group who operate a number of key services on our behalf, governed via a number of partnership agreements between the two parties. A failure to provide these services in line with these agreements could result in significant interruption in services.

Mitigating activities

Endeavour Group's suite of business resilience 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 rely on our store and hotel network's in-built resilience, our supply base's diversification and flexibility, and various contingency options we can activate in response to different events.

Endeavour Group has, and continually works to enhance, effective supplier management protocols. We aim to ensure that appropriate products and services are delivered to our customers. We continue to strengthen and embed due diligence procedures to assess third parties by our standards and have agreements 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 our agreements' implementation and ongoing management.

Task Force on Climate-related Financial Disclosures

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

Endeavour Group has identified climate change as a material issue relevant to our business (Endeavour Group Sustainability Strategy which can be downloaded at www.endeavourgroup.com.au/sustainability) and we understand the need for us to play in mitigating climate change. We recognise we are on a journey to enhance our management and disclosure of this issue. We will progressively improve our disclosures against the recommendations. Our response to climate change is incorporated into our broader sustainability strategy. We are focused on improving our operations' greenhouse gas efficiency, reducing business costs and contributing to climate change mitigation. More information on our climate change strategy and targets can be found on pages 36-43 in the 2022 Endeavour Group Sustainability Report

Brand, Reputation and Trust (including ESG)

Risks

Endeavour Group's brands and our reputation with our varied stakeholders are key assets and enablers of our future business success and competitive position in our chosen markets. Events, business and operational decisions, our commitments and their delivery, how our brands communicate, what they're associated with and what they stand for may all enhance or detract from our reputation in these areas. Evolving market and community expectations towards sustainability and ESG (environmental, social and governance) standards, in particular social responsibility in providing alcohol and gambling products, may impact retail liquor and hospitality industry participants, including Endeavour Group.

Impacts from these risks could extend to Endeavour Group's profitability (for existing or acquired operations or brands), regulatory changes that increase our operational and compliance costs, and our ability to attract (or sustain) investment or partners.

Responsibility

We are Australia's largest retail drinks network and largest portfolio of hotels. We recognise our responsibility in the provision of alcohol and gaming services. We are taking steps to reduce the potential harm caused by these products and by the imprint of our business more broadly across our supply chain and in the communities we serve.

Due to our operations' breadth and diversity, we are exposed to different risks, both strategic and operational, across our footprint. These can relate to where we operate (e.g. Northern Territory and Queensland), how our operations are evolving (e.g. eCommerce and delivery), how our brands communicate (e.g. the way we market or the channels we use) and how our responsibility goes beyond our directly controlled businesses (e.g. modern slavery in our supply chains).

Planet risks and climate change

We recognise that planet-related expectations (e.g. climate change) are rising, particularly with changes to weather patterns seen in Australia in the last five years. Governments and businesses have a responsibility to address these expectations.

Climate change may also adversely affect our business operations and strategy. Restrictions on access or an increased cost of natural resources and the inability of third-party suppliers to adapt to and mitigate climate change impacts could impact Endeavour Group's cost of sales and doing business. Changes in weather patterns could significantly impact the productivity of the raw materials required for our liquor products and the investments made in our wineries. Government action to reduce climate change's impacts may further impact our costs.

Mitigating activities

We will be delivering on our Group Brand Strategy, including rolling out our new Employee Value Proposition and setting marketing standards. This will work in alignment with our sustainability strategy (issued in October 2021) that has been designed to reflect our purpose and values, and the environment and society in which we operate. We recognise that to deliver successfully on our goals, we must work in partnership with government, suppliers, partners and communities.

Our commitments to social responsibility include maintaining our leadership in the responsible service of alcohol and gambling. We have many initiatives, such as committing to the ID25 program to prevent underage drinking, and establishing a Community Advisory Committee (CAC) in Darwin, Northern Territory to inform how we operate in an environment where our products can cause more significant harm. We are rolling out our ALeRT BETTOR Protection System, which will help identify potentially problematic gambling play, and evolve our training programs so our team can help reduce any gaming-related harm. Our approach relies on a continual focus on compliance with our legal, regulatory and voluntary obligations and commitments.

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.

We have been working through a program to develop and launch the projects required to deliver on our Planet Commitments. Our strategy builds upon many projects already implemented across the business this year, including installing solar panels in stores, using energy-efficient LED lighting and working with our partners to promote a circular economy. In addition, we are commencing an assessment of our physical climate risks. This program will increase its coverage and rigour in F23.

We will continue to develop frameworks, standards and processes in line with our values while delivering long-term growth in sustainable shareholder value.

Our approach to Governance

Our corporate governance is focused on creating sustainable long-term value for our shareholders and leaving a positive imprint on the communities in which we operate.

The ability to fulfil Our Purpose of *'creating a more sociable future together'* and to achieve our strategic and business goals is reliant on us having a sound corporate governance framework. The Board's role is to set Endeavour's strategic direction and oversee the performance of the business to create sustainable long-term value for shareholders and positive experiences for our customers and the broader communities in which we operate.

Our governance framework (represented below) has been structured to support our business by having clear lines of accountability, effective delegation and adequate oversight. Additional information on the corporate governance framework is in our Corporate Governance Statement available at www.endeavourgroup.com.au.

2022 Governance Focus

In our full first year as a listed company, the Board focused on embedding the solid foundations created on Demerger, navigating business challenges - such as the impacts of COVID-19 and natural disasters - and reviewing the Group's customer-focused strategy, with an alertness to the changing macro-economic conditions.

The Board had extensive exposure to Endeavour Group's operations during the year, deepening its understanding of the diverse and continually evolving environment in which the business operates. Alongside this, the Board spent time on establishing its operating rhythm, working effectively as a team and refining its level of governance oversight.

In addition to monitoring the strategic, financial and operational performance of the Group, the Board's governance priorities were focused on preserving our social licence to operate, through:

- Overseeing Endeavour Group's sustainability agenda, including by reviewing sustainability goals and commitments, launching Endeavour's Sustainability Strategy and publishing its first Sustainability Report;
- Evolving Endeavour Group's risk management and compliance framework and culture, including by adopting a risk appetite statement, evolving the risk profile and establishing governance and reporting processes;
- Progressing towards having additional independence on the Board; and
- Embedding Board governance arrangements and practices.

1 Delegation to CEO is from the Board.

Board skills and experience

The matrix below describes the collective skills and experience required for the Board to operate effectively, as well as the number of Directors on the Board[1] with each skill and/or experience.

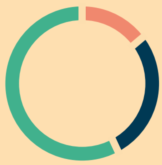
Skill/experience	Directors with skill/experience
Hospitality, gaming, food, beverage, alcohol Knowledge and understanding gained as a director, senior executive or advisor in at least two of the following industries: hospitality; gaming; and food, beverage or alcohol.	5/7
Retail and consumer marketing, brand and customer Experience in delivering good customer outcomes through significant exposure to, or expertise in: retail and consumer marketing; and brand and customer.	6/7
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.	5/7
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.	7/7
Leadership Held CEO or a similar senior executive position in a listed entity or other large organisation.	6/7
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.	7/7
Digital, technology and data 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.	6/7
Financial acumen Experience or expertise in financial accounting and reporting and capital management and/or auditing.	6/7
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.	6/7

1 The Board of Directors as at 23 August 2022.

Board Diversity[1]

Female	3
Male	3

Board Independence[2]



Executive Director	1
Non-executive Directors	2
Independent Non-executive Directors	4

1 Endeavour's Board diversity target is measured against the total number of Non-executive Directors. It excludes the CEO. Board diversity reported above is at 23 August 2022. At the financial year-end, two of the six Non-executive Directors were female. For further information, refer to our Corporate Governance Statement, available on our website at www.endeavourgroup.com.au

2 Board independence reported above is at 23 August 2022. At the financial year-end, three of the seven Directors were independent.

Board of Directors

Our Board has a diverse range of skills, deep industry experience and reflects the importance of our strategic investors and relationships.

In June 2022, we welcomed Anne Brennan to the Board. Anne will take on the role of the Chair of the Audit, Risk and Compliance Management Committee on 24 August 2022. Bruce Mathieson Sr retired from the Board at the end of the financial year and will be replaced by Bruce Mathieson Jr (subject to receipt of regulatory approvals). Catherine West also stepped down from the Board during the year to focus on her other commitments. A search is currently underway to appoint an additional Non-executive Director to ensure the Board is comprised of a majority of independent directors. The appointment of an additional independent Non-executive Director will support the Board's continued commitment to robust decision making and effective governance.

The biographies of the current Directors are set out on pages 43 to 45. The table below sets out their respective responsibilities on the Board and its Committees.

Directors	Board	Audit, Risk and Compliance Management Committee	People, Culture and Performance Committee	Nominations Committee
Peter Hearl	Chair	–	–	Chair
Steve Donohue	Member	–	–	–
Anne Brennan	Member	Member	Member	Member
Holly Kramer	Member	–	Member	Member
Duncan Makeig	Member	Chair	Member	Member
Joanne Pollard	Member	Member	Chair	Member
Colin Storrie	Member	Member	–	Member

Legend: ● Chair of Board/Committee ● Member of Committee

Note: Anne Brennan will be Chair of the Audit, Risk and Compliance Management Committee from 24 August 2022.

Board of Directors

Peter Hearl

BCom (with Merit), FAICD, MIML, MAMA

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 in the United States over an 18 year period.

Peter is a director of Santos Limited. He is also a trustee of the Stepping Stone Foundation and member of its Investment Committee.

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

Directorships of other listed entities in the past three years:

Santos Limited (May 2016-present) and Telstra Corporation Limited (August 2014-December 2021)

Steve Donohue

Managing Director and Chief Executive Officer

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

Non-executive Director Woolworths Nominee

Appointed: 21 June 2021

Board Committees: People, Culture and Performance Committee, 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 Holdings Pty 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), People, Culture and Performance Committee, Nominations Committee

Duncan has substantial legal and corporate governance expertise and international experience in the fast-moving consumer goods sector.

Duncan held a number of senior leadership positions over his 30-year management career. He served as the Managing Director of Lion Asia Dairy and held 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.

He is chair of Curing Homesickness Limited, a director of Wirrabilla Pastoral Pty Limited and part owner of the Royal Hotel, Wyong and Robertson Public House & Kitchen.

He was previously the chairman of Sydney Children's Hospitals Foundation Limited, Athletic Greens Inc, Heineken-Lion Australia and New-Zealand listed company Good Spirits Hospitality Limited 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–June 2022)

Joanne (Joe) Pollard

MAICD

Independent Non-executive Director

Appointed: 21 June 2021

Board Committees: People, Culture and Performance Committee (Chair), Audit, Risk and Compliance Management Committee, 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 a director of Greencross Limited, oOH!media Limited, Washington H Soul Pattinson and RACAT Group. She is also a member of Chief Executive Women.

Joe was previously a director of Nine Entertainment Co. Holdings Limited, AMP Bank Limited, 12WBT, iSelect, the Interactive Advertising Bureau and Australian Association of National Advertisers.

Directorships of other listed entities in the past three years:

oOH!media Limited (August 2021–present), Washington H Soul Pattinson and Company Limited (March 2022–present)

Colin Storrie

BCom, GradDipMgt, FCPA, GAICD

Non-executive Director

Appointed: 1 August 2019

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

Colin has over 25 years' experience in senior finance roles in listed companies, investment banking and government, including in 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 held a board position with ALH Group since 2017 and has been a director of Endeavour Group Limited since 2019. He is chairman of PFD Food Services Pty Limited and a director of The Quantium Group Holdings Pty Ltd 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, ALH Group Pty Limited and AMP Bank Limited.

Directorships of other listed entities in the past three years:

Nil

Anne Brennan

BCom(Hons), FCA, FAICD

Independent Non-executive Director

Appointed: 27 June 2022

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

Anne is an experienced public company director, with deep financial and business experience across a wide-range of industries. She will assume the role of Chair of the Audit, Risk and Compliance Management Committee in August 2022.

Anne has held a variety of senior management roles in both professional accounting firms and large corporations. She was the Finance Director of Coates Group and the Chief Financial Officer of CSR Limited. Prior to her role at CSR, she was a partner of KPMG, Andersen and Ernst & Young.

She is currently a director of Argo Investments Limited, The Lottery Corporation Limited, The GPT Group, NSW Treasury Corporation and Rabobank New Zealand Limited.

She was previously a director of Charter Hall Group, Tabcorp Holdings Limited, Spark Infrastructure Group, Metcash Limited, Nufarm Limited, Myer Holdings Limited and Echo Entertainment Group Limited.

Directorships of other listed entities in the past three years:

Argo Investments Limited (September 2011-present), The GPT Group (May 2022-present), The Lottery Corporation Limited (May 2022-present), Tabcorp Holdings Limited (July 2020-May 2022), Charter Hall Group (October 2011-May 2021), Nufarm Limited (February 2011-December 2020), Metcash Limited (March 2018-August 2019) and Spark Infrastructure Group (June 2020-December 2021)

Former Directors

Bruce Mathieson Sr

Non-executive Director, BMG Nominee

Appointed: 4 February 2020

Resigned: 26 June 2022

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 Bruce Mathieson Group, 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.

He was previously a director of the Carlton Football Club and Mayne Pharma Group Limited.

Directorships of other listed entities in the past three years:

Mayne Pharma Group Limited (February 2007-September 2021)

Catherine West

BEcon/LLB(Hons), GAICD

Independent Non-executive Director

Appointed: 21 June 2021

Resigned: 11 April 2022

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.

Catherine is a director of ASX-listed Nine Entertainment Co. Holdings Limited, Peter Warren Automotive Holdings Limited and Monash IVF Group. She is also a director of the Sydney Breast Cancer Foundation Limited, 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 Limited.

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)

Group Executive Leadership Team

Steve Donohue
Managing Director and Chief Executive Officer

Biography available in Board of Directors, refer to page 43.

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 as the Group General Counsel in 2016. More recently, Peter led the Endeavour Group Corporate restructure before being appointed Chief Legal Officer in 2020.

Tim Carroll
Director - Merchandise and Buying

Tim has extensive retail experience with more than 30 years in liquor and supermarkets within Australia and New Zealand, working across buying, merchandising, supply chain, replenishment and store operations. Tim joined Endeavour in 2018.

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. In May 2022 Alex's resignation as Managing Director - Dan Murphy's was announced. His last day at Endeavour is expected to be by October 2022.

Shane Gannon
Chief Financial Officer

Shane is an experienced financial executive with over 40 years in the finance function of market-leading ASX-listed companies. Previously, Shane held CFO roles at ASX-listed companies Mirvac Limited (property), Goodman Fielder (FMCG), CSR Limited (conglomerate) and Dyno Nobel (mining services). Shane joined Endeavour in April 2021 as CFO.

Michael James
Director - Operations

Michael is a true retailer spanning over 30 years. He previously held senior operational leadership roles with the Coles Group before joining BWS as Managing Director in 2012. He went on to run Woolworths Metro & Petrol, was the Director of Stores for Supermarkets and then COO of Big W before returning to Endeavour in 2018 as Director of Operations.

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 was appointed Chief People Officer in May 2021.

Agnieszka Pfeiffer-Smith

Chief Strategy Officer

Agi has over 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 inspiring teams to create better businesses. Agi was appointed Chief Strategy Officer in 2020 and has been instrumental in shaping and delivering a customer first Endeavour Group Strategy. In July 2022, Agi was appointed to succeed Alex Freudmann as Managing Director - Dan Murphy's and has begun transitioning into this role.

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 Chief Information Officer.

Jo Rose

Chief Marketing Officer

Jo has extensive customer, marketing and digital experience developed in senior retail roles across the UK, Australia and New Zealand. She spent seven years working in digital, brand development and marketing at Tesco plc in London. Joining Woolworths in 2015, she worked across digital marketing, brand strategy and also led the Woolworths NZ customer and marketing team for two years. Jo joined Endeavour in October 2021 as Chief Marketing 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.

Mario Volpe

Managing Director - Hotels

Mario has a long connection with the hospitality industry, having commenced his career with ALH Group in the 1990's. Since then, he has worked in senior strategy roles at ALH Group, Carlton and United Breweries and as Commercial and Operations Manager for Coles. In 2016, Mario returned to ALH Group and was promoted to Managing Director - Hotels in March 2022[1].

1 Bruce Mathieson Jr ceased in the position of Managing Director - ALH Group on 31 December 2021 and ceased with Endeavour Group on 26 June 2022. Managing Director and CEO, Steve Donohue was acting Managing Director - Hotels for the period between 1 January 2022 and 28 February 2022.

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 26 June 2022.

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 1,675 stores under Dan Murphy's and BWS brands, as well as specialty businesses Langton's, Shorty's Liquor and Jimmy Brings, which produce and distribute exclusive brands through Pinnacle Drinks.
- **Hotels:** Operating 344 hotels, including food and drinks, accommodation, entertainment and gaming operations.

Significant changes in state of affairs

Other than the changes discussed in the Operating and Financial Review on pages 14 to 27 and the changes to the Board outlined in the Board of Directors section on pages 42 to 45, there have been no other significant changes in the state of affairs of the Group 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 or after the financial year were:

Current

Peter Hearl	
Steve Donohue	
Holly Kramer	
Duncan Makeig	
Joanne Pollard	
Colin Storrie	
Anne Brennan	(appointed 27 June 2022)

Former

Catherine West	(resigned 11 April 2022)
Bruce Mathieson Sr	(resigned 26 June 2022)

Details of the Directors, their experience, qualifications, other listed company directorships and special responsibilities, are set out on pages 43 to 45.

Directors' meetings

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

All Directors may attend Committee meetings even if they are not a member of a Committee. The table reflects the attendance of a Director only where they are a member of a relevant Committee.

	BOARD						COMMITTEES					
	SCHEDULED MEETINGS		UNSCHEDULED MEETINGS [1]		BOARD COMMITTEE MEETINGS [2]		NOMINATIONS		AUDIT, RISK AND COMPLIANCE MANAGEMENT		PEOPLE, CULTURE AND PERFORMANCE	
DIRECTORS [3]	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Peter Hearl	13	13	7	7	2	2	5	5	-	-	-	-
Steve Donohue	13	13	7	7	2	2	-	-	-	-	-	-
Holly Kramer	13	13	7	7	-	-	5	5	-	-	6	6
Duncan Makeig	13	13	7	6	2	2	5	5	6	6	6	6
Bruce Mathieson Sr [4]	13	13	7	6	-	-	5	4	-	-	-	-
Joanne Pollard [5]	13	13	7	7	-	-	5	5	6	6	-	-
Colin Storrie	13	13	7	6	-	-	5	4	6	6	-	-
Catherine West [6]	11	11	5	4	-	-	3	3	5	5	6	6

(A) Number of meetings held during the financial year when the Director was a member of the Board or the relevant Committee.
(B) Number of meetings attended.

1 Board meetings convened for a special purpose that are not part of the planned annual calendar.
2 Committee meetings of the Board convened for a special purpose.
3 Anne Brennan was appointed as Director on 27 June 2022, not within the financial year.
4 Bruce Mathieson Sr resigned as Director effective 26 June 2022.
5 Joanne Pollard was appointed the Chair of the People, Culture and Performance Committee effective from 12 April 2022. There were no meetings held during the remainder of the financial year following her appointment.
6 Catherine West resigned as Director effective 11 April 2022.

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	14,626
Duncan Makeig	7,042
Joanne Pollard	7,500
Colin Storrie	30,640
Anne Brennan	13,211

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.

Company Secretary

Taryn Morton was appointed Company Secretary on 21 June 2021 and has over 23 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.

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

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 14 to 27;
- Directors' experience, qualifications, special responsibilities and other listed company directorships are set out on pages 43 to 45;
- Remuneration Report on pages 52 to 80;
- Matters subsequent to the end of the financial year as outlined in Note 6.4 to the Financial Report; and
- Auditor's Independence Declaration on page 81.

This Directors' Report is made in accordance with a resolution of the Directors of Endeavour and is dated 23 August 2022.

Peter R Hearl
Chairman

Steve Donohue
Managing Director and CEO

Remuneration Report

On behalf of the Board, I am pleased to present the F22 Remuneration Report (the Report) for Endeavour Group. F22 was the first full year Endeavour Group operated as an independently-listed entity post Demerger from Woolworths Group Limited (Woolworths) in June 2021. It has been a great first year for the Endeavour Group team operating as an independent entity throughout F22.

Throughout the year, the team united behind a common purpose of 'creating a more sociable future together' and embedded their unique values and ways of working across the Group. We saw multiple examples of these values and ways of working coming to life throughout the course of the year with the team not only delivering on their strategy and plans in F22, but rallying behind our customers, communities and importantly, each other, to navigate challenges such as COVID-19, floods and store and hotels closures.

F22 Remuneration Framework

The remuneration framework was approved by shareholders on Demerger. The full details of which can be found in Section 3. In F22, Endeavour Group's performance resulted in positive returns for shareholders, and we are confident that our remuneration framework and Board determinations facilitated the right alignment between performance, reward outcomes and stakeholder interests.

F22 Reward Outcomes: Short Term Incentive (STI)

The F22 STI outcomes are based on 100% of the funding being approved at the Board's discretion. The actual result was 105.5% mainly due to outperformance against Sales, Earnings before Interest and Tax (EBIT), Working Capital and Safety targets in Retail. The Voice of Customer metric was not met in Retail largely due to supply chain impacts and being unable to consistently meet online delivery timeframes, due to COVID-19 induced labour shortages. When our hotels were open, it was pleasing to see that our customer satisfaction targets were achieved. It was an extremely unusual year with Retail at times benefiting from the tailwinds of hotel closures due to lockdowns and ongoing trading restrictions. Given these circumstances, the Board decided to take a balanced view and used its discretion to determine an STI funding outcome of 100%, applicable to business divisions regardless of their actual scorecard result. We believe this properly recognises the team effort it took to deliver in F22 and results in a fairer and more equitable outcome for our team in the context of our operating environment.

The Executive KMP STI outcomes outlined in Section 4.1 reflect their share of the STI funding based on their individual performance in delivering equally on goals relating to Strategy, Business and Our Ways of Working. To ensure the performance is sustainable, we have deferred 50% of the determined STI amount into Endeavour share rights restricted for two years from 1 July 2022. The Board will determine the release of these share rights at the end of the two year period, subject to malus policy.

F22 Reward Outcomes: Long Term Incentive (LTI)

The F20 Transitional LTI that vested on 1 July 2022 was the forfeited portion of Woolworths' LTI that was replaced with an Endeavour Group LTI as approved by shareholders on Demerger. 74.3% vesting of this LTI reflects 40% based on Relative Total Shareholder Return performance, 34.3% Return on Funds Employed performance and nil vesting for Leading in Responsibility.

There has been strong, early progress in our responsibility initiatives, which form the core of our recently released Sustainability Strategy. There have been particular achievements in training, technological innovation, community partnerships and audit practices. There has also been progress in F22 in managing compliance and driving the effective implementation of industry codes and practices. We are proud of the commitment shown by a significant cross section of the business to deliver numerous new initiatives in our first full year as an independently-listed entity, detailed comprehensively in our first annual Sustainability Report.

There is clear momentum and passion in our business to continue to do more to lead the industry in responsibility, building on current examples in many parts of our operations. This is underpinned by Our Values and Our Ways of Working.

On balance, the Board determined that the early progress on the delivery of initiatives to enhance our leadership in responsibility was promising. The timeframe of 12 months was too short to demonstrate a clear leadership position and, on balance, the conservative option to not vest a portion of this metric in the first year of operation was chosen. The progress and momentum to date provides confidence that vesting can occur on future grants should the current trajectory continue.

F23 Executive Remuneration Review

From 1 July 2022 all employees of Endeavour Group, including Key Management Personnel (KMP), received a 0.5% increase to their superannuation contribution, taking this to 10.5% per annum in accordance with legislation. There are no further changes to Total Fixed Remuneration for KMP.

Summary

A shout out of sincere thanks to the entire Endeavour Group team for their efforts throughout F22. Along with my Non-executive Director colleagues, I am proud of all the team have achieved under uncertain circumstances, and moreover the way they have gone about delivering such a strong performance in F22. The team remains committed to leaving a lasting positive imprint on our customers and communities and delivering positive returns for shareholders.

I welcome your feedback on the Report.

Joe Pollard
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 2022. The Report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth).

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Section 1. F22 Key Management Personnel

The Report outlines the Endeavour Group remuneration framework and the outcomes for the year ended 26 June 2022 for our Key Management Personnel (KMP). KMP's have the authority and responsibility for planning, directing and controlling the activities of Endeavour Group.

1.1 Executive and Non-executive Key Management Personnel

Executive KMP

NAME	POSITION	TERM AS KMP IN F22
Steve Donohue [1]	Managing Director and CEO	Full year
Scott Davidson	Managing Director, BWS	Full year
Alex Freudmann	Managing Director, Dan Murphy's	Full year
Shane Gannon	Chief Financial Officer	Full year
Mario Volpe	Managing Director, Hotels	Commenced 1 March 2022
Former Executive KMP		
Bruce Mathieson Jr [2]	Managing Director, ALH Group	Ceased 31 December 2021

1 Steve Donohue was the acting Managing Director, Hotels between 1 January 2022 and 28 February 2022 after Bruce Mathieson Jr left the role and prior to the appointment of Mario Volpe into the role.
2 While Bruce Mathieson Jr ceased as KMP on 31 December 2021, he remained employed by Endeavour Group until 26 June 2022.

Non-executive KMP (otherwise known as Non-executive Directors)

NAME	POSITION	TERM AS KMP IN F22
Peter Hearl	Chair	Full year
Holly Kramer	Director	Full year
Duncan Makeig	Director	Full year
Bruce Mathieson Sr	Director	Full year
Joanne Pollard	Director	Full year
Colin Storrie	Director	Full year
Former Non-executive KMP		
Catherine West	Director	Ceased 11 April 2022

Section 2. Remuneration Governance

2.1 Role of the Board, the People, Culture and Performance Committee, and Management

The governance framework for remuneration matters is outlined below:

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. After considering the recommendations from the People, Culture and Performance Committee (the Committee), the Board approves all remuneration and benefits as they relate to the Managing Director and CEO and executive level direct reports, including Executive KMP. The Board also sets the remuneration for Non-executive Directors.

People, Culture and 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, Managing Director and CEO and executive level direct reports.
- Annual performance review of the Managing Director and CEO and executive level direct reports.
- Remuneration outcomes for the Managing Director and CEO 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 and Performance Committee on matters including:

- Remuneration arrangements for the Managing Director and CEO and executive level direct reports, including the establishment of new, or amendment to existing, incentive and equity plans.
- Annual performance review and remuneration outcomes for the 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.

Section 2. Remuneration governance (continued)

2.2 Additional governance policies

Hedging Policy	Under the Securities Trading policy, senior executives and other specified team members may not enter into any derivative (including hedging) transaction that will protect the value of either unvested securities or vested securities that are subject to a disposal restriction issued as part of our incentive and equity plans. Compliance with the policy is a condition of participating in these plans.
Malus Policy	The Executive KMP STI and LTI arrangements are subject to malus provisions that enable the Board to adjust unpaid and/or unvested awards (including reducing to zero) where it is appropriate to do so. The Board may determine that any unpaid cash STI or unvested Deferred STI (DSTI) 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 Endeavour Group brands, or a broader assessment of performance indicating there should be an adjustment.
Dividends	Share right offers do not attract a dividend or dividend equivalent shares or cash payments upon vesting. This excludes the F20 and F21 Transitional LTI grants that were offered by Endeavour Group in lieu of equity forfeited on Demerger that was previously offered by Woolworths. Additional shares will be granted to account for the dividend, on the vested portion, in line with the terms and conditions of the Woolworths F20 and F21 LTI offers only.
Trading Windows	Under the Securities Trading policy trades in the equity of Endeavour Group can only occur in specific Trading Windows. The opening of Trading Windows will be notified to the specified team by email and the specified team is not to assume that a Trading Window is open in the absence of such notification.

Section 3. Remuneration at Endeavour Group

Our remuneration framework must enable the achievement of Our Purpose, our strategy and deliver shareholder returns. Our Purpose at Endeavour Group is "Creating a more sociable future together".

To deliver on Our Purpose, our strategic priorities are:

- Growing digital engagement
- Strategic expansion of the network
- Enhancing the existing footprint
- Expanding product range and reach
- Enhancing end-to-end efficiency

How we achieve our strategic priorities matters to us. We strive for one team believing in Our Purpose and demonstrating Our Values to ensure we have a positive and sustainable imprint on each other, our customers and communities that we operate in. Our Values and Ways of Working are outlined below:

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 remuneration principles

The specific principles of the remuneration framework that support the achievement of Our Purpose and delivery of our strategy are:

- 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
- Aligning executive and shareholder interests

Section 3. Remuneration at Endeavour Group (continued)

3.1 Our remuneration framework

The remuneration framework has three key elements:

ELEMENT	LINK TO PURPOSE, STRATEGY, AND SHAREHOLDERS

Total Fixed Remuneration (TFR)

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 positioning is informed by data including ASX100 organisations and the experience and skills a candidate or incumbent brings to the role.

- Attracting and retaining talented team members by offering competitive total fixed remuneration and paying equitably and fairly
- Individual performance impacts fixed remuneration adjustments
- Minimum shareholder requirements equivalent to 200% TFR for the Managing Director and CEO and 100% for other Executive KMP, encouraging executive share ownership

Short Term Incentive (STI)

50% of the STI is delivered in cash and the remaining 50% is deferred in share rights (or cash, if equity cannot be granted) for two years.

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

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

- Assuring performance of in-year outcomes that contribute to the achievement of the strategic priorities over the longer term
- Annual targets to drive financial performance, effective operations, customer outcomes and safety
- Board discretion that considers the results and Our Ways of Working to assure a responsible outcome
- Strengthening accountability and supporting alignment with shareholders by deferring 50% of the STI outcome into equity (or cash) for two years

Long Term Incentive (LTI)

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:

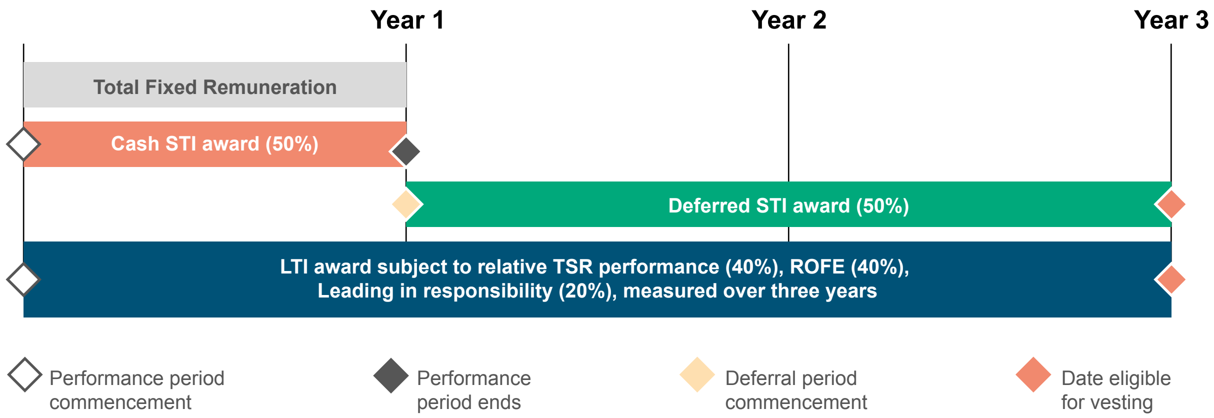
- Relative Total Shareholder Return (rTSR against ASX100) (40%)
- Return on Funds Employed (ROFE) (40%)
- Leading in Responsibility (LIR) (20%)

- Comprehensive 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 in responsibility

Section 3. Remuneration at Endeavour Group (continued)

3.2 Timeline of potential remuneration

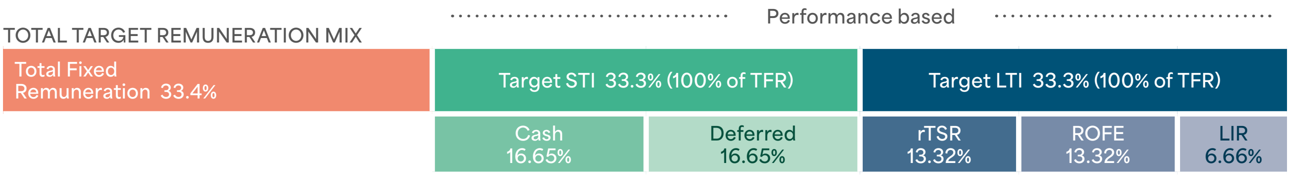
The timeline of when remuneration is received is set out below:

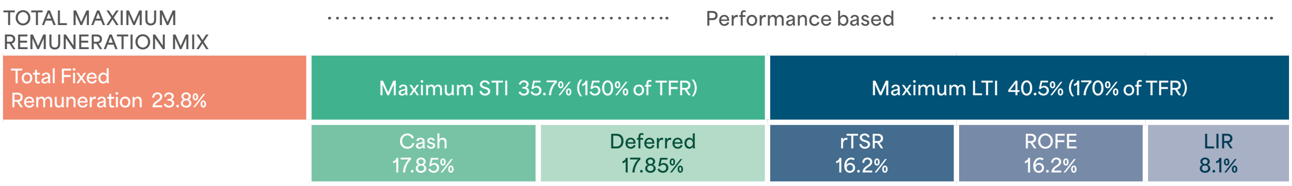


3.3 F22 Executive KMP remuneration mix

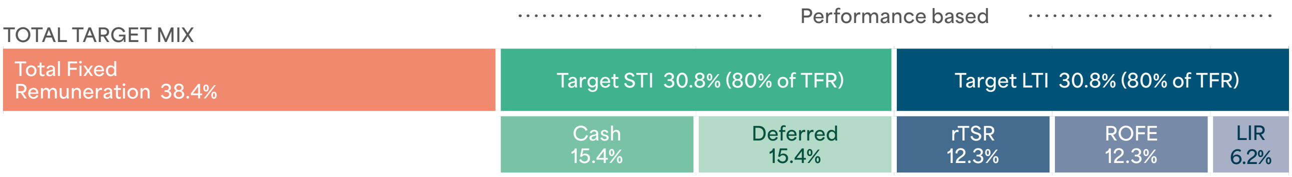
The remuneration mix for the Managing Director and CEO, and other Executive KMP is weighted towards variable remuneration. A minimum of 60% of remuneration is performance-based pay and a minimum of 45% of total remuneration is delivered as deferred equity (deferred STI and LTI) for target performance.

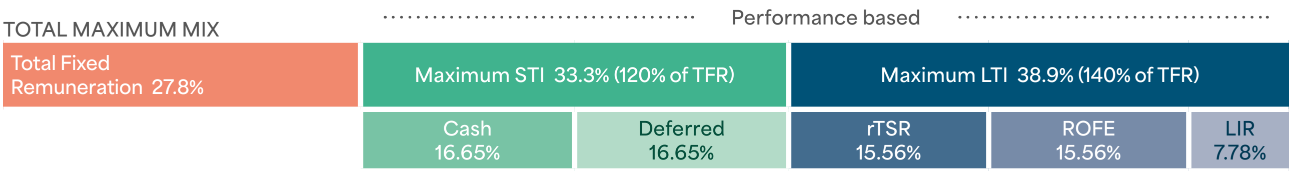
Managing Director and CEO





Other Executive KMP





Section 3. Remuneration at Endeavour Group (continued)

3.4 F22 Executive KMP remuneration arrangements

The remuneration arrangements for Executive KMP, on an annualised basis, are outlined below:

	TFR	STI[1]		LTI[1]		TOTAL REWARD	
	$	TARGET %	MAX %	TARGET %	MAX %	TARGET $	MAX $
Executive KMP							
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	711,186	80%	120%	80%	140%	1,849,084	2,560,270
Shane Gannon Chief Financial Officer	853,882	80%	120%	80%	140%	2,220,093	3,073,975
Mario Volpe[2] Managing Director, Hotels	660,000	80%	120%	80%	140%	1,716,000	2,376,000
Former Executive KMP							
Bruce Mathieson Jr Managing Director, ALH Group	831,657	80%	120%	80%	140%	2,162,308	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.
2 Mario Volpe's remuneration arrangement is applicable from 1 March 2022, which is the date of his commencement as KMP.

3.5 Group company performance

The remuneration framework of the Group is designed to link Executive KMP remuneration with Group performance.

As the Group only commenced operating as an independent entity with its own remuneration framework post Demerger from Woolworths on 28 June 2021, a five year performance table has not been provided. The Group performance table below will continue to be expanded each year in order to provide comparative metrics for the financial years in which the Group was independently-listed.

	2022	2021
Sales ($m)	11,597	11,595
Earnings before interest and tax ($m)	924	899
Earnings per share (cents)	27.6	24.8
Share price change	22.3%	
Dividend payout ratio	73.1%	
Total shareholder return (TSR): 1 July 2021 to 1 July 2022	24.8%	
Return on funds employed (ROFE)	11.4%	11.1%

3.6 F22 Executive KMP remuneration earnings

The table below represents remuneration earned by Executive KMP as a result of performance in the financial year, paid or unpaid as of the end of F22.

	TFR	STI		LTI			TOTAL REWARD	
	$	CASH STI[1] $	DEFERRED STI[2] $	VESTED VALUE[3] $	FORFEITED VALUE $	TOTAL ACTUAL[4] $	TOTAL ACTUAL % TTR[5]	TOTAL ACTUAL % OF TMR[6]
Executive KMP								
Steve Donohue Managing Director and CEO	1,650,000	825,000	825,000	698,483	235,510	3,998,483	81%	58%
Scott Davidson Managing Director, BWS	694,920	277,968	277,968	236,783	79,842	1,487,639	82%	59%
Alex Freudmann[7] Managing Director, Dan Murphy's	711,186	284,474	-	494,836	166,852	1,490,496	81%	58%
Shane Gannon Chief Financial Officer	853,882	327,891	327,891	-	-	1,509,664	68%	49%
Mario Volpe[8] Managing Director, Hotels	220,603	84,711	84,711	-	-	390,025	68%	49%
Former Executive KMP								
Bruce Mathieson Jr[9] Managing Director, ALH Group	1,153,638	-	-	-	3,458,384	1,153,638	53%	39%

1 Cash STI represents amounts earned in the current financial year, which are paid in September in the following financial year.
2 Deferred STI represents amounts earned in the current financial year, which are deferred for two years from 1 July 2022.
3 Amounts reflect the vested value of the F20 Transitional grant which was tested on 1 July 2022.
4 In addition to the amounts disclosed, each Executive KMP received non-monetary and other benefits that include the deemed premium in respect of Directors' and Officers' Indemnity Insurance, and where applicable, travel benefits and associated fringe benefits tax. Non-monetary and other benefits, and LTI forfeited value are not included in Total Actual.
5 TTR is Total Target Remuneration, which represents the level of reward possible for achieving all performance metrics to expectations.
6 TMR is Total Maximum Remuneration, which represents the most that can be awarded for clear outperformance.
7 Alex Freudmann announced his resignation as Managing Director, Dan Murphy's in May 2022 with an expectation that his last day would be by October 2022. As such, Alex is not eligible to receive Deferred STI for F22.
8 Mario Volpe's remuneration reflects amounts earned since commencement as KMP on 1 March 2022.
9 Bruce Mathieson Jr's TFR includes termination benefits received on resignation as an employee of Endeavour Group effective 26 June 2022.

The value of performance share rights vested or forfeited has been calculated based on the volume-weighted average price (VWAP) of Endeavour Group for the five business days up to and including 1 July 2022. The VWAP calculated by Orient Capital Pty Ltd was $7.5773.

Bruce Mathieson Jr forfeited all outstanding LTI share rights as of 26 June 2022 in anticipation of being appointed to the Board. The value of Bruce Mathieson Jr's forfeited LTI share rights has been calculated based on the VWAP of Endeavour Group for the five business days up to and including 26 June 2022. The VWAP calculated by Orient Capital Pty Ltd was $7.3182.

Section 4. Executive KMP Remuneration

4.1 F22 Short Term Incentive Plan

Endeavour Group's Short Term Incentive (STI) 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 a positive imprint on all our stakeholders.

Assessing business performance:

The STI business performance includes a mix of metrics, with 60% weighting on financial metrics (Sales, EBIT, and Average Working Capital Days) and 40% weighting on non-financial metrics (Customer Satisfaction and Safety). Five equally weighted 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.

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

Sales, EBIT and Average Working Capital Days

It is critical to the success of our business to constantly work towards sales growth, improving our efficiency and productivity which includes managing our inventory effectively. These three metrics combine to support strong financial performance for our shareholders. Average Working Capital Days is calculated by dividing the 13 month average trade working capital by cost of sales for the year, multiplied by 364 days.

Customer Satisfaction

Our strategy is underpinned by great customer experiences and success is dependent on us delivering a diverse range of products to meet customer needs, convenient ways to shop and enjoyable ways to experience our stores and hotels. We use Voice of Customer (VOC) to measure our customer shopping experience, and a customer satisfaction metric to measure our experience in stores and hotels.

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 (i) total recordable (team member) injuries and (ii) 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.

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

- Nothing awarded for below entry performance
- 50% of STI awarded for entry performance
- 100% of STI awarded for target performance
- 150% of STI awarded for stretch performance.

Section 4. Executive KMP Remuneration (continued)

Assessing individual performance:

Three equally weighted categories of goals are used to assess individual performance:

- Business goals capture how individuals contribute to the performance of the business within the year (33.33%)
- Strategic goals capture how individuals contribute to the initiatives that will transform our business for the future (33.33%)
- 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%)

This approach helps to drive sustainable performance and cultural outcomes.

Delivering STI outcomes:

An overall STI outcome for each KMP is determined based on the STI business outcome (which determines the level of STI funding available) and their individual performance assessment (which determines their share of the STI funding). The maximum STI outcome for the Managing Director and CEO is 150% of Total Fixed Remuneration and the maximum STI outcome for other Executive KMP is 120% of Total Fixed Remuneration.

This approach 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. They are also required to ensure that outcomes align with the market, management activity and shareholder returns.

Executive KMP STI awards are delivered:

- 50% in cash; and
- 50% in share rights or cash (if equity cannot be granted) deferred for two years.

When delivering 50% of the STI award in share rights, the share rights are allocated at the face value of the STI amount determined. The 50% deferred share rights 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 Our Ways of Working. These would be the most serious of cases and would not have been adequately dealt with through normal performance management frameworks.

In F23, the STI business performance metrics will remain the same, however Average Working Capital Days will reduce to a 10% weighting and Sales and EBIT will each increase to 25% weighting. We will maintain 60% weighting on financial metrics and 40% weighting on non-financial metrics.

Section 4. Executive KMP Remuneration (continued)

F22 STI Business Outcome

The STI business metrics landed at 105.5% due to outperformance against Sales, EBIT, Working Capital and Safety across the Group. The Voice of Customer threshold was not met largely due to supply chain challenges and not being able to consistently meet online delivery timeframes. When our hotels were open, it was pleasing to see that our customer satisfaction targets were achieved. Given COVID-19 related lockdowns, ongoing trading restrictions, floods and general disruption to operations, a number of hotels had to close throughout the year. This resulted in Retail outperforming on a number of metrics and Hotels underperforming in Sales and EBIT. Given these unique and varied circumstances, the Board decided to take a balanced view and used their discretion to determine an STI outcome of 100%. This better recognises the team effort it took to deliver in F22.

F22 STI BUSINESS METRICS	TOTAL WEIGHTINGS	ENTRY 50%	TARGET 100%	STRETCH 150%	ACTUAL OUTCOME	% OF TARGET ACHIEVED
Sales ($m)	20%	11,150	11,495	11,897	11,597	112.7%
Earnings Before Interest and Tax (EBIT) ($m)	20%	876	907	938	924	127.6%
Average Working Capital Days	20%	26.0	25.6	25.2	19.5	150.0%
Customer VOC						
– BWS and Dan Murphy's (75%)	20%	78.9	79.9	80.9	78.5	0.0%
– Hotels (25%)		8.3	8.4	8.5	8.45	
Safety						
– Total Recordable Injuries (TRI) (50%)	20%	444	428	412	309	150.0%
– Lost Hours (50%)		75,971	73,263	70,554	71,962	124.0%
Total STI Business Outcome before Board discretion						105.5%
Total STI Business Outcome after Board discretion						100.0%

Sales, EBIT and Average Working Capital Days

Sales performance in F22 was strong, particularly in the Retail business. This was offset by the Hotels business sales performance that was impacted by lockdowns and changing trading restrictions caused by COVID-19. The Retail business contributed to the outperformance in EBIT. There was a strong focus on efficiency and productivity which also positively impacted our inventory management and led to the significant reduction in Average Working Capital Days.

Customer VOC

Disappointingly, unprecedented issues with distribution and deliveries (specifically delivering in full and on time and communications on delayed delivery orders) impacted Customer VOC in Dan Murphy's and BWS. Whilst we saw some recovery in the second half, and very strong in-store and pick-up performance, this wasn't enough to achieve the Customer VOC targets for Dan Murphy's and BWS, which are based on a 12 month average. Hotels customer satisfaction performance achieved the target as a result of the focus on customer service. However, the Hotels customer satisfaction performance combined with the Dan Murphy's and BWS performance did not meet the required entry threshold.

Safety

Our focus on our people and their safety continued to improve in F22 as a result of proactive safety interventions to prevent injury and ongoing safety awareness training. This countered the significant increase in online business activity which led to a double handling of products and increased the risk of injury. Lost hours performance improved even though there were challenges in supporting team members returning to work when their work site experienced a lockdown. We are very pleased that we experienced less injuries and less hours were lost to injury as a result.

Section 4. Executive KMP Remuneration (continued)

Executive KMP STI Outcomes

The STI outcomes, considering business and individual performance, for Executive KMP in F22 are outlined below:

		ACTUAL			TARGET			
	OVERALL STI OUTCOME	TOTAL STI $	CASH STI $	DEFERRED STI $	STI % OF TFR	STI $	STI MAX $ (150% OF STI TARGET)	STI ACTUAL AS A % OF STI MAX
Executive KMP								
Steve Donohue	100%	1,650,000	825,000	825,000	100%	1,650,000	2,475,000	67%
Scott Davidson	100%	555,936	277,968	277,968	80%	555,936	833,904	67%
Alex Freudmann[1]	100%	284,474	284,474	-	80%	568,948	853,423	33%
Shane Gannon	96%	655,782	327,891	327,891	80%	683,106	1,024,658	64%
Mario Volpe[2]	96%	169,422	84,711	84,711	80%	176,482	264,724	64%

1 Alex Freudmann announced his resignation as Managing Director, Dan Murphy's in May 2022 with an expectation that his last day would be by October 2022. As such, Alex is not eligible to receive Deferred STI for F22.

2 Mario Volpe's remuneration reflects amounts earned since commencement as KMP on 1 March 2022.

Bruce Mathieson Jr has not been awarded an STI in F22 due to his employment ceasing on 26 June 2022.

Section 4. Executive KMP Remuneration (continued)

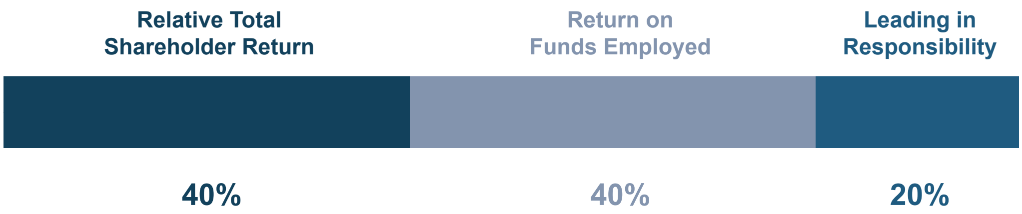
4.2 F22 Long Term Incentive Plan

Endeavour Group's Long Term Incentive Plan (LTI) is designed to drive shareholder alignment, sustainable decision making and leadership in responsibility, all of which contribute to the achievement of Our Purpose and create long-term shareholder value.

Assessing business performance:

The LTI rewards executives subject to performance against three weighted measures.

For the F23 plan, the performance will be measured over a three year performance period and will be tested in July 2025.



Relative Total Shareholder Return (rTSR) - 40% weighting

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 reflects the 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 no vesting.

Return on Funds Employed (ROFE) - 40% weighting

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 for the previous 12 months as a percentage of the previous 13 months average funds employed (net assets excluding net debt, lease liabilities, other financing-related assets and liabilities, and net tax balances). ROFE is based on Endeavour Group's strategic plan and is 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.

Leading in Responsibility - 20% weighting

Leading in Responsibility reflects Endeavour Group's commitment to implementing initiatives that enhance responsible sale, service and consumption of alcohol and conduct of gaming. 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.

Section 4. Executive KMP Remuneration (continued)

LTI Vesting:

LTI vesting detail:

rTSR	ROFE	LEADING IN RESPONSIBILITY
50% vesting at 50th percentile of ASX100	50% vesting at Entry	Up to 50% where initiatives are progressed and compliance or regulatory transgressions are managed to Board satisfaction
100% vesting at 75th percentile of ASX100	100% vesting at Stretch	51% to 100% where initiatives are implemented that enhance responsibility as assessed by the Board

Delivering LTI outcomes:

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

LTI granted to date:

In October 2021, Endeavour Group made three LTI grants to Executive KMP. Two transitional grants were made to recognise the forfeited portion of LTI previously issued to applicable Executive KMP by Woolworths for F20 and F21. These two transitional grants were made reflecting the terms above. Each transitional LTI grant has the same performance criteria, however different performance periods (F20 Transitional LTI tested in July 2022 and F21 Transitional LTI tested in July 2023).

In F22 the LTI grant was the first full Endeavour Group grant and will be tested in July 2024.

Section 4. Executive KMP Remuneration (continued)

How F20 Transitional LTI performed

While the F20 Transitional LTI grant did not vest in F22, it was due for assessment on 1 July 2022 (post balance date). This LTI grant was the portion of the Woolworths LTI that was forfeited on Demerger and replaced by an Endeavour Group LTI grant with a performance period of 12 months.

The vesting outcome for the F20 Transitional LTI grant is 74.3%.

F20 TRANSITIONAL LTI GRANT PERFORMANCE MEASURES	ENTRY	TARGET	STRETCH	ACTUAL OUTCOME	% VESTING ACHIEVED
Relative Total Shareholder Return (ASX100) (40%)	50th Percentile	-	75th Percentile	88th Percentile	40.0%
Return on Funds Employed (40%)	10.7%	11.0%	11.7%	11.4%	34.3%
Leading in Responsibility (20%)	Initiatives are progressed and compliance or regulatory transgressions are managed to Board satisfaction		Initiatives are implemented that enhance responsibility as assessed by the Board	-	0.0%
F20 Transitional LTI Grant Vesting Outcome					74.3%

Relative TSR

Relative TSR performance of 88th percentile resulted in 100% vesting of the performance measure. The performance reflects Endeavour's commitment to responsible, sustainable returns to shareholders.

Return on Funds Employed

ROFE performance was strong in F22, having benefited from the strong earnings growth as well as considered decisions on capital allocation and focus on working capital management.

Leading in Responsibility

There has been strong, early progress in our responsibility initiatives, which form the core of our recently released Sustainability Strategy. There have been particular achievements in training, technological innovation, community partnerships and audit practices. There has also been good progress in F22 in managing compliance and driving the effective implementation of industry codes and practices. We are proud of the commitment shown by a significant cross section of the business to deliver numerous new initiatives in our first full year as a stand alone entity, detailed comprehensively in our first annual Sustainability Report. There is clear momentum and passion in our business to continue to do more to lead the industry in responsibility, building on current examples in many parts of our operations. This is underpinned by Our Values and Our Ways of Working.

There have been lessons from reported breaches and a strong commitment to continuing to improve our risk management and controls. Most importantly, as a Board we are pleased to see the proactivity in raising, reporting and escalating any suspected or actual transgressions and seeing the active steps taken to resolve or remediate as soon as practicable.

On balance, the Board determined that the early progress on the delivery of initiatives to enhance our leadership in responsibility was promising. The timeframe of 12 months was too short to demonstrate a clear leadership position and, on balance, the conservative option to not vest a portion of this metric in the first year of operation was chosen. The progress and momentum to date provides confidence that vesting may occur on future grants should it continue.

Section 4. Executive KMP Remuneration (continued)

Executive KMP F20 Transitional LTI Grant Outcomes

	PERFORMANCE SHARE RIGHTS GRANTED		PERFORMANCE SHARE RIGHTS FORFEITED		PERFORMANCE SHARE RIGHTS VESTED	
	UNITS	$	UNITS	$	UNITS	$
Executive KMP						
Steve Donohue	120,936	750,626	31,081	235,510	92,181	698,483
Scott Davidson	40,998	254,466	10,537	79,842	31,249	236,783
Alex Freudmann	85,678	531,786	22,020	166,852	65,305	494,836
Former Executive KMP						
Bruce Mathieson Jr	103,356	641,510	103,356	756,380	-	-

The number of performance share rights have been rounded down to the nearest whole number. The value of the performance share rights granted has been calculated based on the VWAP of Endeavour Group for the first five business days starting from the date of the commencement of trading (including on a deferred settlement basis) on the ASX. The VWAP calculated by Orient Capital Pty Ltd was $6.2068.

The value of performance share rights vested or forfeited on 1 July 2022 has been calculated based on the VWAP of Endeavour Group for the five business days up to and including 1 July 2022. The VWAP calculated by Orient Capital Pty Ltd was $7.5773. Dividend equivalent rights are also included in the units of performance share rights vested, as this is a term of the award that this grant replaced. As a result, the number of performance share rights vested and forfeited is higher than the number of performance share rights granted. Dividend equivalency is not a term of LTI grants from F22 onwards.

Bruce Mathieson Jr forfeited all outstanding LTI share rights as of 26 June 2022 in anticipation of his appointment to the Board. The value of Bruce Mathieson Jr's forfeited performance share rights has been calculated based on the VWAP of Endeavour Group for the five business days up to and including 26 June 2022. The VWAP calculated by Orient Capital Pty Ltd was $7.3182.

Executive KMP F23 LTI Grants

Our remuneration framework grants LTI awards each year to executives which reflect the LTI Plan terms outlined earlier in this section. The F23 LTI grants are measured over three years commencing 1 July 2022 through to 1 July 2025. The total value granted reflects each Executive KMP's individual maximum LTI allocation which is based on their TFR at 1 July 2022, which includes the 0.5% superannuation increase. The number of performance rights granted are based on a five day VWAP up to and including 1 July 2022. The VWAP calculated by Orient Capital Pty Ltd was $7.5773.

	PERFORMANCE SHARE RIGHTS GRANTED	
	UNITS	$
Executive KMP		
Steve Donohue [1]	371,839	2,817,536
Scott Davidson	128,956	977,138
Shane Gannon	158,482	1,200,866
Mario Volpe	122,497	928,197

1 Steve Donohue's F23 LTI grant is subject to shareholder approval at the Endeavour Group Annual General Meeting in October 2022.

Alex Freudmann has not been awarded an F23 LTI grant due to the expected ceasing of his employment by October 2022.

Section 4. Executive KMP Remuneration (continued)

4.3 Minimum shareholding requirements

To create and build alignment between KMP and our shareholders, Endeavour Group requires the following holdings to be achieved within five years of appointment. Each Executive KMP's minimum shareholding requirement is assessed as either progressing or met.

Managing Director and CEO – Steve Donohue

Shareholding Requirement	200% of TFR
Current shareholding	Progressing

Other Executive KMP

Shareholding Requirement	100% of TFR
Scott Davidson	Progressing
Alex Freudmann	Progressing
Shane Gannon	Progressing
Mario Volpe	Progressing

The minimum shareholding calculation includes ordinary shares registered in the holder's name and share rights with no performance hurdles. The average share price over 12 months to 26 June 2022 is used to calculate the shareholding value.

4.4 Leaving Endeavour Group and impact on equity plans

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 prorated based on the number of months worked in the performance period 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 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.

Section 4. Executive KMP Remuneration (continued)

4.5 Terms of Executive KMP 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 (MONTHS)	
NAME	EMPLOYEE	COMPANY
Steve Donohue	12	12
Scott Davidson	6	6
Alex Freudmann	6	6
Shane Gannon	6	6
Mario Volpe	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 5. Non-executive Directors' Fee Policy and Structure

5.1 Non-executive Directors' fee 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. It was determined that there would be no increase to the Non-executive Directors' fees for F23.

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

BOARD AND COMMITTEE FEES	CHAIR F22/F23 FEE INCLUDING SUPERANNUATION	MEMBER F22/F23 FEE INCLUDING SUPERANNUATION
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

5.2 Non-executive Directors' equity plan

The Non-executive Directors' equity plan (the NED equity plan) commenced 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 periodically at the same time as the underlying shares are issued to the NED equity plan's trustee and the rights convert into restricted shares, subject to compliance with Endeavour Group's position on trading securities.

5.3 Non-executive Directors' minimum shareholding requirements

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. Each Non-executive Directors' minimum shareholding requirement is assessed as either progressing or met.

Chair of the Board – Peter Hearl

Shareholding Requirement	100% of Chair fee
Current shareholding	Met

Other Non-executive Directors

Shareholding Requirement	100% of Director Fee
Holly Kramer	Progressing
Duncan Makeig	Progressing
Bruce Mathieson Sr	Met
Joanne Pollard	Progressing
Colin Storrie	Met

The minimum shareholding calculation includes ordinary shares registered in the holder's name. The average share price over 12 months to 26 June 2022 is used to calculate the shareholding value.

Section 6. KMP Statutory Disclosures

6.1 KMP remuneration

The table below sets out the F22 statutory remuneration of Non-executive Directors.

		SHORT-TERM BENEFITS				
		DIRECTOR FEES $	FEES SACRIFICED TO NEDP [1] $	NON-MONETARY AND OTHER BENEFITS [2] $	POST EMPLOYMENT BENEFITS [3] $	TOTAL $
Non-executive Directors						
Peter Hearl	F22	476,432	-	9,916	23,568	509,916
	F21	8,781	-	-	834	9,615
Holly Kramer	F22	189,886	30,000	9,916	5,114	234,916
	F21	3,776	-	-	359	4,135
Duncan Makeig	F22	246,432	-	9,916	23,568	279,916
	F21	4,250	-	-	404	4,654
Bruce Mathieson Sr [4]	F22	145,455	50,000	9,916	4,545	209,916
	F21	120,742	-	-	9,102	129,844
Joanne Pollard	F22	213,729	-	9,916	21,194	244,839
	F21	3,776	-	-	359	4,135
Colin Storrie [5]	F22	204,546	-	9,916	20,454	234,916
	F21	-	-	-	-	-
Former Non-executive Directors						
Catherine West [6]	F22	171,311	23,997	7,824	13,801	216,933
	F21	4,250	-	-	404	4,654

1 Amounts represent Director Fees sacrificed in the current period to purchase share rights under the Non-executive Directors' Share Plan (NEDP). Refer to Section 5.2 for more information.
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 for F21. In F22, all Directors were covered under the Endeavour Directors' and Officers' Indemnity Insurance plan for which Endeavour Group incurred the associated costs.
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 and included in Director Fees.
4 Bruce Mathieson Sr resigned as Non-executive Director on the last day of the financial year (26 June 2022).
5 In F21, Colin Storrie was remunerated by Woolworths Group and not by Endeavour Group in his role as a Non-executive Director. Endeavour Group began remunerating Colin Storrie on 28 June 2021.
6 Catherine West resigned as Non-executive Director on 11 April 2022. Remuneration disclosed reflects amounts earned to 11 April 2022.

Section 6. KMP Statutory disclosures (continued)

6.1 KMP remuneration (continued)

The table below sets out the F22 statutory remuneration of Executive KMP:

		SHORT-TERM BENEFITS		
		SALARY [1] $	CASH INCENTIVE [2] $	NON-MONETARY AND OTHER BENEFITS [3] $
Executive KMP				
Steve Donohue [4]	F22	1,748,018	825,000	10,716
Managing Director and CEO	F21	916,997	611,111	–
Scott Davidson [5]	F22	699,988	277,968	10,707
Managing Director, BWS				
Alex Freudmann [5, 6]	F22	705,085	284,474	13,124
Managing Director, Dan Murphy's				
Shane Gannon [5]	F22	792,514	327,891	10,707
Chief Financial Officer				
Mario Volpe [7]	F22	215,300	84,711	4,169
Managing Director, Hotels				
Former Executive KMP				
Bruce Mathieson Jr [5, 8]	F22	672,521	-	11,814
Managing Director, ALH Group				

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

2 Represents the cash component of the F22 STI which is 50% of the total STI award.

3 Non-monetary and other benefits include the deemed premium in respect of the Directors' and Officers' Indemnity insurance, and where applicable, travel benefits and associated fringe benefits tax. 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. In F22, all Executive KMP were covered under the Endeavour Directors' and Officers' Indemnity Insurance plan for which Endeavour Group incurred the associated costs.

4 Steve Donohue was the acting Managing Director, Hotels between 1 January 2022 and 28 February 2022 after Bruce Mathieson Jr left the role and prior to Mario Volpe's appointment into the role.

5 Scott Davidson, Alex Freudmann, Shane Gannon, and Bruce Mathieson Jr became Executive KMP on 28 June 2021. Disclosed amounts reflect remuneration earned from 28 June 2021.

6 Alex Freudmann announced his resignation as Managing Director, Dan Murphy's in May 2022 with an expectation that his last day would be by October 2022. Amounts disclosed for Alex's equity grants at risk include the expected impact of his resignation on the vesting of his share rights.

7 Mario Volpe was appointed Managing Director, Hotels and became an Executive KMP on 1 March 2022. Disclosed amounts reflect remuneration earned from 1 March 2022.

8 Bruce Mathieson Jr ceased to be an Executive KMP on 31 December 2021 and resigned as an employee of Endeavour Group effective 26 June 2022. Amounts disclosed reflect remuneration earned to 26 June 2022 and include Bruce Jr's forfeiture of all outstanding share rights as of 26 June 2022.

POST EMPLOYMENT BENEFITS [9] $	OTHER LONG-TERM BENEFITS [10] $	TERMINATION BENEFITS $	SHARE-BASED PAYMENTS [11, 12] EQUITY GRANTS AT RISK [13] $	OTHER EQUITY GRANTS [14] $	TOTAL $
27,500	291,559	-	1,242,487	-	4,145,280
25,208	14,193	-	1,500,750	618,432	3,686,691
27,500	10,092	-	556,292	-	1,582,546
27,500	10,337	-	319,686	-	1,360,207
77,626	12,901	-	186,805	-	1,408,444
20,000	3,315	-	24,954	-	352,449
27,363	12,124	321,981	-	-	1,045,804

9 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 and included within Salary.
10 Other long-term benefits represent the net change in accrued long service leave within the period.
11 For F21 amounts, this 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.
12 For F22 amounts, this represents the portion of the grant date fair value of Endeavour 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 Leading in Responsibility measures. 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.
13 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 discounted cash flow pricing model.
14 Other equity grants are grants which are not subject to any further performance conditions except continuous employment, subject to the operation of the Endeavour Group Malus policy.

Section 6. KMP Statutory disclosures (continued)

6.2 KMP share right movements

Executive KMP share right movements

The table below sets out the grants, movements and outstanding number of share rights for Executive KMP and their related parties (where applicable) relating to the period during which individuals were KMP in F22. A share right entitles the holder to one fully paid ordinary Endeavour Group Limited share (Endeavour Share), subject to applicable performance and vesting conditions.

EXECUTIVE KMP	AWARD	GRANT DATE	PERFORMANCE PERIOD START DATE	PERFORMANCE PERIOD END DATE
Steve Donohue	F20 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-22
	F21 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-23
	F22 LTI	22-Oct-21	1-Jul-21	1-Jul-24
Scott Davidson	F20 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-22
	F21 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-23
	F22 LTI	22-Oct-21	1-Jul-21	1-Jul-24
Alex Freudmann	F20 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-22
	F21 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-23
	F22 LTI	22-Oct-21	1-Jul-21	1-Jul-24
Shane Gannon	F22 LTI	22-Oct-21	1-Jul-21	1-Jul-24
Bruce Mathieson Jr	F20 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-22
	F21 Transitional LTI	22-Oct-21	1-Jul-21	1-Jul-23
	F22 LTI	22-Oct-21	1-Jul-21	1-Jul-24
Mario Volpe	F22 LTI	22-Oct-21	1-Jul-21	1-Jul-24

In addition to the share right movements disclosed for Bruce Mathieson Jr above, his close family member, Bruce Mathieson Sr, had 6,757 share rights, which were granted and vested in the financial year.

FAIR VALUE PER SHARE RIGHT AT GRANT DATE			SHARE RIGHT MOVEMENTS (#)			
TSR COMPONENT	ROFE / LIR COMPONENT	MAXIMUM VALUE OF AWARD TO VEST [1]	OPENING BALANCE [2]	GRANTED	FORFEITED	CLOSING BALANCE [3]
$3.71	$6.73	$750,630	–	120,936	–	120,936
$4.10	$6.73	$1,319,208	–	212,542	–	212,542
$3.99	$6.18	$2,805,000	–	451,923	–	451,923
		$4,874,838	**–**	**785,401**	**–**	**785,401**
$3.71	$6.73	$254,470	–	40,998	–	40,998
$4.10	$6.73	$942,064	–	151,779	–	151,779
$3.99	$6.18	$972,888	–	156,745	–	156,745
		$2,169,422	**–**	**349,522**	**–**	**349,522**
$3.71	$6.73	$531,788	–	85,678	–	85,678
$4.10	$6.73	$959,878	–	154,649	–	154,649
$3.99	$6.18	$991,306	–	159,712	–	159,712
		$2,482,972	**–**	**400,039**	**–**	**400,039**
$3.99	$6.18	$1,190,000	–	191,725	–	191,725
		$1,190,000	**–**	**191,725**	**–**	**191,725**
$3.71	$6.73	$ –	–	103,356	(103,356)	–
$4.10	$6.73	$ –	–	181,630	(181,630)	–
$3.99	$6.18	$ –	–	187,587	(187,587)	–
		$ –	**–**	**472,573**	**(472,573)**	**–**
$3.99	$6.18	$158,965	25,611	–	–	25,611
		$158,965	**25,611**	**–**	**–**	**25,611**

1 The maximum value of award to vest represents the amount that would be recognised if all share rights held by Executive KMP as at their respective closing balance satisfied all relevant vesting conditions based on the amount awarded at grant date.
2 Mario Volpe's opening balance is as at 1 March 2022, the date he became an Executive KMP, and includes awards granted prior to the period during which he was KMP. The opening balance for all other Executive KMP is 28 June 2021.
3 Bruce Mathieson Jr ceased to be an Executive KMP on 31 December 2021 and resigned as an employee of Endeavour Group effective 26 June 2022. Amounts disclosed reflect remuneration earned to 26 June 2022 and include Bruce Jr's forfeiture of all outstanding share rights as of 26 June 2022. The closing balance for all other Executive KMP is 26 June 2022.

Section 6. KMP Statutory disclosures (continued)

6.2 KMP share right movements (continued)

Non-executive Director share right movements

The table below sets out movements in and the outstanding number of share rights held by Non-executive Directors and their related parties (where applicable) relating to the period during which individuals were KMP in F22. A share right entitles the holder to one fully paid ordinary Endeavour Group Limited share (Endeavour Share).

	SHARE RIGHT MOVEMENTS (#)				
NON-EXECUTIVE DIRECTORS	OPENING BALANCE	GRANTED	VESTED	FORFEITED	CLOSING BALANCE [2]
Peter Hearl	-	-	-	-	-
Holly Kramer	-	1,351	(1,351)	-	-
Duncan Makeig	-	-	-	-	-
Bruce Mathieson Sr [1]	-	479,330	(6,757)	(472,573)	-
Joanne Pollard	-	-	-	-	-
Colin Storrie	-	-	-	-	-
Catherine West	-	3,243	(3,243)	-	-

1 Bruce Mathieson Sr's share right movements include the movement of his close family member, Bruce Mathieson Jr, who forfeited all outstanding share rights granted to him by 26 June 2022.

2 Catherine West's closing balance is as at 11 April 2022, which is the date on which she resigned as Non-executive Director. The closing balance for all other Non-executive Directors is 26 June 2022.

Section 6. KMP Statutory disclosures (continued)

6.3 KMP share movements

The table below sets out movements and interests held in Endeavour Shares by KMP and their related parties (where applicable) in F22 for the period in which they were KMP.

	SHARE MOVEMENTS (#)			
	OPENING BALANCE [1]	SHARE RIGHTS VESTED	SHARES ACQUIRED [2]	CLOSING BALANCE [3]
Executive KMP				
Steve Donohue	-	-	26,077	26,077
Scott Davidson	-	-	31,618	31,618
Alex Freudmann	-	-	-	-
Shane Gannon	-	-	-	-
Bruce Mathieson Jr [4]	261,483,095	6,757	8,685,863	270,175,715
Mario Volpe	7,195	-	-	7,195
Non-executive Directors				
Peter Hearl	-	-	75,000	75,000
Holly Kramer	-	1,351	13,275	14,626
Duncan Makeig	-	-	7,042	7,042
Bruce Mathieson Sr [4]	261,483,095	6,757	8,684,568	270,174,420
Joanne Pollard	-	-	7,525	7,525
Colin Storrie	-	-	30,640	30,640
Catherine West	-	3,243	-	3,243

1 Mario Volpe's opening balance is as at 1 March 2022, which is when he became an Executive KMP, and includes shares acquired prior to the period during which he was KMP. The opening balance for all other KMP is 28 June 2021.
2 Includes shares that were received on 1 July 2021 via an in specie distribution of Endeavour Shares to relevant Woolworths Shareholders as part of the implementation of the Demerger of Endeavour Group from Woolworths.
3 Catherine West's closing balance is 11 April 2022, which is when she resigned as Non-executive Director. The closing balance for other KMP is 26 June 2022.
4 Bruce Mathieson Sr's share movements include those of his close family member, Bruce Mathieson Jr, and any entity Bruce Mathieson Jr controls, jointly controls or has significant influence over, and vice versa.

Section 7. Related Party Transactions

7.1 Loans made to Key Management Personnel

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 Non-executive Directors and/or their related parties.

7.2 Other transactions with Key Management Personnel

From time to time, KMP and their related parties may 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.

Bruce Mathieson Group

Bruce Mathieson Sr exercises direct or indirect control or significant influence over Bruce Mathieson Group (BMG), which owns 270 million shares in Endeavour Group as of reporting date. Bruce Mathieson Sr is a close family member of Bruce Mathieson Jr and as such, BMG is also a related party of Bruce Mathieson Jr.

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.

Auditor's Independence Declaration

Deloitte.

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

23 August 2022

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 year ended 26 June 2022, I declare that to the best of our 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

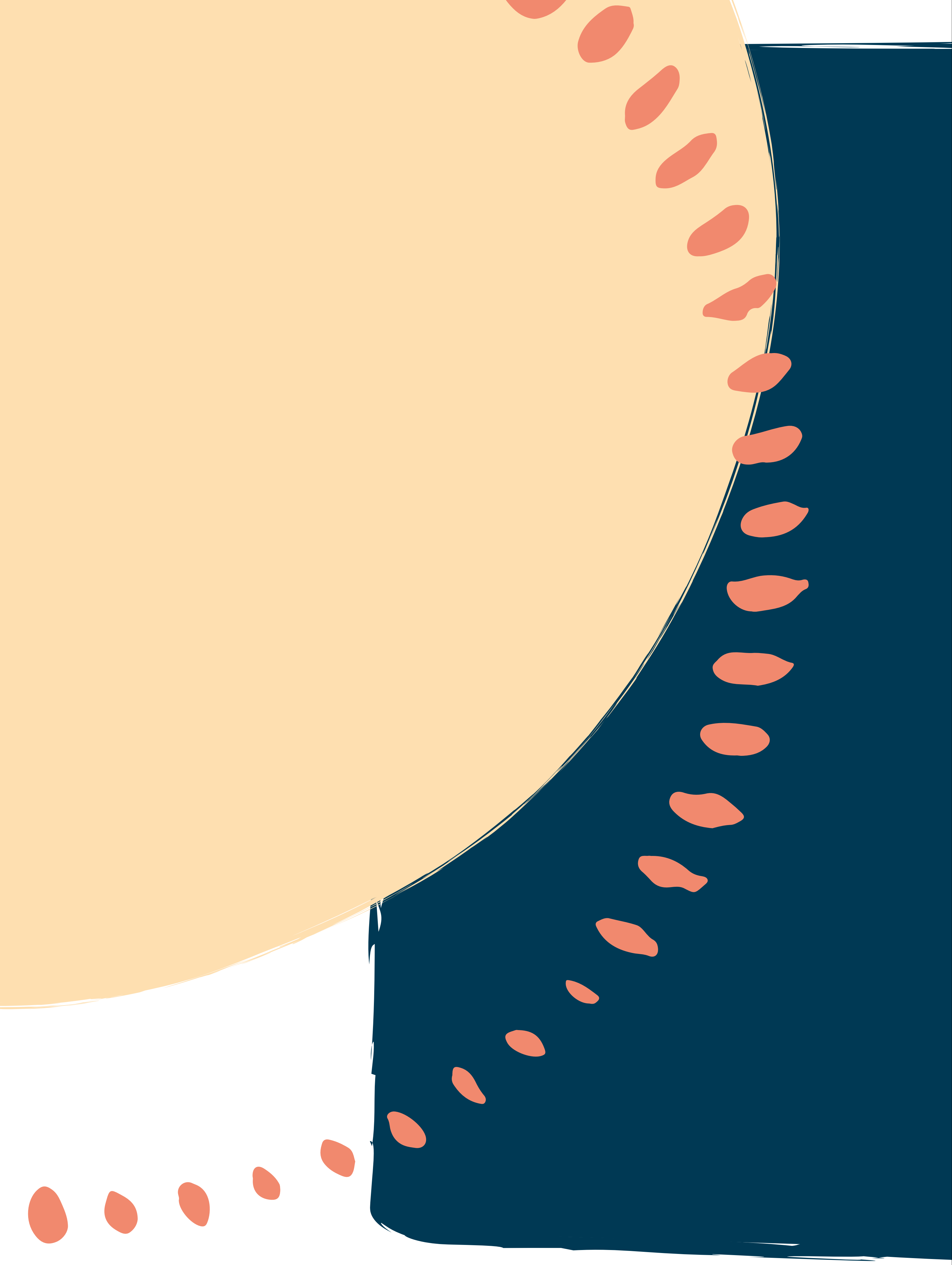
Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

TElliott

Taralyn Elliott
Partner
Chartered Accountants

Sydney, 23 August 2022



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Consolidated Statement of Profit or Loss

	NOTE	2022 $M	2021 $M
Revenue from the sale of goods and services	2.1	11,597	11,595
Cost of sales		(7,967)	(8,116)
Gross profit		3,630	3,479
Other revenue		40	33
Branch expenses		(2,267)	(2,239)
Administration expenses		(479)	(374)
Earnings before interest and tax		924	899
Finance costs	2.3	(205)	(247)
Profit before income tax		719	652
Income tax expense	3.7.1	(224)	(207)
Profit for the year		495	445
Profit for the year attributable to:			
Equity holders of the parent entity		495	445
		495	445

		CENTS	CENTS
Earnings per share (EPS) attributable to equity holders of the parent entity:			
Basic and diluted earnings per share	4.1	27.6	24.8

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

	2022 $M	2021 $M
Profit for the year	495	445
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	29	2
Items that will not be reclassified to profit or loss, net of tax		
Change in the fair value of investments in equity securities	5	(17)
Actuarial gain on defined benefit superannuation plan	-	1
Other comprehensive income/(loss) for the year, net of tax	34	(14)
Total comprehensive income for the year	529	431
Total comprehensive income for the year attributable to:		
Equity holders of the parent entity	529	431
	529	431

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

2022	SHARE CAPITAL $M	SHARES HELD IN TRUST $M	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY				
Balance at 27 June 2021	3,875	(2)	(589)	104	3,388
Profit for the year	-	-	-	495	495
Other comprehensive income for the year, net of tax	-	-	34	-	34
Total comprehensive income for the year, net of tax	-	-	34	495	529
Dividends paid [1]	-	-	-	(349)	(349)
Purchase of shares by Endeavour Group Equity Incentive Plan Trust and/or Endeavour Group Employee Equity Plan Trust	-	(10)	-	-	(10)
Transfer of shares to satisfy employee share plans	-	10	(9)	-	1
Share-based payments expense	-	-	9	-	9
Transfer on disposal of investments held at fair value through other comprehensive income, net of tax	-	-	20	(20)	-
Balance at 26 June 2022	3,875	(2)	(535)	230	3,568

1 Refer to Note 4.2 for further information.

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

1 Refer to Note 4.2 for further information.

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	2022 $M	2021 $M
Current assets			
Cash and cash equivalents		294	437
Trade and other receivables	3.1	181	118
Inventories		1,303	1,213
Other financial assets	3.2	4	–
Assets held for sale		–	3
Total current assets		1,782	1,771
Non-current assets			
Trade and other receivables	3.1	8	41
Other financial assets	3.2	68	89
Lease assets	3.3.1	3,126	3,117
Property, plant and equipment	3.4	1,935	1,887
Intangible assets	3.5	3,894	3,845
Deferred tax assets	3.7.3	50	14
Total non-current assets		9,081	8,993
Total assets		10,863	10,764
Current liabilities			
Trade and other payables	3.8	1,272	1,222
Lease liabilities	3.3.2	435	429
Borrowings	4.6	–	1,714
Current tax payable		143	111
Other financial liabilities		2	–
Provisions	3.9	341	336
Total current liabilities		2,193	3,812
Non-current liabilities			
Lease liabilities	3.3.2	3,381	3,350
Borrowings	4.6	1,502	–
Other financial liabilities		3	3
Provisions	3.9	33	37
Deferred tax liabilities	3.7.3	180	171
Other non-current liabilities		3	3
Total non-current liabilities		5,102	3,564
Total liabilities		7,295	7,376
Net assets		3,568	3,388
Equity			
Contributed equity	4.3	3,873	3,873
Reserves	4.4	(535)	(589)
Retained earnings		230	104
Total equity		3,568	3,388

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	2022 $M	2021 $M
Cash flows from operating activities			
Receipts from customers		13,399	13,313
Payments to suppliers and employees		(11,987)	(11,772)
Finance costs on borrowings paid		(45)	(72)
Payments for the interest component of lease liabilities	3.3.2	(173)	(174)
Income tax paid		(245)	(181)
Net cash provided by operating activities	4.5	949	1,114
Cash flows from investing activities			
Payments for property, plant and equipment, and intangible assets		(285)	(279)
Payments for the purchase of businesses, net of cash acquired		(64)	(39)
Proceeds from the sale of equity securities and assets held for sale		74	-
Dividends received		4	-
Net cash (used in) investing activities		(271)	(318)
Cash flows from financing activities			
Proceeds from external borrowings		3,435	2
Repayment of external borrowings		(1,924)	-
Proceeds from borrowings with related parties		-	1,765
Repayment of borrowings with related parties		(1,710)	(2,202)
Repayment of lease liabilities	3.3.2	(263)	(247)
Dividends paid	4.2	(349)	(52)
Payments for shares held in trust	4.3	(10)	-
Net cash (used in) financing activities		(821)	(734)
Net (decrease)/increase in cash and cash equivalents		(143)	62
Cash and cash equivalents at start of year		437	375
Cash and cash equivalents at end of year		294	437

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

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 (the Report) of the Company is for the 52-week period ended 26 June 2022 (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 27 June 2021.

The Report was authorised for issue by the Directors on 23 August 2022.

The Report is 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 Report has 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.

Certain comparative amounts in the Report have been reclassified to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. In particular, in order to report like costs and balances together and to align with our operating model as an independently listed business, the Group has made reallocations of:

- $182 million from Administration expenses and $6 million from Branch expenses to Cost of sales in the Consolidated Statement of Profit or Loss for the year ended 27 June 2021. This reduces Gross profit but has no impact to Earnings before interest and tax (EBIT);
- $46 million from Administration expenses to Branch expenses in the Consolidated Statement of Profit or Loss for the year ended 27 June 2021. This has no impact to Gross profit or EBIT; and
- $58 million in current employee-related liabilities from Trade and other payables to Provisions in the Consolidated Balance Sheet as at 27 June 2021. This has no impact to Net assets.

Accounting policies have been applied consistently to all years presented in the Report, unless otherwise stated.

The Report is a general purpose financial report prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations. The Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1.1.1 Deficiency in net current assets

As at 26 June 2022, the Group has a deficiency in net current assets of $411 million (27 June 2021: $2,041 million).

On 28 June 2021, the Group entered into external financing facilities of $2,500 million with a maturity profile greater than one year. As at 26 June 2022, $985 million remains undrawn and may be drawn at any time, subject to the terms of the lending agreements. In addition, the Group generated $949 million in cash flows from operating activities during the financial year.

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.

Note 1. Basis of Preparation (continued)

1.1 Basis of preparation (continued)

1.1.2 The Demerger

On 28 June 2021, Endeavour Group separated from Woolworths Group Limited (Woolworths), 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 Bruce Mathieson Group (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'.

As the Demerger occurred on 28 June 2021, Endeavour Group Limited is the ultimate parent of Endeavour Group in the 2022 financial year.

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 26 June 2022. 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.

1.2.2 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. The 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.

1.2.3 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.

Note 1. Basis of Preparation (continued)

1.2 Significant accounting policies (continued)

1.2.4 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 28 June 2021. 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.

1.2.5 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 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 AASB 2020-6	*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 materially 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.
- Note 3.4 - Property, plant and equipment.
- Note 3.5 - Intangible 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.

2 Group performance

2.1 Revenue from the sale of goods and services

	2022 $M	2021 $M
Sale of goods in-store	8,954	9,181
Sale of goods online	1,005	859
Hotels-related goods and services	1,511	1,417
Other[1]	127	138
Total revenue from the sale of goods and services	11,597	11,595

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 hotels-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.
- Hotels-related goods and services mainly comprise operational revenue pertaining to bars, dining, gaming and accommodation. 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

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 - Procurement, manufacture and sale of drinks to customers in Australia.
- Hotels - Provision of hotels-related goods and services, including food and drinks, accommodation, entertainment, and gaming in Australia.
- Other - Consists of various group support functions, including corporate 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 (EBIT), which is consistent with the way management monitor and report the performance of these segments.

Note 2. Group performance (continued)

2.2 Segment disclosures (continued)

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

- Retail - Sales and EBIT were in line with the prior year, but remained elevated compared to pre COVID-19 levels due to extensive on-premise closures in the first four months of the 2022 financial year and a shift to at-home consumption. COVID-19 related costs were higher than the prior year, mainly driven by increased team member leave expenses and additional supply chain costs.
- Hotels - During the year there were extensive government restrictions, including mandated closures which limited the ability for hotels to trade. Across the financial year there were only 63% of the total available trading days where all hotels were open. The most significant closures were in New South Wales, where hotels were closed from late June 2021 to mid-October 2021, and in Victoria with closures from early August 2021 to late October 2021. Trading quickly returned when the hotels in these states reopened. However, the surge of the Omicron variant which began in late December increased customer hesitancy again which further impacted hotels with reduced patronage across the important Christmas and New Year's trading period which continued through to mid-February. By the end of April 2022, most states had removed COVID-19 trading restrictions with the exception of Tasmania and Northern Territory, where density limits were removed in mid-May.
  The ability to trade was also limited in F21, with multiple closures and trading restrictions which varied by location. The most significant was Victoria's extended lockdown from early July 2020 to early November 2020.

The Group operates primarily in Australia with some operations in New Zealand, which are immaterial to the Group.

2022	RETAIL $M	HOTELS $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services	10,086	1,511	-	11,597
Other revenue [1]	11	25	4	40
Total revenue	10,097	1,536	4	11,637
Earnings/(loss) before interest and tax	666	315	(57)	924
Finance costs				(205)
Profit before income tax				719
Income tax expense				(224)
Profit for the year				495
Depreciation and amortisation - lease assets	151	138	1	290
Depreciation and amortisation - non-lease assets	127	108	-	235
Capital expenditure [2]	207	140	2	349

1 Other revenue mainly comprises rental and commission revenue.
2 Capital expenditure comprises property, plant and equipment and intangible asset acquisitions, including when acquired as part of a business.

Note 2. Group performance (continued)

2.2 Segment disclosures (continued)

2021	RETAIL $M	HOTELS $M	OTHER $M	CONSOLIDATED CONTINUING OPERATIONS $M
Revenue from the sale of goods and services	10,178	1,417	-	11,595
Other revenue [1]	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 [2]	160	149	3	312

1 Other revenue mainly comprises rental and commission revenue.
2 Capital expenditure comprises property, plant and equipment and intangible asset acquisitions, including when acquired as part of a business.

2.3 Finance costs

	2022 $M	2021 $M
Interest expense - leases	173	174
Interest expense and other borrowing costs - non-leases [1]	32	74
Other	-	(1)
Total finance costs	205	247

1 In the prior period, Endeavour Group had borrowings with Woolworths, a related party. In the current period the Company entered into external borrowings facilities of $2,500 million which were partially drawn down on 28 June 2021 to repay $1,712 million in outstanding balances with Woolworths. The $1,712 million repaid represented $1,710 million in current borrowings and $2 million in accrued interest recognised as Trade and other payables.

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-leases finance costs comprise interest and other transaction costs incurred in connection with borrowings, calculated using the effective interest method.

3 Assets and liabilities

3.1 Trade and other receivables

	2022 $M	2021 $M
Current		
Trade receivables	46	44
Loss allowance	(5)	(8)
	41	36
Other receivables	30	39
Receivables from related parties	16	-
Prepayments	94	43
Total current trade and other receivables	181	118
Non-current		
Prepayments	8	40
Other receivables	-	1
Total non-current trade and other receivables	8	41
Total trade and other receivables	189	159

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.

Note 3. Assets and liabilities (continued)

3.2 Other financial assets

	2022 $M	2021 $M
Current		
Derivatives	2	-
Other	2	-
Total current other financial assets	4	-
Non-current		
Derivatives	41	-
Listed equity securities	27	87
Other	-	2
Total non-current other financial assets	68	89
Total other financial assets	72	89

SIGNIFICANT ACCOUNTING POLICIES

Derivatives

Refer to Note 4.7.1 for further details on derivatives.

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, with any dividends received recognised in 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 one to 50 years with up to 13 options of one to 25 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

2022	PROPERTIES $M	PLANT AND EQUIPMENT $M	TOTAL $M
Cost	4,545	10	4,555
Less: Accumulated depreciation and impairment	(1,423)	(6)	(1,429)
Carrying amount at end of year	3,122	4	3,126
Movement:			
Carrying amount at start of year	3,108	9	3,117
Additions	101	-	101
Terminations	(1)	-	(1)
Remeasurements	209	-	209
Depreciation expense	(288)	(2)	(290)
Other	(7)	(3)	(10)
Carrying amount at end of year	3,122	4	3,126

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

Note 3. Assets and liabilities (continued)

3.3 Leases (continued)

3.3.2 Lease liabilities

MATURITY PROFILE OF CONTRACTUAL UNDISCOUNTED CASH FLOWS	2022 $M	2021 $M
One year or less	443	437
One year to two years	432	415
Two years to five years	1,114	1,055
Five years to 10 years	1,841	1,756
Over 10 years	1,314	1,509
Total undiscounted lease liabilities	5,144	5,172

MOVEMENT IN LEASE LIABILITIES	2022 $M	2021 $M
Carrying amount at start of year	3,779	3,611
Additions	101	79
Terminations	(2)	(3)
Remeasurements	209	339
Interest expense	173	174
Payments for interest component of lease liabilities	(173)	(174)
Repayment of lease liabilities	(263)	(247)
Other	(8)	-
Carrying amount at end of year	3,816	3,779
Current	435	429
Non-current	3,381	3,350
Total lease liabilities	3,816	3,779

Included in lease liabilities is $334 million (2021: $350 million) owing to Woolworths Group. Of this, $43 million (2021: $43 million) is owed within the next 12 months. During the financial year, Endeavour Group paid $54 million (2021: $54 million) in rental charges to Woolworths Group under lease arrangements between the two groups.

Commitments for leases not yet commenced

At 26 June 2022, 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 $120 million (2021: $48 million).

Note 3. Assets and liabilities (continued)

3.3 Leases (continued)

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

2022	BRANCH EXPENSES $M	FINANCE COSTS $M
Interest expense on lease liabilities	-	173
Variable lease payments not included in the measurement of lease liabilities [1]	20	-
Expense relating to short-term leases	4	-

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	-

1 Variable lease payments represent 4.1% (2021: 4.4%) of total lease payments.

3.3.4 Amounts recognised in the Consolidated Statement of Cash Flows

	2022 $M	2021 $M
Payments for short-term leases, service components of leases, and variable lease payments (included in Payments to suppliers and employees)	(52)	(54)
Payments for the interest component of lease liabilities	(173)	(174)
Repayment of lease liabilities	(263)	(247)
Total cash outflow for leases	(488)	(475)

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]	
	2022 YEARS	2021 YEARS
Retail	8.3	8.7
Hotels	14.0	14.6
Group	11.1	11.6

1 Represents the weighted average number of years from the end of the financial year to the end of the reasonably certain lease term.

During the current financial year, revising lease terms for exercising extension options resulted in an increase in recognised lease assets and lease liabilities of $141 million (2021: $286 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 4.46% (2021: 4.39%).

Note 3. Assets and liabilities (continued)

3.4 Property, plant and equipment

2022	LAND AND BUILDINGS $M	LEASEHOLD IMPROVEMENTS $M	PLANT AND EQUIPMENT $M	TOTAL[1] $M
Cost	745	967	2,241	3,953
Less: Accumulated depreciation, amortisation, and impairment	(124)	(397)	(1,497)	(2,018)
Carrying amount at end of year	621	570	744	1,935
Movement:				
Carrying amount at start of year	613	565	709	1,887
Additions	11	47	179	237
Acquisition of businesses	7	–	6	13
Disposals	–	(3)	(9)	(12)
Depreciation and amortisation expense	(10)	(39)	(145)	(194)
Transfers and other	–	–	4	4
Carrying amount at end of year	621	570	744	1,935

2021	LAND AND BUILDINGS $M	LEASEHOLD IMPROVEMENTS $M	PLANT AND EQUIPMENT $M	TOTAL[1] $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)
Transfers and other	(3)	17	(14)	–
Carrying amount at end of year	613	565	709	1,887

1 Carrying amount at the end of the year includes assets under construction of $102 million (2021: $85 million).

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 other directly attributable costs.

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:

Land and Buildings	Indefinite (Land) or 25-40 years (Buildings)
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 point control passes, which is usually 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.

Note 3. Assets and liabilities (continued)

3.5 Intangible assets

3.5.1 Carrying amounts of and movements in intangible assets

2022	GOODWILL $M	BRAND NAMES $M	LIQUOR, GAMING LICENCES, AND OTHER $M	SOFTWARE $M	TOTAL $M
Cost	1,743	12	2,278	218	4,251
Less: Accumulated amortisation and impairment	(16)	–	(225)	(116)	(357)
Carrying amount at end of year	1,727	12	2,053	102	3,894
Movement:					
Carrying amount at start of year	1,698	12	2,032	103	3,845
Additions	–	–	15	33	48
Acquisition of businesses [1]	29	–	22	–	51
Disposals, transfers and other	–	–	–	(9)	(9)
Amortisation expense	–	–	(16)	(25)	(41)
Carrying amount at end of year	1,727	12	2,053	102	3,894

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]	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

1 If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, including in relation to consideration payable or the valuation of identifiable assets and liabilities, then the accounting for the acquisition, including goodwill recognised, will be revised.

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, GAMING LICENCES, AND OTHER	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
Retail	**988**	963	**12**	12	**1,046**	1,021
Hotels	**739**	735	**-**	-	**1,005**	993
Total indefinite life intangible assets	**1,727**	1,698	**12**	12	**2,051**	2,014

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 and has an indefinite useful life. 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 (where applicable) 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.

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 cash-generating units or CGUs) and individual CGU level. The Group has assessed the carrying amounts of property, plant and equipment, lease assets, goodwill and other intangible assets, and no impairments were recognised in the financial year at a total business unit level. At an individual CGU level, $1 million in impairment related to Retail was recognised during the financial year (2021: $8 million related to Hotels).

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 other 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 other 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 a 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.

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, estimated future cash flows are based on the Group's most recent Board approved business plan covering a period not exceeding five years. The 2023 financial year Board approved business plan is for Years 1 to 3. For impairment testing purposes, cash flows for Year 4 and 5 and the terminal value 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 value in use discounted cash flow model. In assessing value in use, 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:

	2022 %	2021 %
Long-term growth rate	2.5	2.5
Pre-tax discount rate	9.3-11.0	10.3-13.0

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.

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

	2022 $M	2021 $M
Current tax expense	253	260
Deferred tax relating to the origination and reversal of temporary differences	(29)	(53)
Income tax expense	224	207

3.7.2 Reconciliation between profit before income tax and income tax expense

	2022 $M	2021 $M
Profit before income tax	719	652
Income tax expense using the Australian corporate tax of 30%	216	196
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:		
Non-deductible expenses	7	9
Other	1	2
Income tax expense	224	207

The effective tax rate of the Group in the 2022 financial year was 31.2% (2021: 31.8%).

3.7.3 Deferred tax balances recognised in the Consolidated Balance Sheet

	2022 $M	2021 $M
Deferred tax assets	50	14
Deferred tax liabilities	(180)	(171)
Net deferred tax (liability)	(130)	(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)

2022	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	84	18	–	–	102
Provisions and accruals	125	(6)	–	–	119
Lease liabilities	1,133	17	–	–	1,150
Tax losses	3	1	–	–	4
Total deferred tax assets	1,345	30	–	–	1,375
Deferred tax liabilities					
Other non-current financial assets	(16)	–	4	–	(12)
Intangible assets	(550)	–	–	(6)	(556)
Lease assets	(935)	(3)	–	–	(938)
Prepayments	(1)	–	–	–	(1)
Other	–	2	–	–	2
Total deferred tax liabilities	(1,502)	(1)	4	(6)	(1,505)
Net deferred tax (liability)/asset	(157)	29	4	(6)	(130)

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)

Unrecognised deferred tax losses

At the reporting date, the Group has unused capital losses of $9 million (2021: $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.

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.

3.7.5 Tax reviews

Endeavour Group is subject to regular tax reviews and interacts with tax authorities on a range of issues as part of the ongoing engagement by these tax authorities. Subsequent to the Demerger from the Woolworths Group, the Australian Taxation Office (ATO) has determined that Endeavour Group is a "Top 100" public taxpayer based on its size relative to other taxpayers. As part of the "Top 100 Justified Trust Program", the ATO conducts income tax and GST assurance reviews and has notified Endeavour Group that it will commence these reviews in relation to the 2022 financial year. At present, Endeavour Group has not received any material amended assessments by any tax authority.

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 taxable profit nor 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 Company or controlled entity intends to settle its current tax assets and liabilities on a net basis.

Note 3. Assets and liabilities (continued)

3.8 Trade and other payables

	2022 $M	2021 $M
Trade payables	930	889
Payables to related parties	69	85
Accruals	270	245
Contract liabilities	3	3
Total trade and other payables	1,272	1,222

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

	2022 $M	2021 $M
Current		
Employee benefits	215	202
Pay remediation	77	102
Self-insured risks, onerous contracts and other[1]	49	32
Total current provisions	341	336
Non-current		
Employee benefits	16	15
Self-insured risks, onerous contracts and other[1]	17	22
Total non-current provisions	33	37
Total provisions	374	373

1 The provision for self-insured risks includes an estimate of future payments to be made for events occurring prior to Woolworths' Drinks and Hotels businesses being transferred to Endeavour Group Limited on 2 February 2020. These future payments are payable to Woolworths under the Woolworths' licensed self-insurance arrangements, which Endeavour was a party to prior to 2 February 2020. The estimate of these future payments is $13 million at 26 June 2022 (27 June 2021: $13 million) with $3 million included in current provisions (27 June 2021: $3 million) and $10 million in non-current provisions (27 June 2021: $10 million).

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 CONTRACTS AND OTHER	
	2022 $M	2021 $M
Movement:		
Balance at start of year	54	56
Net provisions recognised/(reversed)	39	30
Cash payments	(18)	(12)
Other	(9)	(20)
Balance at end of year	66	54
Current	49	32
Non-current	17	22
Balance at end of year	66	54

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 short-term incentives, 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 oncost 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.

Pay remediation

The Group previously identified team member payment shortfalls relating to the Hotels and Retail segments under the Hospitality Industry General Award (HIGA), General Retail Industry Award (GRIA), and the BWS and Dan Murphy's Enterprise Agreements. The Group has continued to review all relevant periods over which the payment shortfalls relate and for which electronic records exist and while this work is ongoing, the Group commenced payments to team members during the financial year, where payment shortfall calculations have been completed.

Calculations of payment shortfalls involve a substantial volume of data, a high degree or complexity, interpretation, estimates and extrapolations, and are subject to further analysis for areas of pay remediation where finalised calculations have not yet been completed. Determining the liability and amount of historical payment shortfalls requires consideration of numerous clauses in the awards and enterprise agreements, which translates into numerous decision rules across each year of the review. Changes to any of these variables has the potential to result in future adjustment to the provision in subsequent periods as analysis and work continues on those areas where finalised calculations have not been completed. For areas of pay remediation where calculations have been finalised and payments have or are to be made, the Fair Work Ombudsman may determine that it considers further review and potential adjustment of our calculations is required. During the year, the Group has made significant progress in finalising its liability calculations and making payments to team members. This has resulted in a reduction in reliance on extrapolations and other estimation techniques.

The profit or loss charge pertaining to pay remediation during the year ended 26 June 2022 was $37 million (27 June 2021: $52 million). Payments of $62 million were made to team members during the year ended 26 June 2022 (27 June 2021: $nil) and have been included within Payments to suppliers and employees in the Consolidated Statement of Cash Flows.

Actuarial assumptions

Self-insurance provisions are determined based on independent actuarial assessments, which consider numbers, amounts, and the 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 profit or loss.

Note 4. Capital structure, financing, and risk management

4.1 Earnings per share

	2022	2021
Profit for the year attributable to equity holders of the parent entity used in earnings per share ($M)	495	445
Weighted average number of shares used in earnings per share - Basic and diluted (shares, millions)[1]	1,791	1,791
Basic and diluted earnings per share (cents per share)	27.6	24.8

1 The weighted average number of shares has been adjusted to remove shares held in trust by the trustee of the employee share plan trusts that are controlled by Endeavour Group Limited. The impact of their exclusion results in an insignificant difference between basic and diluted earnings per share.

4.2 Dividends

	2022			2021		
	CENTS PER SHARE	TOTAL AMOUNT $M	PAYMENT DATE	CENTS PER SHARE	TOTAL AMOUNT $M	PAYMENT DATE
Current year interim[1]	12.5	224	28 March 2022	53.8	269	17 May 2021
Prior year final	7.0	125	22 September 2021	2.6	13	18 September 2020
Dividends declared and paid during the year	19.5	349		56.4	282	

1 Of the $269 million interim dividend declared and paid in the prior 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 the prior year were $52 million, $39 million related to the 2021 interim dividend and $13 million related to the 2020 final dividend.

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

On 23 August 2022, the Board of Directors determined to pay a final dividend in respect of the financial year ended 26 June 2022 of 7.7 cents per ordinary share fully franked at a 30% tax rate (27 June 2021: 7.0 cents per ordinary share fully franked at a 30% tax rate). As the dividend was not determined to be paid until after 26 June 2022, no provision has been recognised at 26 June 2022.

Franking credit balance

	2022 $M	2021 $M
Franking credits available for future financial years (tax paid basis, 30% tax rate)	818	692

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 current 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.

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

4.3 Contributed equity

	2022		2021	
SHARE CAPITAL	NUMBER	$M	NUMBER	$M
1,790,980,017 fully paid ordinary shares (2021: 1,790,980,017)				
Movement:				
Balance at start of year	1,790,980,017	3,875	500,000,000	4,033
Adjustments to the issue of shares on Restructure	-	-	-	(158)
Share split[1]	-	-	1,290,980,017	-
Balance at end of year	**1,790,980,017**	**3,875**	1,790,980,017	3,875
TREASURY SHARES				
Movement:				
Balance at start of year	(358,196)	(2)	(100,000)	(2)
Share split[1]	-	-	(258,196)	-
Purchase of shares by Endeavour Group Equity Incentive Plan Trust and/or Endeavour Group Employee Equity Plan Trust[2]	(1,396,289)	(10)	-	-
Transfer of shares to satisfy employee share plan obligations	1,391,856	10	-	-
Balance at end of year	**(362,629)**	**(2)**	(358,196)	(2)
Contributed equity at end of year	**1,790,617,388**	**3,873**	1,790,621,821	3,873

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, which resulted in an increase in treasury shares held from 100,000 to 358,196.
2 Shares were purchased at an average price per share of $6.82 to satisfy the vesting of share rights and allocation of shares under the Group's employee share plans.

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.

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

4.4 Reserves

2022	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	-	(1)	10	(29)	(569)	(589)
Effective portion of changes in the fair value of cash flow hedges, net of tax	41	-	-	-	-	41
Transfer to initial carrying amount of hedged items, net of tax	(12)	-	-	-	-	(12)
Transfer of shares to satisfy employee share plans	-	-	(9)	-	-	(9)
Share-based payments expense	-	-	9	-	-	9
Change in the fair value of investments in equity securities, net of tax	-	-	-	5	-	5
Transfer on disposal of investments held at fair value through other comprehensive income, net of tax	-	-	-	20	-	20
Balance at end of year	29	(1)	10	(4)	(569)	(535)

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)

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

4.4 Reserves (continued)

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

The merger reserve represents the accounting for retained earnings transferred on 2 February 2020 when Woolworths' Drinks and Hotels businesses were transferred to the Company (the Restructure) and the accounting for the Company acquiring the 25% interest in ALH Group Pty Limited (ALH Group), on 4 February 2020, held by Bruce Mathieson Group (BMG) in exchange for issuing BMG with new equity in the Company (the Merger).

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

	2022 $M	2021 $M
Profit for the year	495	445
Adjustments for:		
Depreciation and amortisation	525	505
Impairment	1	8
Net loss on disposal and write-off of property, plant and equipment	21	27
Other	(4)	14
Changes in:		
(Increase)/decrease in trade and other receivables	(27)	5
(Increase)/decrease in inventories	(91)	61
Increase/(decrease) in trade payables	27	(59)
Increase in other payables	22	12
Increase in provisions	1	72
(Decrease) in deferred taxes	(29)	(53)
Increase in current tax payable	8	77
Net cash provided by operating activities	949	1,114

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.

Receivables for EFT, credit card and debit card point of sale transactions owing at reporting date are classified as cash and cash equivalents. This includes transactions settled through Woolworths Group as Endeavour's payments processing provider and at 26 June 2022 represents $90 million (27 June 2021: $101 million) of cash and cash equivalents, which were settled on the next business day.

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

4.6 Borrowings

4.6.1 Capital management

The primary objective of Endeavour Group is to provide a satisfactory return to its shareholders. The Group aims to achieve this objective by improving returns on invested capital relative to the cost of capital, and ensuring a satisfactory return is made on any new capital invested.

Capital is defined as the combination of Contributed equity, Reserves and Net debt (Borrowings less Cash and cash equivalents and unamortised borrowing costs). The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to safeguard the Group's ability to continue as a going concern while optimising its debt and equity structure.

The Group is able to manage its capital through various means, including:

- Adjusting the amount of dividends paid to shareholders;
- Raising or returning capital; and
- Raising or repaying debt for working capital requirements, capital expenditure and acquisitions.

The Group manages its capital structure with the objective of maximising long-term shareholder value through funding its business at an optimised weighted average cost of capital and ensuring the Group has continued access to funding for current and future business activities by maintaining a mix of equity and debt financing.

The Group remains committed to maintaining investment grade metrics.

4.6.2 Movements in borrowings

2022	OPENING BALANCE $M	NON-CASH MOVEMENTS $M	NET CASH MOVEMENTS $M	CLOSING BALANCE $M
Current, unsecured				
Loans from related parties	1,710	–	(1,710)	–
Bank loans	4	–	(4)	–
Total current borrowings	1,714	–	(1,714)	–
Non-current, unsecured				
Bank loans	–	–	1,515	1,515
Unamortised borrowing costs	–	(13)	–	(13)
Total non-current borrowings	–	(13)	1,515	1,502
Total borrowings	1,714	(13)	(199)	1,502

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

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

4.6 Borrowings (continued)

4.6.3 Composition of debt

	MATURITY	NOTIONAL VALUE 2022 $M	NOTIONAL VALUE 2021 $M	CARRYING VALUE 2022 $M	CARRYING VALUE 2021 $M
Current, unsecured					
Loans from related parties		-	1,710	-	1,710
Bank loans		-	4	-	4
Total current borrowings		-	1,714	-	1,714
Non-current, unsecured					
Bank loans					
Bilateral Loan Facility	23 June 2024	450	-	450	-
Syndicated Loan Facility A	23 June 2025	840	-	840	-
Syndicated Loan Facility B	23 June 2026	225	-	225	-
Total non-current borrowings (excluding unamortised borrowing costs)		1,515	-	1,515	-

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. Transaction costs are amortised on a straight-line basis over the life of the borrowings.

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

4.7 Financial risk management

During the financial year Endeavour Group's treasury function was responsible for managing the Group'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, the Group adhered to the Endeavour Group Treasury Risk Management policy approved by the Endeavour 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 Endeavour Group treasury function reports on its compliance with the policy and such compliance is reviewed periodically by Endeavour Group's internal auditors.

The Group holds various types of derivatives to hedge its exposures to variability in interest rates and 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 managed by maintaining an appropriate mix between floating and fixed rate borrowings, and through the use of approved derivatives such as interest rate swaps.

(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 a foreign currency denominated obligation.

To hedge against the majority of this exposure, the Group uses approved derivatives to hedge up to 90% of the risk from forecast exposures over the next 12 months. The exposure to purchases of inventory in foreign currencies is primarily managed through forward exchange contracts. These forward exchange contracts are designated as cash flow hedges and the Group establishes a hedge relationship under IFRS 9 *Financial Instruments* against identified exposures during the year.

Foreign currency exposures arising on translation of net investments in foreign subsidiaries are 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	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
Cash flow hedges						
Forward exchange contracts	174	–	2	–	(2)	–
Interest rate swaps	425	–	41	–	–	–
Total cash flow hedges	599	–	43	–	(2)	–

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

4.7 Financial risk management (continued)

4.7.1 Market risk (continued)

(iii) Hedging arrangements (continued)

Forward exchange contracts

At the reporting date, the Group had forward exchange contracts hedging forecast purchases of inventory and equipment. The net amount of unrealised losses related to forward exchange contracts is less than $1 million (2021: $nil).

During the financial year, all hedge relationships were assessed as highly effective with no hedge ineffectiveness recognised in the hedge reserve (2021: insignificant hedge ineffectiveness and a gain of $2 million was recognised in the hedge reserve).

Interest rate swaps

At the reporting date, there were interest rate swaps designated in cash flow hedge relationships. These interest rate swaps are designated to be in a hedge relationship against the identified interest rate exposure, and the movement resulted in an unrealised gain of $41 million (2021: $nil) has been recognised in the hedge reserve.

(iv) Cash flow hedge reserve

The table below details the movements in the cash flow hedge reserve during the financial year:

	2022 $M	2021 $M
Balance at start of year	-	2
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges:		
Forward exchange contracts	-	(2)
Interest rate swaps	41	-
Transfer to initial carrying amount of hedged items, net of tax:		
Interest rate swaps	(12)	-
Cash flow hedge reserve	29	-

(v) Sensitivity analysis

At the reporting date, the Group's exposure to interest rate risk, excluding debts that have been hedged, is not considered material. At the 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.

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

4.7 Financial risk management (continued)

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 Risk Management policy has set an appropriate liquidity risk management framework for the Group's funding requirements.

At the reporting date, the Group had undrawn committed facilities of $985 million (2021: $1,015 million) available. These facilities were subject to certain financial covenants and undertakings. No covenants have been breached during the financial year.

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.

2022	ONE YEAR OR LESS $M	ONE TO TWO YEARS $M	TWO TO FIVE YEARS $M	TOTAL $M
Non-derivative liabilities				
Bank loans	-	(450)	(1,065)	(1,515)
Trade and other payables [1]	(1,269)	-	-	(1,269)
Total non-derivative liabilities	(1,269)	(450)	(1,065)	(2,784)
Derivative assets and liabilities				
Net interest rate swaps	8	14	21	43
Net derivative assets/(liabilities)	8	14	21	43

1 Excludes contract liabilities.

2021	ONE YEAR OR LESS $M	ONE TO TWO YEARS $M	TWO TO FIVE YEARS $M	TOTAL $M
Non-derivative liabilities				
Loans from related parties	1,710	-	-	1,710
Bank loans	4	-	-	4
Trade and other payables [1]	1,219	-	-	1,219
Total non-derivative liabilities	2,933	-	-	2,933

1 Excludes contract liabilities.

Cash flows represented are contractual and calculated on an undiscounted basis, based on current rates at the reporting date.

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

4.7 Financial risk management (continued)

4.7.3 Credit risk

Credit risk is the risk that counterparties who may be required to pay monies to the Group may fail financially and therefore will 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.

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	2022 $M	2021 $M	2022 $M	2021 $M	FAIR VALUE HIERARCHY
Listed equity securities	3.2	**27**	87	**-**	-	Level 1
Interest rate swaps	4.7.1	**41**	-	**-**	-	Level 2

There were no transfers between Level 1 and Level 2 or 3 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:

	2022 $M	2021 $M
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	**44**	14
Total capital expenditure commitments	**44**	14

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 detailed below 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	Endeavour Group Brands Pty Ltd (previously 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), Shorty's Liquor Holdings Pty Limited (80% owned), and Shorty's Liquor CBD Pty Limited (80% owned) are consolidated subsidiaries of Endeavour Group Limited.

The Company's investment in Shorty's Liquor Holdings Pty Limited and Shorty's Liquor CBD Pty Limited results in the recognition of an insignificant non-controlling interest.

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

	2022 $M	2021 $M
Revenue from the sale of goods and services	11,574	11,563
Cost of sales	(7,948)	(8,089)
Gross profit	3,626	3,474
Other revenue	40	33
Branch expenses	(2,261)	(2,233)
Administration expenses	(479)	(375)
Earnings before interest and tax	926	899
Finance costs	(205)	(247)
Profit before income tax	721	652
Income tax expense	(224)	(206)
Profit for the year	497	446
Retained earnings/(losses)		
Balance at start of year	102	(60)
Profit for the year	497	446
Dividends paid	(349)	(282)
Transfer on disposal of investments	(20)	-
Other	-	(2)
Balance at end of year	230	102

Note 5. Group Structure (continued)

5.1 Subsidiaries (continued)

Deed of cross guarantee (continued)

Balance Sheet

	2022 $M	2021 $M
Current assets		
Cash and cash equivalents	291	435
Trade and other receivables	183	116
Inventories	1,280	1,202
Other financial assets	4	-
Assets held for sale	-	3
Total current assets	1,758	1,756
Non-current assets		
Trade and other receivables	18	40
Other financial assets	100	121
Lease assets	3,126	3,117
Property, plant and equipment	1,923	1,876
Intangible assets	3,878	3,829
Deferred tax assets	50	13
Total non-current assets	9,095	8,996
Total assets	10,853	10,752
Current liabilities		
Trade and other payables	1,265	1,218
Lease liabilities	435	428
Borrowings	-	1,710
Current tax payable	143	111
Other financial liabilities	2	-
Provisions	340	336
Total current liabilities	2,185	3,803
Non-current liabilities		
Lease liabilities	3,380	3,350
Borrowings	1,502	-
Other financial liabilities	3	3
Provisions	33	37
Deferred tax liabilities	180	171
Other non-current liabilities	3	3
Total non-current liabilities	5,101	3,564
Total liabilities	7,286	7,367
Net assets	3,567	3,385
Equity		
Contributed equity	3,873	3,873
Reserves	(536)	(590)
Retained earnings	230	102
Total equity	3,567	3,385

Note 5. Group Structure (continued)

5.2 Parent entity information

Financial information for the parent entity, Endeavour Group Limited, is as follows:

	2022 $M	2021 $M
Assets		
Current assets	897	1,845
Non-current assets	6,448	6,079
Total assets	7,345	7,924
Liabilities		
Current liabilities	700	2,781
Non-current liabilities	2,455	951
Total liabilities	3,155	3,732
Equity		
Contributed equity	3,873	3,873
Reserves		
Cash flow hedge reserve	29	–
Remuneration reserve	10	10
Equity instrument reserve	(4)	(29)
Retained earnings	282	338
Total equity	4,190	4,192

	2022 $M	2021 $M
Profit for the year	315	658
Other comprehensive income/(loss) for the year, net of tax	34	(18)
Total comprehensive income for the year	349	640

Commitments for expenditure

	2022 $M	2021 $M
Capital expenditure commitments		
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	9	6
Total capital expenditure commitments	9	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 within the Group

Balances and transactions between the Company and its controlled entities, which are related parties of the Company, have been eliminated on consolidation and are not separately disclosed. All transactions occurred on the basis of normal commercial terms and conditions.

5.3.2 Transactions with Woolworths Group Limited and its controlled entities (Woolworths Group)

Woolworths Group, while no longer the ultimate parent of Endeavour Group after the Demerger, remains a related party as it has significant influence over Endeavour Group.

Endeavour Group and Woolworths Group are parties 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 parties. These agreements cover the following key business areas:

- Supply chain - access to tailored Primary Connect supply chain solutions for warehousing and distribution across our network of stores, which accounts for the largest portion of 'Purchases of goods and services - Partnership-related' from Woolworths Group.
- Loyalty and fintech - continued access for BWS to the Everyday Rewards program and the Group to Woolworths Group's customer payment services (fintech).
- Digital and media - access to data analysis capabilities and Woolworths Group marketing channels, including the sale of liquor on www.woolworths.com.au.
- Business support - access to core retail technology and supporting infrastructure including capabilities and platforms for people and transaction services (including payroll, accounts payable and accounts receivable).
- International - distribution of Pinnacle Drinks brands and products to Woolworths Group's retail network in New Zealand and overseas.

In addition to the Partnership Agreements, Endeavour Group engages Woolworths Group to manage the procurement of stock for its Tasmanian retail operations and also leases a number of properties mainly relating to retail stores attached to Woolworths supermarkets. On 28 June 2021, when Woolworths acquired a controlling stake in PFD Food Services Pty Limited (PFD) it became a related party of Endeavour Group. PFD supplies the Hotels segment with food service products and accounts for the increase in 'Purchases of goods and services - Non Partnership' from F21 to F22.

In certain circumstances, Woolworths Group settles liabilities with third parties on Endeavour Group's behalf and subsequently recovers the third-party costs by on-charging the Group 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 or payable from related parties, these are disclosed as related party payables or receivables even if related to third party costs.

Note 5. Group Structure (continued)

5.3 Related parties (continued)

5.3.2 Transactions with Woolworths Group Limited and its controlled entities (Woolworths Group) (continued)

During the financial year, the Group entered into the following transactions with Woolworths Group. All transactions occurred on the basis of normal commercial terms and conditions.

	2022 $'000	2021 $'000
Charges from Woolworths Group		
Purchase of goods and services - Partnership-related	425,706	395,292
Purchase of goods and services - Non Partnership-related [1]	146,487	98,337
Rental charges [2]	53,888	53,671
Purchase of capital assets [3]	19,966	44,483
Finance costs on borrowings	-	73,678
Total charges from Woolworths Group	646,047	665,461
Income received from Woolworths Group		
Sale of goods	13,439	11,121
Licence fee and other income [4]	7,194	8,191
Total income received from Woolworths Group	20,633	19,312

1 Charges from Woolworths Group for the Purchase of goods and services - Non Partnership-related in 2021 have been updated to include an additional $92.9 million relating to goods and services provided by Woolworths Group for the procurement of stock consistent with 2022. In addition other amounts have been represented in 2021 to provide a consistent comparison year on year and align to the determination of a related party transaction applied in 2022.

2 Rental charges represent payments made by Endeavour Group and its controlled entities under leasing arrangements where Woolworths is (or its controlled entities are) the lessor. Note 3.3.2 details the balance of lease liabilities associated with these leasing arrangements.

3 The Purchase of capital assets mainly relates to store-level format development, refurbishment and IT asset projects managed in conjunction with Woolworths for shared facilities.

4 Licence fee and other income in 2021 has been reclassified to Total income from Woolworths Group for consistent presentation with 2022. Previously it was presented net in Total charges from Woolworths Group.

Amounts payable to and receivable from Woolworths Group are disclosed in Notes 3.1, 3.8, 3.9, 4.5 and 4.6.2.

Note 5. Group Structure (continued)

5.3 Related parties (continued)

5.3.3 Transactions with Bruce Mathieson Group (BMG)

BMG is controlled by Bruce Mathieson Sr, Key Management Personnel of the Group, and has a significant shareholding in the Group.

In certain circumstances, Endeavour Group settles receivables with third parties on BMG's behalf and subsequently pays the amounts owed by third parties to BMG without earning a margin. The Group does not view payments to BMG for amounts owed by third parties processed without a margin as a transaction with BMG. 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 or payable from related parties, these are disclosed as related party payables or receivables even if related to transactions with third parties.

During the financial year, the Group entered into the following transactions with BMG. All transactions occurred on the basis of normal commercial terms and conditions.

	2022 $'000	2021 $'000
Charges from Bruce Mathieson Group		
Purchase of goods and services	**30**	13
Rental charges [1]	**488**	485
Total charges from Bruce Mathieson Group	**518**	498
Income received from Bruce Mathieson Group		
Rental income	**61**	41
Total income received from Bruce Mathieson Group	**61**	41

1 Charges from Bruce Mathieson Group for Rental charges in 2021 have been updated to include an additional $485 thousand relating to amounts paid to BMG for leasing a retail store, consistent with 2022.

5.3.4 Key Management Personnel (including Directors)

All other transactions with Key Management Personnel and 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. This includes from time to time where Key Management Personnel and their related parties may purchase goods and services from the Group in the ordinary course of business.

The total annual remuneration for Key Management Personnel of the Group is as follows:

	2022 $	2021 $
Short-term benefits	**8,513,816**	1,790,912
Post-employment benefits	**319,733**	45,438
Other long-term benefits	**340,328**	14,193
Termination benefits	**321,981**	-
Share-based payments	**2,330,224**	2,119,182
Total remuneration	**11,826,082**	3,969,725

Detailed remuneration disclosures for Key Management Personnel are provided in the Remuneration Report.

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:

	2022 $M	2021 $M
Bank guarantees	41	25
Total bank guarantees	**41**	**25**

No provision has been made in the Consolidated Financial Statements in respect of these contingencies.

6.2 Employee benefits

6.2.1 Employee benefits expense

The employee benefits expense for the Group is as follows:

	2022 $M	2021 $M
Remuneration and on-costs	1,316	1,231
Superannuation expense	111	99
Pay remediation expense	37	52
Share-based payments expense	9	26
Total employee benefits expense	**1,473**	**1,408**

6.2.2 Retirement plans

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.

Note 6. Other (continued)

6.2 Employee benefits (continued)

6.2.3 Share-based payments

Long Term Incentive (LTI) Plan

Equity settled share-based payments form part of the remuneration of eligible employees of the Group. In October 2021, grants in the form of performance rights were made to eligible employees under the Endeavour Incentive Share Plan (EISP) for the first time. Upon vesting, each performance right offered under the LTI Plan entitles the holder to one ordinary fully paid Endeavour Group Limited share.

A summary of the LTI Plan performance hurdles for all outstanding grants is as follows:

		RELATIVE TOTAL SHAREHOLDER RETURN (TSR)		RETURN ON FUNDS EMPLOYED (ROFE)[2]	LEADING IN RESPONSIBILITY (LIR)[3]
GRANT	VESTING PERIOD (YEARS)	WEIGHTING	HURDLE/ RANGE (PERCENTILE)	WEIGHTING	WEIGHTING
F20 Transitional LTI[1,4]	One	40%	50th - 75th	40%	20%
F21 Transitional LTI[1,4]	Two	40%	50th - 75th	40%	20%
F22 LTI[4]	Three	40%	50th - 75th	40%	20%

1 Two transitional LTI grants were made to eligible employees in F22 to recognise the forfeited portion of LTI previously issued by Woolworths for the 2020 and 2021 financial years prior to the Demerger.
2 Hurdle/range not published for ROFE as the targets are commercially sensitive. The LTI targets and performance will be published following the end of the performance period.
3 For Leading in Responsibility, 50% vesting is achieved where initiatives are progressed and compliance or regulatory transgressions are managed to Board satisfaction; anything less than this results in no vesting. 100% vesting is then achieved where initiatives are implemented that enhance responsibility as assessed by the Board.
4 The TSR component vests progressively where TSR equals or exceeds the 50th percentile of the comparator group up to the full 40% vesting, where TSR equals the 75th percentile of the comparator group. ROFE and LIR components vest upon attaining certain hurdles, to a maximum weighting of 40% and 20%, respectively.

The variables in the table below are used as inputs into the model to determine the fair value of performance rights.

	2022		
	F22 LTI	F21 TRANSITIONAL LTI	F20 TRANSITIONAL LTI
Grant date[1]	22 Oct 2021	22 Oct 2021	22 Oct 2021
Performance period start date	1 Jul 2021	1 Jul 2021	1 Jul 2021
Vesting date	1 Jul 2024	1 Jul 2023	1 Jul 2022
Expected volatility[2]	27.45%	27.45%	27.45%
Expected dividend yield (p.a.)[3]	3.23%	-	-
Risk-free interest rate (p.a.)	0.52%	0.20%	0.02%
Weighted average fair value at grant date	$5.30	$5.68	$5.52

1 Grant date represents the date on which there is a shared understanding of the terms and conditions of the arrangement.
2 As Endeavour only listed, conditionally, on the Australian Securities Exchange (ASX) on 24 June 2021, the expected volatility is based on the historical implied volatility of a comparator group calculated based on the weighted average remaining life of the performance rights adjusted for any expected changes to future volatility due to publicly available information.
3 Expected dividend yield for the F21 Transitional LTI and F20 Transitional LTI grants is nil as dividend equivalent rights have been conferred to recipients under these grants.

Note 6. Other (continued)

6.2 Employee benefits (continued)

6.2.3 Share-based payments (continued)

Recognition Share Plan

The Recognition Share Plan was introduced in November 2021 and provides an opportunity for team members below senior leader level to benefit from the value created for shareholders. Under the plan, all eligible team members are invited to receive a grant of share rights which entitle them to acquire fully paid ordinary shares in the Company at the time the rights vest. Participants are required to meet a service condition to gain access to the share rights.

Creating Together Share Award

The Creating Together Share Award was a one-off grant made in June 2021 to eligible team members of restricted shares up to a maximum value of $1,000 to celebrate the Demerger of Endeavour Group from Woolworths Group and recognise the outstanding contribution of its team members in helping Endeavour Group achieve this milestone.

The restricted shares are subject to a three-year trading restriction and are held by the Trustee on behalf of the team members during this period. The number of restricted shares granted to team members was determined based on the currency value of the individual's grant offer divided by the VWAP at which the shares were traded on the ASX over the period outlined in the offer letter. Restricted shares carry the same dividend and voting rights as other fully paid ordinary shares in the Company.

The weighted average fair value of the equity instruments granted was $6.21.

Movements in outstanding share rights

Movements in outstanding performance rights disclosed comprises movements in respect of Endeavour Group share plans only.

	2022 NO. OF RIGHTS	2021 NO. OF RIGHTS
Outstanding at start of year	1,487,872	-
Granted during the year	7,732,612	1,487,872
Vested during the year	(1,391,856)	-
Forfeited during the year	(738,769)	-
Outstanding at end of year	7,089,859	1,487,872

Share-based payments expense for the Group for the financial year was $9 million (2021: $26 million).

Note 6. Other (continued)

6.2 Employee benefits (continued)

6.2.3 Share-based payments (continued)

SIGNIFICANT ACCOUNTING POLICIES

Share-based payments

Equity-settled share-based payments to employees are measured 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 grant date 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. ROFE, LIR) and/or service conditions is calculated using a discounted cash flow 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 with a corresponding increase in equity.

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.

6.3 Auditor's remuneration

The auditor's remuneration for the Group is as follows:

	2022 $'000	2021 $'000
Deloitte Touche Tohmatsu Australia		
Audit or review of financial reports	2,023	1,945
Total audit or review of the financial reports	2,023	1,945
Other assurance and agreed-upon procedures under other legislation or contractual agreements	161	50
Other non-assurance services	57	19
Total other services	218	69
Total auditor's remuneration	2,241	2,014

Note 6. Other (continued)

6.4 Subsequent events

Victorian gaming entitlements renewal

On 16 August 2022, in the ordinary course of business, $310 million in additions to intangibles were recognised for Victorian gaming entitlements renewing Endeavour's right to operate electronic gaming machines in its hotels in Victoria. The useful economic life of these gaming entitlements is 10 years.

F22 final dividend

On 23 August 2022, the Board of Directors determined to pay a final dividend in respect of the financial year ended 26 June 2022 of 7.7 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

23 August 2022

Independent Auditor's Report

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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 26 June 2022, 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 26 June 2022 and of its financial performance for the year 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 of 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
Pay remediation As disclosed in notes 3.9 and 6.2.1, the Group identified that certain team members were not paid in full compliance with the Group's obligations under relevant industrial awards or Enterprise Agreements. At 26 June 2022, the Group has estimated a provision to remediate payment shortfalls associated with F22 and prior years, including interest and other associated costs, of $77 million. 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. Within the provision at F22, the underpayment of salaried and wage 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 is a key audit matter.	In conjunction with our payroll specialists, 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 calculation of the provision and the interpretation of the HIGA. - Obtaining and critically evaluating the data and key assumptions used by management and their experts in developing the provision. - Assessing the appropriateness of the models used, including the key assumptions therein, and the statistical methods used. - On a sample basis, recalculating the remediation estimate for selected salaried and wage team members and evaluating the results. - Assessing the disclosure included in note 3.9.
IT Systems The IT systems across the Group are complex and there are varying levels of integration. These systems are integral 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 focus of our external audit.	In conjunction with our IT specialists, our procedures included but were not limited to: - Developing an understanding of the IT environment and the identification of key financial systems and processes. - Testing the design and implementation of the key IT controls of relevant financial reporting systems and processes of the Group. - Responding to deficiencies identified by designing and performing additional procedures which included the identification and testing of compensating controls and varying the nature, timing and extent of the 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 year ended 26 June 2022 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 accordingly 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 management and 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 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 52 to 80 of the Directors' Report for the year ended 26 June 2022.

In our opinion, the Remuneration Report of Endeavour Group Limited, for the year ended 26 June 2022, 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

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Taralyn Elliott

Partner
Chartered Accountants

Sydney, 23 August 2022

Shareholder information

Twenty largest ordinary fully paid shareholders as at 29 July 2022

ENDEAVOUR GROUP LIMITED	NUMBER OF FULLY PAID SHARES	% OF ISSUED CAPITAL
1 ORDS BMG Nominee Pty Limited	269,998,492	15.08
2 Woolworths Group Limited	261,486,309	14.60
3 HSBC Custody Nominees (Australia) Limited	256,513,734	14.32
4 J P Morgan Nominees Australia Pty Limited	253,275,992	14.14
5 Citicorp Nominees Pty Limited	118,125,957	6.60
6 BNP Paribas Nominees Pty Ltd	47,303,544	2.64
7 National Nominees Limited	26,675,041	1.49
8 Netwealth Investments Limited (Wrap Services A/C)	5,333,211	0.30
9 Washington H Soul Pattison and Company Limited	5,286,973	0.30
10 Argo Investments Limited	3,479,526	0.19
11 Mutual Trust Pty Ltd	2,871,937	0.16
12 Pacific Custodians Pty Ltd	2,407,251	0.13
13 Netwealth Investments Limited (Super Services A/C)	1,839,036	0.10
14 Australian Executor Trustees Limited (IPS IOOF Employer Super A/C)	1,751,045	0.10
15 Navigator Australia Ltd (MLC Investment Sett A/C)	1,569,214	0.09
16 Nulis Nominees (Australia) Limited (Navigator Mast Plan Sett A/C)	1,281,662	0.07
17 Colonial First State Inv Ltd (Encircle IMA A/C)	888,055	0.05
18 Australian Executor Trustees Limited (IDPS A/C)	819,099	0.05
19 Garmaral Pty Ltd	802,653	0.04
20 Australian Executor Trustees Limited (No1 A/C)	772,672	0.04

The shareholder information set out below was applicable as at 29 July 2022.

Distribution of shares

Analysis of numbers of shareholders by size of holding:

RANGE OF SHARES	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 - 1,000	317,376	77,134,134
1,001 - 5,000	103,468	227,867,926
5,001 - 10,000	12,229	87,263,484
10,001 - 100,000	5,924	117,170,222
100,001 and over	115	1,281,544,251
Total	439,182	1,790,980,017

All shares above are fully paid ordinary shares.

There were 133,240 holders of less than a marketable parcel of 64 shares (based on a closing price of $7.920 on 29 July 2022).

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 29 July 2022 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 Lawrence Mathieson[2]	270,000,090
AustralianSuper Pty Ltd[3]	114,896,156

1 Substantial shareholding as at 1 July 2021, as per notice lodged with ASX on the same date.
2 Substantial shareholding as at 22 February 2022, as per notice lodged with ASX on the same date.
3 Substantial shareholding as at 10 February 2022, as per notice lodged with ASX on 16 February 2022.

Dividend

The final dividend of 7.7 cents per share is expected to be paid on or around 16 September 2022 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	**23 August 2022**
Ex-dividend date for final dividend	31 August 2022
Record date for final dividend	1 September 2022
Final dividend payment date	16 September 2022[2]
2022 Annual General Meeting	**18 October 2022**

1 Dates may change if circumstances require.
2 On or about.

Subleases between Endeavour Group and Woolworths Group

As a result 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 retail drinks 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 retail drinks 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 retail drinks 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.

Subleases between Endeavour Group and Woolworths Group

TERM	DESCRIPTION
Make good obligations	Endeavour is required to leave the retail drinks 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 retail drinks 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 retail drinks premises so that it continues to form part of the supermarket premises.

Glossary

GLOSSARY	
Average working capital days	13 month average trade working capital divided by cost of sales for the year, multiplied by 364 days
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 but 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 26 June 2022, set out on pages 48 to 51
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
Express delivery	An express delivery service providing online orders at the customer's convenience
Financial Report	The Financial Report for Endeavour Group for the financial year ended 26 June 2022, set out on pages 83 to 137
Free cash flow	Cash flow generated by Endeavour Group before net proceeds from borrowings
Funds employed	Net assets excluding net debt, lease liabilities, other financing-related assets and liabilities and net tax balances
imm.	Immaterial
Monthly Active Users (MAU)	Total unique users that have accessed the apps within the month
My Dan's active members	My Dan's active members are the number of unique members who have transacted in the last twelve months
n.m.	Not meaningful
Net debt	Borrowings (excluding unamortised borrowing costs) less cash and cash equivalents
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)

Glossary

GLOSSARY	
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
Renewals	A significant upgrade to the store/hotel environment, enhancing customer experience, 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
Segment funds employed	Funds employed by the segment adjusted to exclude deferred taxes on indefinite life intangible assets
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 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

Company directory

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Taryn Morton

Auditor

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Shareholder Registrar

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