

F22 Results

August 2022



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

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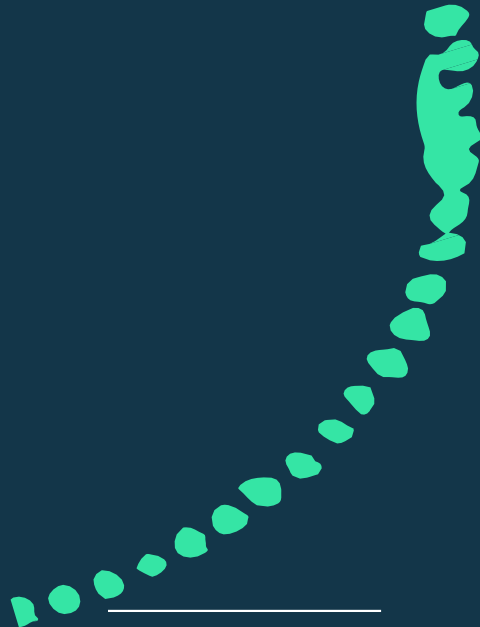


Acknowledgement of Country



Creating a more sociable future together

Our Values	We're real	We're inclusive	We're responsible
Our Ways of Working	We work with spirit	We're team players	We endeavour for better



Steve Donohue
Chief Executive Officer

Overview



Group highlights











Strong performance despite a challenging environment

- Strong F22 financial performance reflecting:
 - The resilience of our business
 - The 'natural hedge' between our Retail and Hotels segments
 - The commitment and capability of our team
- Accelerated investment in digital platforms and standalone technology, Retail and Hotels renewals and acquisitions
- Strong cash generation, operating cash inflow of \$949m
- Launched our first Sustainability Strategy and today released our first Sustainability and Modern Slavery Reports

Note: All growth rates in this presentation are calculated against F21 unless otherwise stated

Sales	\$11.6b	Flat YoY
EBIT	\$924m	+2.8%
Profit after tax	\$495m	+11.2%
Earnings per share	27.6¢	+11.3%
Full-year DPS	20.2¢	

Our first year as a listed business

Grown customer reach	 4.5m Active members  15%	 VOC of 79  2pt	 VOC of 74  3pt	 VOC of 8.4  0.1pt
Broadened digital engagement	My Dan's Guarantee Scan rate ~70%	BWS Cooler Most successful year to date	Hotels Digitisation Order and pay at table	
Enhanced and expanded our network	Trend Leadership 	M&A 	Property & Format <ul style="list-style-type: none"> • Retail: 32 new; 81 renewed • Hotels: 5 new; 40 renewed • EGMs: 2,000+ upgraded 	
Operations optimised across group	Reinforced our corporate structures to support a listed company	Began our transition from Woolworths technology platforms	Continued our successful Simpler for Stores program	
Continuously focused on team and sustainability	Released our first Sustainability Strategy	76% Voice of Team engagement score	92% of team completed new Leading in Responsibility training	

Drivers of F22 Retail performance

In F22, we've maintained our EBIT, delivering gross margin gains whilst investing in digital, technology and network improvements

Sales **\$10.1b** -0.9%

EBIT **\$666m** -0.4%

3 Yr Sales growth¹ **+19.3%**

COVID-19 impacts drove volatile trading patterns

- Strong F22 sales consistent with elevated F21, with COVID-19 impacts in both years
- Robust H1 performance driven by the closure of hospitality venues, reduced promotional activity
- Sales decelerated in H2 as more customers returned to on-premise venues

Customers embracing discovery

- Popularity of craft and local ranges rising
- Increasingly seeking new and premium offerings
- Innovation and trend leadership driving increased demand for Pinnacle Drinks products

Investing for the future

- Enhanced digital customer engagement platforms
- Innovative new formats, e.g. The Cellar by Dan Murphy's

Productivity initiatives largely offset inflation

1. 3-year change is calculated as movement between F22 and normalised 52-week equivalent F19 results

Drivers of F22 Hotels performance

COVID-19 continued to have a significant impact on our Hotels business in F22, but we are recovering quickly

Sales **\$1.5b** **+6.6%**

EBIT **\$315m** **+20.7%**

3 Yr
Sales
decline¹ **-7.9%**

Robust recovery in H2 after COVID-19 impacts in H1

- H1 was significantly impacted by nationwide trading restrictions including lockdowns in New South Wales and Victoria
- Customers returned enthusiastically as restrictions eased and COVID-19 concerns reduced
- Solid contributions across gaming, beverage, food and accommodation
- Across the year, there were 231 trading days when all our hotels were open (F21: 195 days)
- Agile and adaptable team effort to cope with volatility

Building a strong platform for growth

- Disciplined approach to growing our hotel portfolio
- Continued commitment to renewals program
- Upgraded 2,000+ EGMs

1. 3-year change is calculated as movement between F22 and normalised 52-week equivalent F19 results

Building on our leading digital capability

endeavourX

\$1.0b Retail online sales
+17.0%

10.0% Retail online penetration
+152bps

4.5m My Dan's active members
+15%

262k BWS average monthly App users

3.7m Order and pay at table transactions

Growing a profitable eCommerce business, assisted by COVID-19 tailwinds in F22

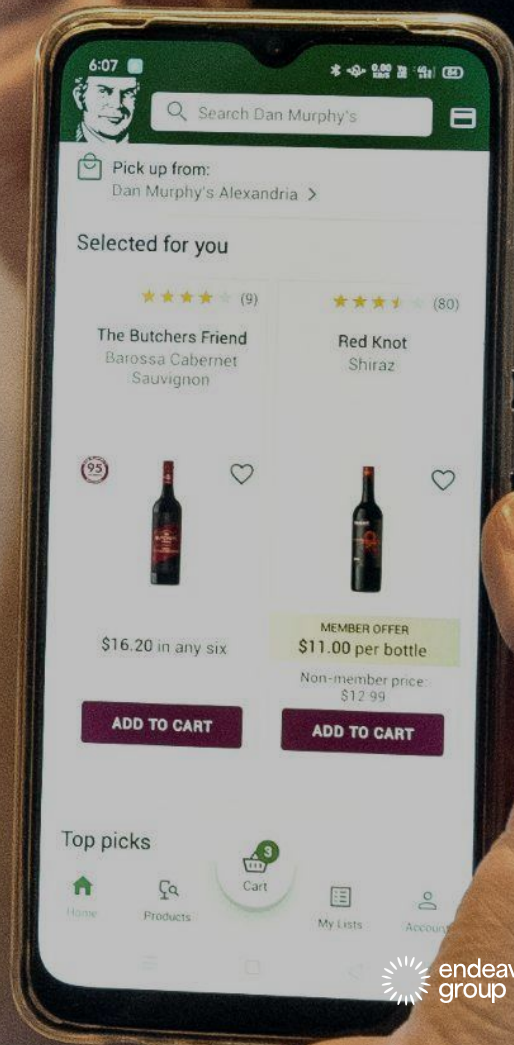
Continued investment in endeavourX to develop our digital capability

F22 focus on improving the Retail omnichannel customer experience through:

- Extended personalisation capabilities
- Enhanced web and apps
- Establishing new channels, subscription and gifting

Further opportunities to extend our digital capability in Hotels:

- Strong foundations with 'order and pay at table' roll out
- New app and enhanced loyalty program in development



Pinnacle Drinks F22 Highlights



479

New products launched

7/10

Of our Retail customers
purchased a Pinnacle
Drinks product

19

Best in Class trophies

30%+

Sales growth in
Paragon Wine Estates
portfolio

560

Product awards won

Pinnacle Drinks is a customer led, branded drinks business with integrated assets and broad capabilities

479 new products were launched in F22 including expanded ranges within the premium Paragon Estates wine portfolio, as well as trend leading innovation in categories such as seltzer, craft beer and low and zero alcohol drinks

Expanded premium wine footprint with acquisition of Josef Chromy Wines in April 2022 and Shingleback Wine (post balance date)



Josef Chromy, Tasmania

Sustainability: our positive imprint

Responsibility and Community



Advocating responsible choices and supporting positive change in our communities

- Created our 'Leading in Responsibility' training module, 92% of team trained
- Partnered with DrinkWise on research into low and zero alcohol options supporting moderation
- Commenced roll out of ALeRT System¹
- Established Darwin Community Advisory Committee

Our People



Championing individuality, human and personal rights

- 76% for our Voice of Team engagement score
- 36% senior positions held by women
- Launched 'Proud at Endeavour', a network of 300+ LGBTQ+ and Ally team members
- Total recordable injury frequency rate of 11.43 - 4.7% improvement

Our Planet



Reducing our impact on the planet

- Set our emissions baseline and commenced disclosures against the Task Force on Climate-Related Financial Disclosure (TCFD)
- 104 solar generating sites, producing 8,498 MWh of electricity
- Chapel Hill winery and vineyard achieved Sustainable Winegrowing Australia (SWA) Certification

¹ Program designed to identify potentially problematic EGM patterns of play

Financial Results

Shane Gannon
Chief Financial Officer



F22 Financial result highlights

Financial results

\$11.6b Sales

Flat
YoY

+14.9%
3-year¹

\$924m EBIT

+2.8%

\$495m Profit after tax

+11.2%

Cash and capital foundations

\$949m Operating
cash inflow
F21: \$1,114m

\$985m Debt
headroom

\$349m Capital
expenditure
F21: \$312m

11.4% ROFE

+28bps

Delivering for shareholders

27.6¢ Earnings per share

20.2¢ Full year dividend
per share

73.1% Full year dividend
payout ratio

1. 3-year change is calculated as movement between F22 and Normalised 52-week Equivalent F19 results

Group financial performance

Group result underpinned by

- Solid Retail performance to sustain profit levels
- Strong recovery of Hotels
- Continuing to execute and invest in line with strategy

Other EBIT of (\$57m) (F21: (\$31m)) includes a full year of corporate costs associated with operating as a stand alone business

Lower finance cost benefited from lower interest rates on external debt

Looking ahead:

- Expecting the market to continue to return to normal (cycling on-premise closures will distort growth rates)
- Price realisation offset by cost inflation notably across COGS, wages, leases and supply chain costs

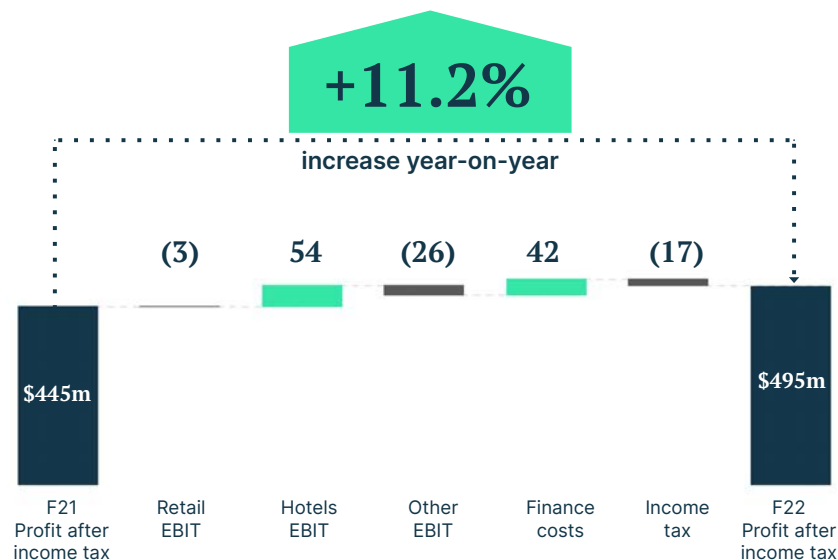


Chart is a graphical representation of the year on year increase/(decrease) from each segment and cost category (in \$m)

Retail financial performance

Strong result, achieving EBIT in line with F21

- Maintained elevated sales levels, 19.3% ahead of F19¹

Gross profit margin expansion

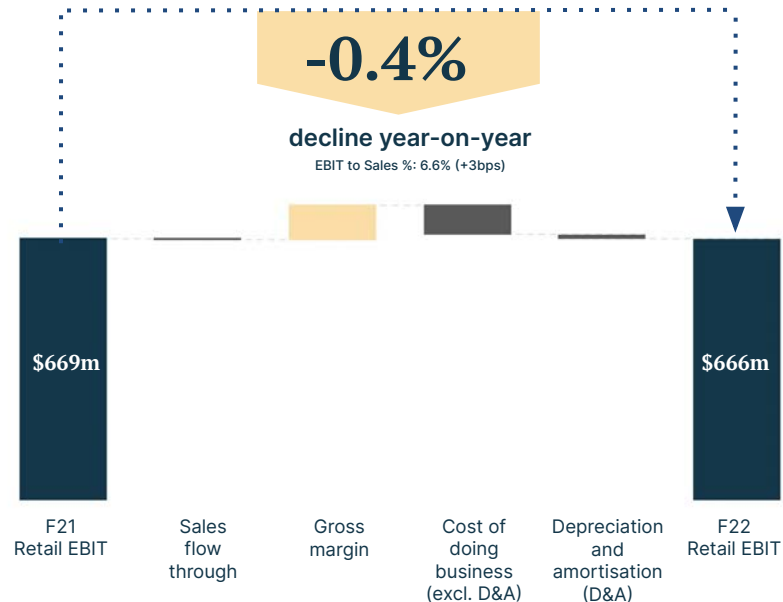
- Supported by premiumisation, higher margin new products and demand for Pinnacle Drinks products
- Maintained competitive pricing, in less promotion driven market

CODB margin reflects increased investment level

- Investments in stand alone technology platform
- H2 sales deleverage
- Productivity gains partially offset inflation and cost challenges arising from market conditions (including floods, COVID-19 costs)

Looking ahead:

- We expect the retail market will continue to return to normal over the course of F23
- The first weeks of trading indicate that consumer trends such as drinking better and discovery remain positive



1. Normalised 52-week F19 results.

Chart is a graphical representation of year on year movement in EBIT attributable to Sales, Gross Profit Margin / CODB rate (excl D&A) and D&A

Hotels financial performance

Return to more normal trading post COVID-19 disruption

- F22 trading was below “normal” due to COVID-19 impacts, particularly in the first four months of F22 and during the Christmas and New Year trading period
- Sales +6.6% on F21 and -7.9% on F19¹

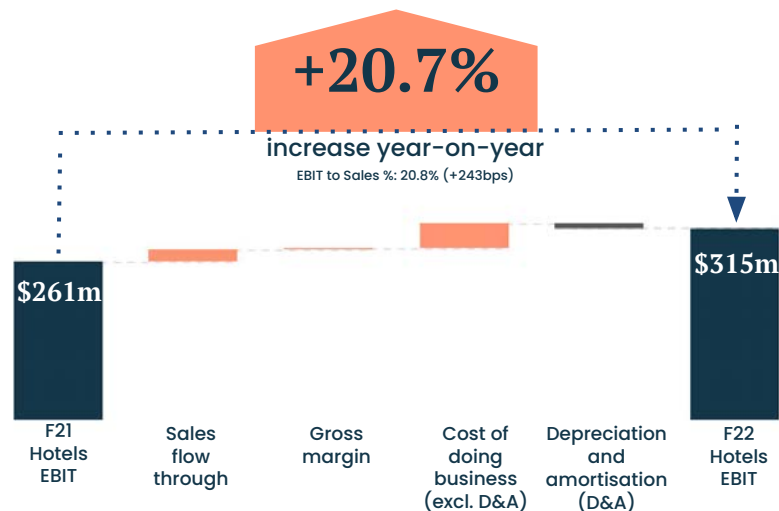
Gross profit margin 85.1% consistent with F21 (85.0%)

CODB margin 64.2% (F21: 66.6%)

- Benefiting from higher sales leverage and strong cost management

Looking ahead:

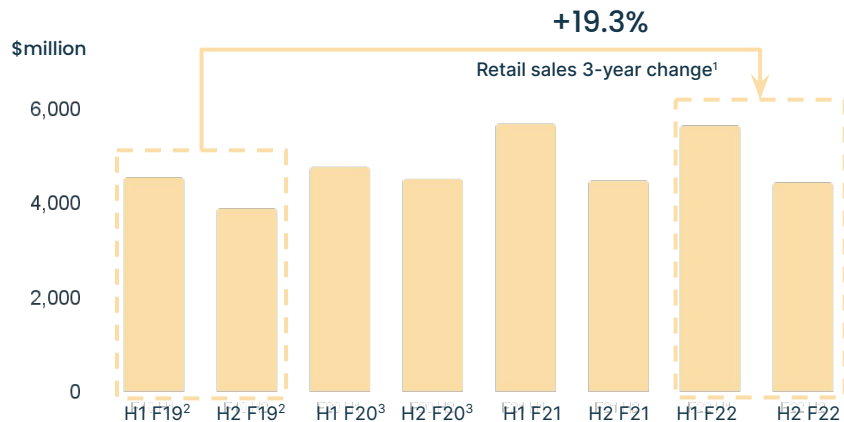
- Continued recovery as Australians return to socialising in hospitality settings
- Victorian gaming tax changes and amortisation of gaming machine entitlements (estimated ~\$20m EBIT impact per annum)



1. Normalised 52-week F19 results.

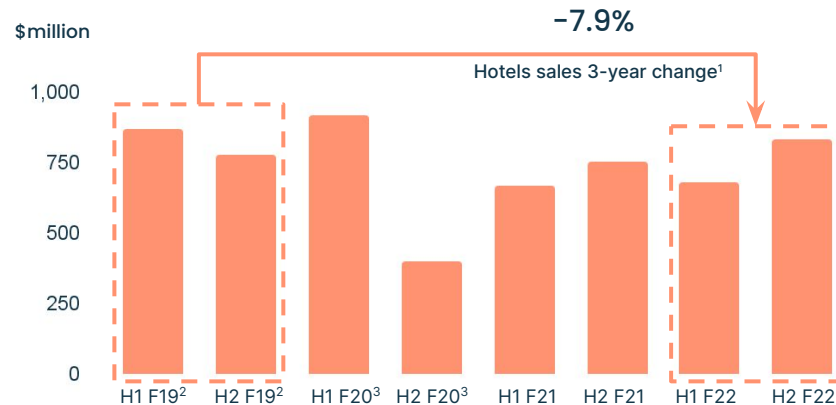
Chart is a graphical representation of year on year movement in EBIT attributable to Sales, Gross Profit Margin / CODB rate (excl D&A) and D&A

Half yearly sales track



Retail

- Retail sales have grown strongly over three years with significant tailwinds
- Sales similar in F21 and F22, both elevated due to COVID-19



Hotels

- COVID-19 impacts began in H2 F20
- Hotels' sales were impacted by closures and restrictions in both F21 and F22

1. 3-year change is calculated as movement between F22 and normalised 52-week equivalent F19 result. Refer to Appendices for further detail on normalised 52-week equivalent F19 results

2. Normalised 52-week equivalent F19 results

3. F20 refers to equivalent F20 results, which is described in detail in the F21 Annual Report

Cash and liquidity

CASH GENERATIVE - Cash realisation ratio of 93%

Strong operational performance and disciplined cost management generated operating cash flow of \$949 million

Healthy balance sheet prepared to fund growth investment
Leverage ratio¹ 3.5x, consistent with investment grade credit metrics

Trade working capital at the end of F22 was \$63m higher due to cycling lower than usual inventory holdings in the prior year

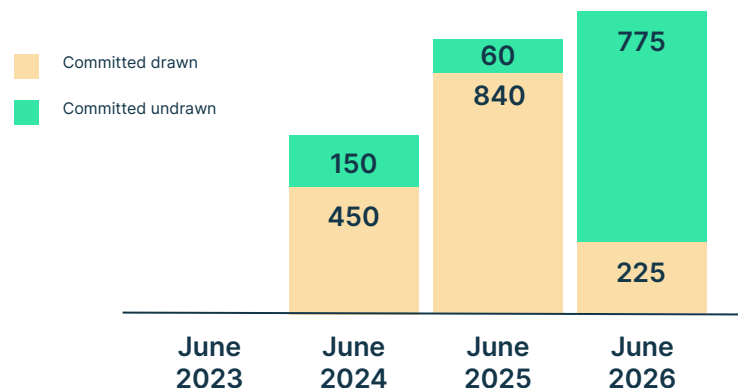
Cash realisation impacted by payments related to historical pay remediation and higher income tax payments in F22

1. Leverage ratio - Net debt plus lease liabilities, divided by 12-month rolling EBITDA
2. As at 26 June 2022

LONG-TERM DEBT FACILITIES IN PLACE

- Net debt of \$1.2b was \$56m lower than F21, reflecting a reduction of \$212m in borrowings partly offset by a lower cash position compared to F21
- Committed undrawn debt facilities of \$985m² plus material cash balances

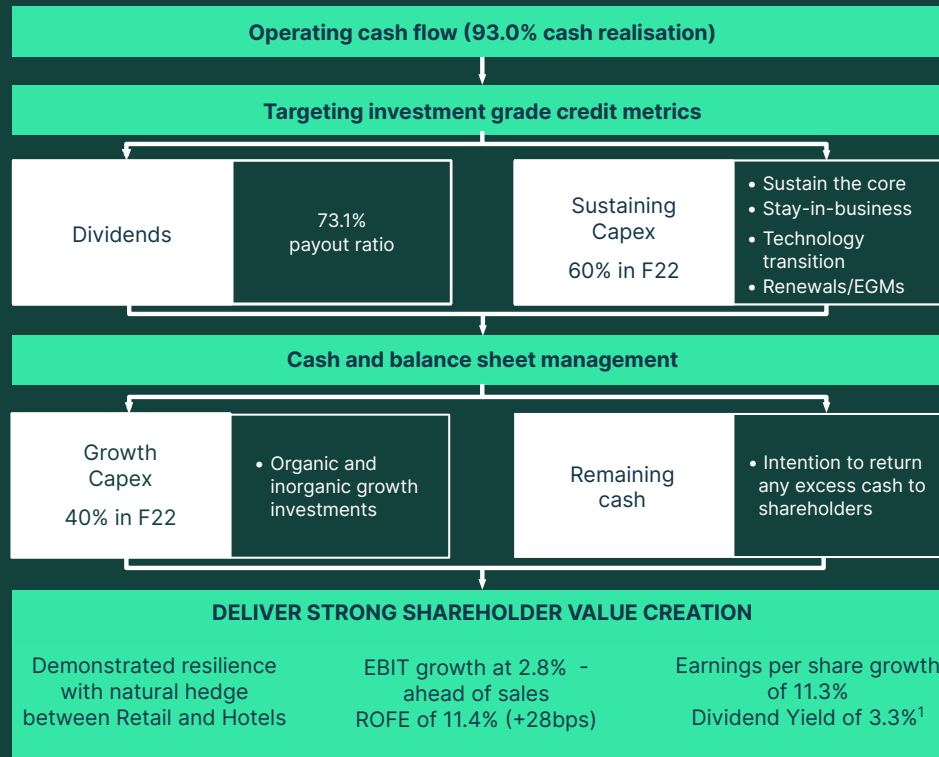
Debt maturity profile (\$ million)



Strong returns to shareholders

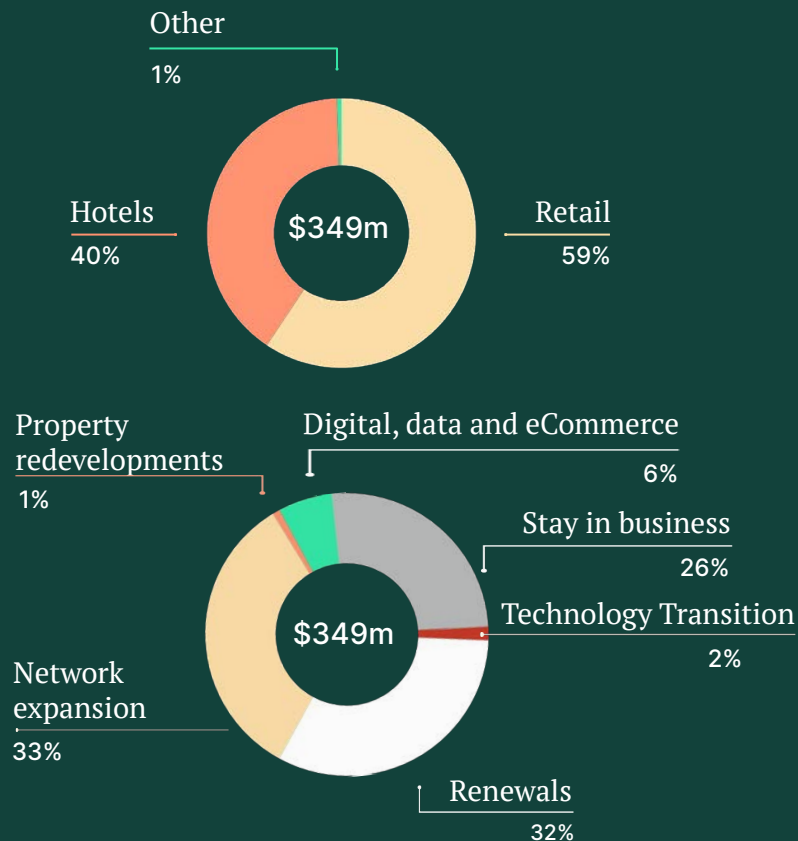
Strong free cash flow deployed in line with our capital management framework

- 1 Target outcomes consistent with investment grade credit metrics
- 2 Solid shareholder dividend distributions
- 3 Capex prioritised to deliver a balance of short and long-term returns
- 4 Disciplined approach to organic and inorganic investments



1. Based on holding shares from 28 June 2021 to 26 June 2022

Capital expenditure



Focus of F22 investments

Expanding and enhancing our network

- Renewed 40 hotels and 81 retail stores
- 32 net new stores and 5 hotels
- Acquired Josef Chromy Wines (April 2022)
- EGM average age now 6.8 years (down from 9.6 yrs at the beginning of F21)

Growing digital capability and engagement

- Increased investment in digital and technology
- A growing portion of technology investments are operating expenses, forming part of our CODB

Looking ahead:

- Investing in line with strategy, continuing to enhance our leading customer offer
- Developing our stand alone technology platform
- Early stages of unlocking property opportunities

Case study: Sunnybank



Hotel renewal investment profile

~\$3.1 million investment¹ in Sunnybank Hotel
(relaunched on 30 July 2021)

Food and Bar sales increased by >40% since
the completion of the renewal

ROI at year 2 above hurdle
rate of >15%

1. Hotel renewal only excluding retail stores renewals

- ✓ Upgraded dining room, patio and sports bar
- ✓ Converted office / storage area into customer dining zone and bar
- ✓ Renewed and extended gaming room
- ✓ Upgrades to the co-located Dan Murphy's store and associated BWS drive-thru

F23 Priorities & Outlook



F23 - First 7 weeks

Continuing to return to normal in both Retail and Hotels

- 1 year growth rates will be distorted as we cycle COVID-19 impacts in the first half
- Both segments up by ~13% on pre COVID-19 levels

Retail

- Retail sales moderating from F22 COVID-19 driven elevated levels
- Retail customers returning to in-store purchasing

Hotels

- Hotels recovery continues across all elements

First 7 weeks sales¹:

	vs F22	vs F20 ²
Retail	-6.7%	12.7%
Hotels	75.2%	13.4%
Group	2.0%	12.8%

Priorities for F23

Disciplined cost management and operational optimisation to offset inflationary pressures

Unlock property opportunities in new sites, network renewal and redevelopments

Accelerate improvement of customer experience with digital and data led transformation

Continued investment in transition and standalone technology capabilities

Progress our sustainability ambition, focusing on responsibility and our team



In summary

Strong F22 financial results

Resilient business supported by the 'natural hedge' between our Retail and Hotels segments

Agile team performance

Retail performance consistent with prior year

Hotels result underpinned by strong H2 recovery

Continued investment in:

- Digital customer engagement platforms,
- Stand alone technology and;
- Retail and Hotels renewal and acquisitions

Strong cash generation

Progressed our Sustainability Strategy, with emphasis on responsibility

F23 Operating environment

Customers are increasingly seeking out social connection and occasions in more pre-COVID/normal ways

Team shortages, particularly in customer facing and digital/technology roles to persist

Inflation to remain high putting pressure on pricing, wages and supply chain costs

F23 outlook

COVID-19 led elevated Retail sales levels expected to return to normal

Hotels to continue year-on-year recovery

Our purpose, vision and strategy: Delivering strong returns



Q&A

Steve Donohue

Chief Executive Officer

Shane Gannon

Chief Financial Officer





Appendices

Operational context

JUL – MID OCT

Widespread lockdown & extensive restrictions

- The most significant hotel closures were in NSW and VIC which extended for all of Q1 F22
- ~ 40% of hotels were closed and various trading restrictions were in place across the country
- Strong Retail performance from increased at-home consumption
- Retail online penetration 11.5% (Q1 F22)

MID OCT – EARLY DEC

Initial reopening in NSW & VIC

- Hotels in NSW reopened, with restrictions in place, on 11 Oct and VIC reopened from 29 Oct
- Trading quickly returned, but still below pre COVID-19 due to ongoing restrictions
- Hotels' sales in QLD, WA and SA in growth on pre COVID-19 levels
- Premiumisation, increasing personalisation and online growth continued to underpin Retail
- Retail online penetration 9.9% (Q2 F22)

MID DEC – FEB

Emergence of Omicron

- Hotels trading weakened again in the last three weeks of December as Omicron started to impact
- Retail performed strongly over the key Christmas and NYE trade weeks

Severe weather events

- Flooding in central Australia caused severe network disruption. The East-West rail line was closed for 4 weeks impacting service to WA

MID FEB – JUNE

Living with COVID-19

- Hotels trading started to improve from mid-Feb as a result of easing COVID-19 restrictions in NSW and VIC, offsetting a deterioration in WA where cases and restrictions increased
- Retail sales started to return to normal as on-premise restrictions eased

Severe weather events

- A small number of stores and hotels were significantly impacted by floods across parts of NSW and QLD

Network¹

258

Dan Murphy's Stores

+7

5

Wineries

+1

1,417

BWS stores

+25

3

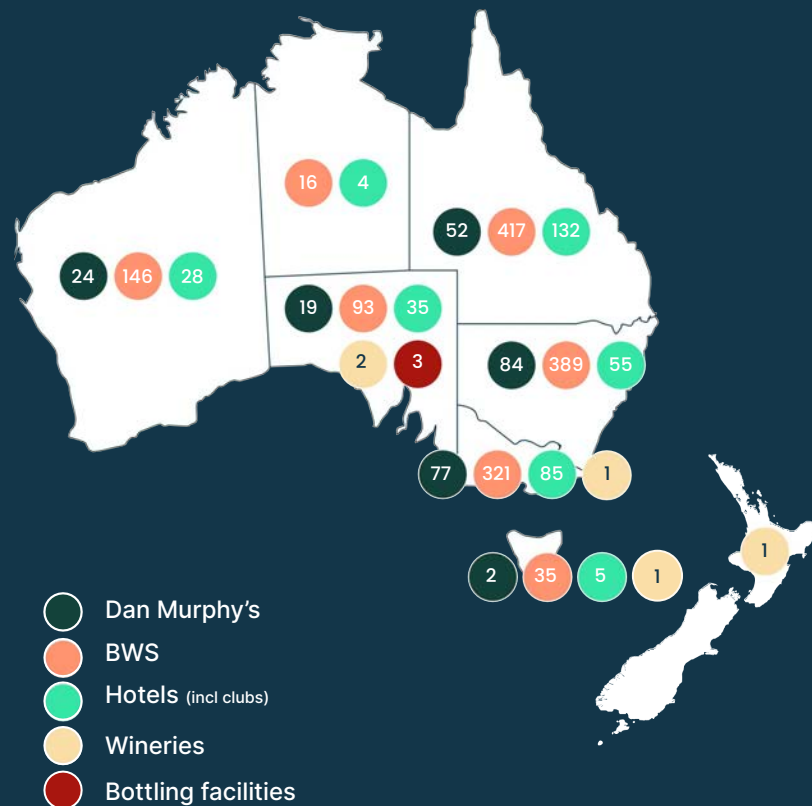
Bottling facilities

344

Hotels (incl.
managed clubs)

+5

1. As at 26 June 2022



Indicative Technology Roadmap

Including transition from Woolworths

F22 // Priority Projects underway

High level and preliminary roadmap developed. Priority projects commenced.

F23 // Design and scope

Priority projects will continue. Scoping, product selection and detailed design underway for new workstreams

F24 - F27 // Phased build and implement

Transition and simplify technology landscape as a foundation for growth and innovation

People Systems (One Team)

Expected completion F23

Benefits:

- Consolidation of systems
- Payroll risk mitigation

Spend management

Standalone purchasing system

Benefits:

- Spend optimisation
- Process automation and consolidation

Network & store systems

ERP & enabling programs

**Core
technology
transition**

Commerce platform

Order fulfilment (OMS)

**Risk
Management**

CRM & SRM

Rationalisation & simplification

**Value
Creation**

Balance sheet

\$ 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

Cash flow

\$ million	F22 (52 WEEKS)	F21 (52 WEEKS)	CHANGE
EBIT	924	899	25
Depreciation and amortisation expenses	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)
Payment for shares held in trust	(10)	-	(10)
Free cash flow	56	497	(441)
Cash realisation ratio (%)	93.0	117.3	

\$ million	F22	F21	CHANGE
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Sales

Retail	10,086	10,178	(0.9%)
Hotels	1,511	1,417	6.6%
Total sales	11,597	11,595	imm.

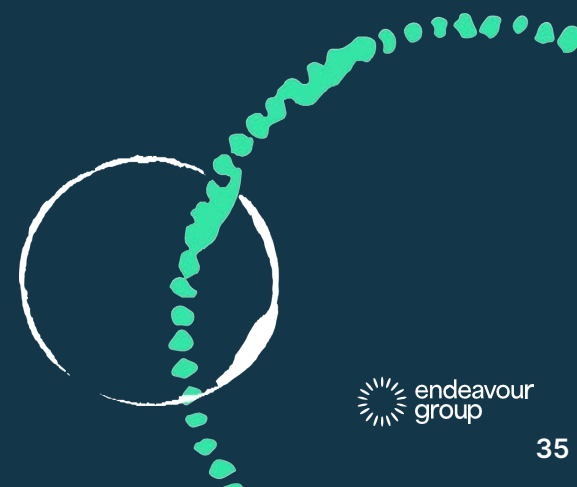
Profit for the period

Retail EBIT	666	669	(0.4%)
Hotels EBIT	315	261	20.7%
Other	(57)	(31)	83.9%
Total 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 period (after income tax)	495	445	11.2%

EBIT Margin

Retail EBIT margin (%)	6.6%	6.6%	+3bps
Hotels EBIT margin (%)	20.8%	18.4%	+243bps
Total EBIT margin (%)	8.0%	7.8%	+21bps

Group financial performance



Retail financial performance

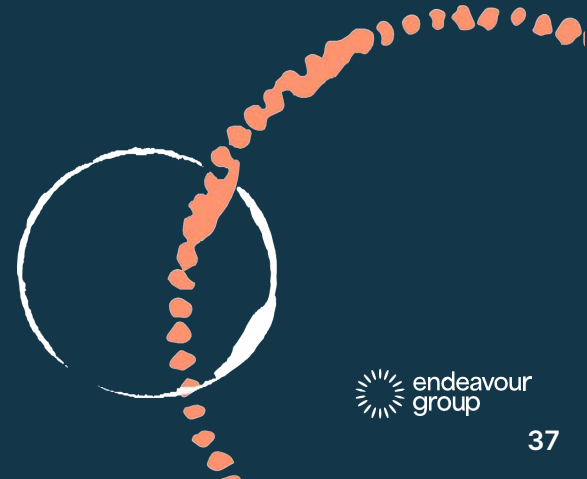
	F22	F21	CHANGE
Sales (\$m)	10,086	10,178	(0.9%)
EBITDA (\$m)	944	936	0.9%
Depreciation and amortisation (\$m)	(278)	(267)	4.1%
EBIT (\$m)	666	669	(0.4%)

Gross margin (%)	23.2%	22.4%	+89bps
Cost of doing business (%)	16.6%	15.8%	+86bps
EBIT to sales (%)	6.6%	6.6%	+3bps
Return on average funds employed (%)	16.8%	16.4%	+45bps

Hotels financial performance

	F22	F21	CHANGE
Sales (\$m)	1,511	1,417	6.6%
EBITDA (\$m)	561	499	12.4%
Depreciation and amortisation (\$m)	(246)	(238)	3.4%
EBIT (\$m)	315	261	20.7%

Gross margin (%)	85.1%	85.0%	+8bps
Cost of doing business (%)	64.2%	66.6%	-236bps
EBIT to sales (%)	20.8%	18.4%	+243bps
Return on average funds employed (%)	8.0%	6.7%	+130bps



Glossary

Term	Description
Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Cost of doing business (CODB)	Expenses which relate to the operation of the business
eCommerce (eComm)	Online channels including but not limited to store websites, apps and other digital platforms
EGM	Electronic Gaming Machine
Free cash flow	Cash flow generated by the Group after equity related financing activities including dividends and repayment of lease liabilities
Funds employed	Net assets excluding net debt, lease liabilities, other financing-related assets and liabilities and net tax balances
imm.	Immaterial
My Dan's active member	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 less cash and cash equivalents
Voice of Customer Net Promoter Score (VOC NPS)	A loyalty measure based on a single question where a customer rates a business on a scale of zero to ten. 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). This measure includes scores from instore and online customers.
Online penetration	Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period
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

Comparative figures

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.

