

ASX Announcement

2024 Annual General Meeting Chairman's Address

Sydney: Wednesday, 13 November 2024

The Chairman's address to be delivered today at the 2024 Annual General Meeting of Endeavour Group Limited is attached.

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

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Annual General Meeting

Chairman's Address

Ari Mervis, 13 November 2024

Check against delivery

I am privileged to have the opportunity to speak to you today for the first time as the Chair of Endeavour Group.

Having worked for many years across the consumer goods, food and beverages sectors both in Australia and internationally, I am honoured to have been appointed as a non-executive director of one of Australia's iconic consumer goods companies, and to have been selected by my fellow directors to chair the Board.

Endeavour has some of the best-known brands in drinks retailing and has the largest portfolio of licensed hotels in the country, and so has an extremely strong connection to the Australian consumer. This places the Group at the forefront of an evolving macroeconomic environment and gives us an unrivalled opportunity to provide our customers with exceptional service, value and choice. It also gives us a tremendous position from which to deliver a rewarding future.

In the short period that I have been on the Board I have seen first-hand that this is a business that is truly guided by its purpose. It is clear that the team are focused on ensuring that they are 'Creating a more sociable future, together', and are living the values of being Real, Inclusive and Responsible.

I would now like to turn to the last financial year and then speak a little bit about the business going forward, including governance and strategic matters.

The results delivered in fiscal 24 demonstrate the resilience of your company, through a challenging period, both at macro level and around the board table.

In F24, the Group Sales grew by 3.6%, or 1.8% on a 52-week basis, while growing Group Earnings Before Interest and Tax by 3.1% compared to the prior year. Group net profit after tax of \$512 million dollars, was however 3.2% below the prior year, or 4.3% on a 52 week basis. This was largely due to increased finance costs as Endeavour, like many companies, faced increasing interest rates in a higher-inflation environment. Operating Cash Flow was \$1.2 billion dollars which enabled the Board to approve a total dividend payout for the year of 21.8 cents per share, fully franked. This delivered to shareholders the same total dividend payment per share in F24 as was paid in F23.

While the financial results that we delivered did not meet the expectations of the Board or of Management, it was encouraging to see market share growth, particularly in the retail sector, and improved voice of customer feedback, which was already at all-time high levels.

On Monday, Endeavour delivered its F25 first quarter trading update, which Steve will touch on in his CEO address next on today's agenda.

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The Board appreciates the challenges that Endeavour has faced over the past financial year: an unfavourable macroeconomic environment, increasing costs of capital, and continued low levels of consumer confidence as household budgets remain under pressure. But we, like you, recognise that we nonetheless need to improve returns to shareholders and restore shareholder confidence.

We remain committed to delivering sustainable earnings growth in our core businesses, while driving returns on investment through focus on disciplined capital management, and portfolio optimisation.

Endeavour has extremely strong business fundamentals. We have an enviable portfolio of leading brands, an unrivalled network and licence portfolio, and a superior understanding of customer trends and tastes, and through collectively harnessing all these all, our team of talented professionals can create meaningful experiences to deliver on our strategy of putting the customer first.

Our strategy focuses on continuing to optimise the business from end-to-end through maintaining disciplined capital allocation and investing in our team to enable them to live our purpose and values; and ensuring that they can deliver a positive and sustainable imprint, with compliance and responsibility at the core of everything we do.

Your Board has confidence that the strategic roadmap articulated in December 2023 is focused on driving the most important pillars for future success. Success in Dan Murphy's and BWS in retail, and improving performance in our hotel network are critical to future prosperity. The core trading business ably supported by Pinnacle and our digitally enabled customer-relevant propositions will enhance delivery. Going forward we will focus on continually improving execution in our primary businesses, with an emphasis on streamlining and simplifying the business.

We will continue to ensure that we deliver value, range and convenience through our retail network, and in hotels we will deploy capital to increase returns on this part of the portfolio. As a positive shopper experience is at the heart of every interaction, we will continue to relentlessly focus on in-store execution, relevant choices, digital support and great customer service.

We will ensure a rigorous focus on cost optimisation in the short and-long term, while progressing our separation from Woolworths and simplifying our technology landscape.

Our ultimate aim is to deliver long-term shareholder value.

We've set a target to deliver over 10% shareholder value - EPS growth plus dividend yield - per year, although I do want to reiterate that this is a "through-the-cycle" goal. In the face of challenging consumer and macroeconomic conditions, I acknowledge that this is ambitious, however, as interest rates stabilise and inflation normalises we're confident that we can deliver these shareholder returns.

At Endeavour, we recognise the importance of conducting our business in a sustainable and socially acceptable manner, and we take our market leading position seriously. We remain committed to ensuring we provide a safe and responsible environment for our team members and our patrons, and we will continue to work with the relevant authorities on harm minimisation. Steve will cover this more in his address.

I would now like to say a few words on Endeavour's remuneration framework. This framework is designed to align performance with reward. The Board sets targets for both short and long-term rewards to encourage exceptional performance. The Board is confident that the determinations made this year facilitated the right alignment between performance, reward and stakeholders' interests. Equally, we recognise the need to review this framework to ensure it aligns management's focus with shareholder expectations and I will comment on the adjustments we have made to the remuneration framework for F25 when addressing the Remuneration Report later in the meeting.

F24 has been a year of change for the Endeavour Board. In March this year, Peter Hearl retired from the Board. Peter served as Endeavour's inaugural Chairman, leading the company through the formative period after its 2021 demerger from Woolworths Group. On behalf of the Board, I would like to recognise Peter and acknowledge his contribution to Endeavour.

Colin Storrie, Holly Kramer and Bruce Mathieson Jr, each stepped down from the Board over the course of the year. Both Holly and Colin were integral to the establishment of Endeavour Group, having served diligently as Directors since the Woolworths demerger of Endeavour.

Bruce Mathieson Jr retired from the Board in June 2024, following a long and successful executive career in Endeavour Group's hotels business, ALH, and his most recent tenure as a Non-executive Director.

I, on behalf of the Board, would like to recognise and acknowledge the significant contribution of all the former directors. We thank them for their contribution to the company, and we wish them all the very best for the future.

During the year, the Board also welcomed Peter Margin as a Non-executive Director. Peter is a distinguished corporate leader, bringing a wealth of experience from the food, beverage and dairy sectors from an over three-decade executive career. Peter has brought a fresh perspective to the Board, and we are already benefiting from his contribution.

Peter and I will be standing for election at today's meeting, and I hope that we can rely on you for your support in this regard.

Additionally last week, the Board announced that Penny Winn and Peter Hardy would join the Board as Non-executive Directors, subject to probity and receipt of regulatory approvals. Peter will represent the interest of our largest shareholder, the Bruce Mathieson Group and we look forward to welcoming both Penny and Peter to our Board.

I acknowledge that in aggregate this is a great deal of change to Board composition, but I believe that this renewed Board understands the requirements to restore shareholder confidence, and can guide Endeavour to deliver for all shareholders. We also recognise the importance of stability and are committed to diligently working with management for the benefit of all involved.

As announced on 27 September this year, following six years as CEO, Steve Donohue the inaugural Managing Director of Endeavour Group and the Board agreed that it is now the appropriate time to transition to a new Managing Director. Steve has had an extraordinary career, having risen from a summer casual in the second Dan Murphy's store in Alphington Victoria in 1994, through a range of leadership roles across Endeavour Drinks and Woolworths Group, to become the leader of what would become Endeavour Group in 2018. His leadership,

and his passion for the company and the industries in which we operate, have been integral to the success of Endeavour Group. I would personally like to thank Steve for his contribution to our business.

Steve being the professional that he is, and in alignment with his commitment to Endeavour, will remain in his position as CEO to support an orderly transition. And with the passion that he has for the company, we are more than confident that he will continue to drive business growth and performance.

While a new CEO will obviously be given the opportunity to propose their vision for growth to the Board, we believe that the key pillars of the Strategy are robust and will endure.

We are conscious of both the importance of appointing the right CEO, and equally the need to expedite the appointment of a new leader for the Group. In this regard, the Board has engaged a global executive recruitment firm to conduct a comprehensive process to identify a new CEO, and we are currently considering a shortlist of credible candidates. We will provide an update and further details to the market as appropriate.

Finally, I would like to thank our team of over 30,000 members as we approach our important Christmas trading period. They work every day to meet the changing needs of our customers and create products and experiences that bring people and communities together, while always being led by our purpose and values.

I would also like to acknowledge and thank you as shareholders for your continued support of our business and brands.

Most importantly, I would also like to thank our customers and the communities of which we're part and who have supported our journey as we work on creating a more sociable future together.

Thank you for your time and attention so far and I look forward to answering any questions you may have shortly. I will now ask Steve to address the meeting.

-ENDS-