

ASX Announcement

2021 Annual General Meeting - Chairman's Address

Sydney: Thursday, 21 October 2021

The Chairman's Address to be delivered today at the 2021 Annual General Meeting of Endeavour Group Limited (ASX:EDV) is attached.

The release of this announcement was authorised by Taryn Morton, Company Secretary

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Chairman's Address

Peter Hearl, 21 October 2021

Check against delivery.

I will commence our business today acknowledging the strong results delivered by Steve and the entire Endeavour team throughout what was a very challenging year for the retail and hospitality industries, due to COVID.

As you know many of those challenges have continued into Financial Year 2022, and many remain with us still.

Despite these challenges the business grew Group Sales by over 9.0% and Group Earnings Before Interest and Tax by over 22% compared to the Equivalent F20 period; we delivered a Group Profit for the year after income tax of \$445 million dollars, an Operating Cash Flow of \$1.1 billion dollars, and delivered a Final Dividend of 7 cents per share fully franked.

As you know in June this year we also demerged from Woolworths and became an ASX listed company in our own right. This was delivered thanks to the hard work of both the Woolworths team, the Endeavour team and the support and collaboration of one of our major shareholders, the Bruce Mathieson Group or BMG.

Establishing Endeavour Group as an independent listed business has meant the establishment of a new board, new governance structures, defining our unique culture, aligning on our strategic direction and our executive remuneration framework as well as launching our first sustainability strategy document which we did earlier this week.

Immediately before and since the demerger your new Board has worked closely with Steve and his management team to implement a strong and robust public company governance framework. This includes the establishment of the Board and the Audit, Risk and Compliance Management Committee, currently chaired by Duncan Makeig, the People, Culture and Performance Committee chaired by Catherine West as well as the Nominations Committee, which I chair. We also established a range of best-in-class corporate policies and procedures that aim to protect your interests and the interests of all stakeholders.

We established key governance functions – the Company Secretariat and Investor Relations - to oversee and meet the requirements demanded of a well governed ASX top 50 company; we published our first ever Annual Report and as I just mentioned earlier this week we published our first Sustainability Strategy document, about which I will talk more, shortly.

Since the demerger, the board and management have also spent significant time listening to feedback from team members all across our businesses and aligning on the best way to articulate our Purpose and our Supporting Culture.

Both the Board and management are passionate about our group purpose: Creating a more sociable future together.

This Purpose is underpinned by our 3 core Values of 1) “being real” and authentic in our interactions with all stakeholders; 2) embracing diversity and inclusiveness, and above all 3) acting responsibly in all that we do and taking that accountability very seriously.

In terms of our “Ways of Working”, we are committed to carrying out our activities with pride, passion and spirit; to working collaboratively both across and within our teams and ALWAYS striving to be better.

Our Purpose, Values and Ways of Working have been embraced by our 28,000 strong team, and will be the basis upon which we intend to operate and grow our enterprise into the future.

The “How” we will grow our business is based on three strategic pillars.

Knowing our customers is at the heart of everything we do. Our market leading engagement and reach gives us the opportunity to have market leading customer understanding and therefore the ability to continue to develop market leading experiences. We will continue to invest in getting to know our customers better, including leveraging technology to constantly improve our level of insight.

We will leverage those insights to drive innovation across our digital assets, our store and hotel networks and our group infrastructure and over time potentially use these insights to guide our expansion into new markets adjacent to our core.

And we will do all this as “one team”, with our partners and suppliers, always aligned to our purpose and values and leaving a positive imprint on the communities of which we are a part, the people we connect with and the world we all share.

This brings me to our Sustainability Strategy. While sustainability has always been central to how we operate, the launch of our sustainability strategy this week is a significant milestone for our long term success.

In developing our new strategy, we recognised the importance of building further upon our sustainability achievements to date and our leadership position in the responsible service of alcohol and the responsible conduct of gambling. The slide on the screen now highlights some examples of what we already do today to demonstrate this leadership in responsibility across our business.

We also knew that our future priorities would need to be based on the expectations of our diverse stakeholders including shareholders, suppliers, team members, local communities, regulators and government. With this in mind, we have worked closely with a range of stakeholders to perform a materiality assessment of our key ESG issues to identify the areas where we will have the greatest impact.

As a result of this work, our sustainability strategy is built around three core focus areas - People, Planet, Responsibility and Community and is underpinned by a series of goals and commitments that will guide our work over the coming years.

I'd like to touch briefly on each of these three areas.

Firstly let me turn to the area of “People” - Our people are passionate, knowledgeable and deserve a safe, empowering and inclusive place to work. Our partners, our suppliers and our customers should know that we will act with integrity, respect for human rights, and with a focus on eradicating modern human slavery from our supply chains, if we find it to exist.

Secondly, the area of “Planet” - We will look to find ways to manage our land and water resources more sustainably and reduce our environmental impact, which will start with the development of a climate change strategy to focus our activities for the years to come - all on the path to using 100% renewable energy by 2030 and zero net carbon emissions by 2050.

Thirdly, but most importantly, the focus area of “Responsibility and Community” - A cornerstone of our long-term sustainability goals remains our commitment to maintaining our culture of industry leadership in the responsible service of alcohol and responsible conduct of gambling. In particular, as the initiatives under our strategy unfold over the coming years, we will increasingly use our knowledge and expertise in technology to drive improvements in both these areas.

As a direct result of the recommendations in the Independent Panel Review (or, IPR) in Darwin, we have acknowledged we can also use our leadership to bring together experts, community, industry and government to collaborate on solutions to the problems associated with the misuse of alcohol or problem gambling. This commitment is already being brought to life through the recent appointment of a senior advisor on community engagement in Darwin, who will help us work with local community leaders to contribute to improved outcomes in Darwin and other communities around Australia.

This action is one of a number upon which the Board has worked with management to prioritise in response to the IPR.

Since demerger, we have embedded new processes that engage senior management in the consideration of ESG matters for all new developments and importantly, over the past few months, Steve and I have also engaged in a series of “listen and learn” video meetings with a range of stakeholders, including several of the key constituents from the Darwin community who provided input to the IPR.

We believe that through our Sustainability Strategy and in future through our first Reconciliation Action Plan, we have a framework to address the recommendations from the IPR that are relevant to us. As soon as COVID travel restrictions are lifted, Steve and I will be traveling to Darwin, to continue to listen, learn and engage with the community in Darwin.

The Board recognises the importance of sustainability to our business and so it will have direct oversight over the progress of the strategy and management of related risks. The People, Culture and Performance Committee and the Audit, Risk Management and Compliance Committee will support the Board in these endeavours.

Steve and the executive leadership team will manage the implementation of our Sustainability strategy.

To help ensure that we have aligned the performance of our team with our commitment to lead in responsibility, we are linking 20% of the Long Term Incentive Plan for the CEO and senior leaders to a dedicated Leading in Responsibility metric. This will encourage executives to implement initiatives that enhance the responsible sale, service and consumption of alcohol and the responsible conduct of gaming, and ensure management of compliance with regulatory requirements such that we maintain industry leadership in those areas.

It's important to acknowledge that this is the start of our sustainability journey as a standalone business. We will continue to learn, refine and adapt our approach along the way and ensure our strategy and commitments adapt to changing community expectations or priorities.

We also acknowledge the importance of transparency and accountability. We are firmly committed to regularly sharing our progress with key stakeholders, shareholders and the wider community through an annual Sustainability Report, the first of which will be published after the end of this financial year.

Let me now move to some of the priorities for the year ahead.

Our focus as a business continues to be on managing and successfully navigating our way through the current COVID-19 restrictions and constraints, while at the same time maintaining the relative stability of the business in what is our first full year of independent operation.

Simultaneously, we will continue to embed and support the governance, culture and strategic foundations we have built out to date and continue to lay the ground work for our longer term growth agenda.

Our ambition is to continue to deliver above market sales growth, for our EBIT to grow faster than sales through margin expansion and disciplined cost management and for our Return On Funds Employed to remain well above our Weighted Average Cost of Capital. This will enable us to deliver both mid-single digit EPS growth and maintain our 70-75% dividend payout ratio.

We look forward to keeping you, our shareholders informed as we progress on that journey.

In closing, I would like to thank all those that have contributed to delivering this years result and getting us to this our first AGM as a demerged business, namely:

- our team who have worked hard navigating the difficulties of COVID-19 while continuously “endeavouring for better” across the organisation,
- our customers and the communities, who have continued to support their local store or hotel throughout the ups and downs of lockdown,
- my fellow Directors who have had a very busy agenda in their first few months with the business,
- and finally you, our shareholders, who have chosen to continue to invest with us 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 your questions shortly.

I will now ask our CEO, Steve Donohue to address the meeting.