

ASX Announcement

2022 Annual General Meeting Chief Executive Officer's Address

Sydney: Tuesday, 18 October 2022

The Chief Executive Officer's address to be delivered today at the 2022 Annual General Meeting of Endeavour Group Limited is attached.

The release of this announcement was authorised by the Disclosure Committee.

Sean O'Sullivan

Investor Relations

+61 412 139 711

investorrelations@edg.com.au

Dan Holland

Media

+61 429 364 299

media@edg.com.au

Chief Executive Officer's Address

Steve Donohue, 18 October 2022

Check against delivery

F22 achievements

The 2022 financial year has been a memorable one for the Group, establishing ourselves as a standalone listed business, and navigating the continued impacts of COVID-19, while delivering strong results.

During our foundational year, we have progressed our strategic agenda, and delivered earnings growth, while investing in necessary corporate infrastructure and investing for future growth. Simultaneously, we have progressed our imprint journey by launching our first Sustainability Strategy and releasing our first Sustainability and Modern Slavery Reports.

Like many businesses, COVID-19 impacted our operations significantly in the first half of the year, with nationwide trading restrictions, and lockdowns in New South Wales and Victoria. However, the business' resilience, the commitment of our team, and the natural hedge between our Retail and Hotels segments supported us achieving strong results despite these challenges.

As the Chair has highlighted, we delivered Group sales of \$11.6 billion, in line with last year, while increasing net profit after tax by 11.2% to \$495 million for the period:

- Our popular retail brands and investment in innovation, particularly in endeavourX and Pinnacle Drinks, supported customers' accelerated demand for digital engagement and product discovery. This helped us deliver Retail results in line with the elevated F21 levels, despite retail demand softening as hospitality venues reopened in the second half of the financial year. Retail sales of \$10.1 billion were 0.9% below F21, while Retail EBIT of \$666 million was 0.4% below the prior year. This was supported by gross profit margin expansion, somewhat offset by standalone technology investments and inflationary pressures;
- Our Hotels business recovered strongly as we successfully welcomed enthusiastic patrons back to our hotels as restrictions eased. Previous hotel renewals, fleet upgrades and strategic partnerships across our Hotels portfolio strengthened our overall proposition and enabled a 6.6% increase in Sales to \$1.5 billion and a 20.7% increase in EBIT to \$315 million. We achieved this result in a year in which we had only 231 days when all hotels were open.

F22 Strategic highlights

We delivered this year's result by focusing on progressing across our strategic pillars: creating leading customer offers, driving an efficient end-to-end business, and building partnerships that grow our industry. And, as always, we remained focused on acting as one team, living Our Purpose and Values, and creating a positive and sustainable imprint.

We continued to build on our market-leading customer propositions and customer engagement across all businesses - growing our active My Dan's membership base to 4.5 million members and increasing the Voice-of-Customer scores across Dan Murphy's, BWS and ALH Hotels.

We improved our digital capabilities to better engage with our customers, while also gaining insights to further improve their overall experience. Over 70% of customer transactions at Dan Murphy's come from My Dan's members, and the BWS app enabled "Cooler" campaign was the most successful executed to date. Meanwhile, strategic technology partnerships have also enabled the roll-out of order-and-pay at table convenience across our hotels. We have now seen more than 3.7 million order-and-pay at table transactions following the rollout of this service in the year.

We invested in our existing network, executing over 120 renewals in Hotels and Retail, which included developing innovative formats such as Dan Murphy's "The Cellar", and upgrading more than 2,000 gaming machines. We also expanded the network, adding 32 net new retail stores and 5 hotels, and welcomed Josef Chromy Wines to our fine wine portfolio - expanding our collection of premium, award-winning wineries, Paragon Wine Estates.

We continued innovating to maintain trend leadership, with 40% of our Retail sales coming from drinks that didn't exist eight years ago. Our Pinnacle Drinks brand portfolio has been key to ensuring we keep pace with fast changing customer product preferences with a variety of successful product launches across all categories.

We remained focused on optimising our business across the value chain. We continued to build structural resilience into our margins, investing in advanced analytics capabilities, and have started on the path to building future-focused, scalable and flexible technology platforms to support further growth.

We believe that growing our business relies on deep partnerships across our industries. We've remained focused on continuing to strengthen those relationships, reflected in our positions as the number 1 and number 3 retailer to do business with, as voted by our suppliers. And, we continue to broaden our partnership base, adding 496 mostly small suppliers in F22.

We're also focused on evolving our arrangements with Woolworths Group to maintain a strong partnership for joint, long-term growth in areas such as supply chain and logistics, while beginning to invest in our own standalone capabilities in areas such as technology and people services.

Importantly, our continuous focus on Sustainability and our team underpins our strategy and all business operations.

Throughout the 2022 financial year, we have built on a culture that lives Our Purpose of "creating a more sociable future together", and supports our aspiration to leave a positive, sustainable imprint:

- We've worked hard to attract, retain and develop a talented team to unlock our growth ambitions and were pleased that our team recognised that with a 'Voice of Team' engagement score of 76%;
- We also worked closely with our team to develop the Sustainability Strategy. It lays out our plan for the next stage of our imprint journey and builds on efforts to lead in the responsible service of alcohol and gambling.

I'm proud of the achievements of all of our teams over the last year, and I sincerely thank everyone for their constant agility and resilience. We wouldn't have navigated the volatility of COVID-19 as well as we did without the effort and energy that our team provided their customers, their communities and one another.

Outlook/F23 Priorities

Looking forward, we're excited and ready to continue creating a more social future together.

After three turbulent and volatile, COVID-19 affected years, we anticipate the continued normalisation of both the Retail and Hotels markets in F23, but also recognise that we now face an evolving operating environment with new challenges.

Inflation and team shortages are both factors across the economy and we will continue to work hard to mitigate both.

While these pressures create a complex environment for everyone in the industry, we are well positioned, with a competitive cost base, efficient businesses, and strong margins. Moreover, we're continuously focused on cost management and the optimisation of our operations.

We're focused on unlocking value in our property portfolio and continuing to improve our retail stores and hotels. Much of our progress with improving customer experience also relies on our core technology and digital technology capabilities, and these are also important priorities for us in the years ahead.

And finally, delivering progress on our sustainability ambitions, particularly leadership in responsibility, all of which is delivered by our committed team.

While it's difficult for any of us to accurately predict what lies ahead, we remain committed to being agile and responsive to every challenge, and we're deeply committed to helping our customers across Australia enjoy their much-needed social occasions with family and friends.

To conclude, I would like to once again to recognise our team for their efforts and passion, and I'd also like to thank our Board for their support and guidance in this first year.

And of course, thank you to all Endeavour Group shareholders for your continued support.

-ENDS-