

Chairman's letter to shareholders



On behalf of the Board of Directors, I am writing to you in relation to our upcoming Annual General Meeting (“AGM”) to be held on Tuesday, 31 October 2023

We continue to lead the market in retail drinks and hotels and have delivered strong growth

The Board recommends that shareholders **VOTE AGAINST** William Wavish's election¹

Be wary of selective and incomplete information from the Bruce Mathieson Group about Endeavour

Dear Fellow Shareholder

We would like to acknowledge and thank you for your support of our business and brands and assure you that our focus continues to be on your best interests, and the best interests of all shareholders.

At Endeavour, we are committed to our purpose of 'Creating a more sociable future, together', and to our values: We're Real, We're Inclusive, and We're Responsible.

Our commitment – to act for all shareholders – is the primary focus of your Board.

The Board is conscious of the recent volatility in Endeavour's share price, given regulatory uncertainty in the gaming sector, and increasing cost of capital with rising interest rates. The Board and Management team are committed to driving returns for shareholders, notwithstanding these factors, through a collaborative approach with regulators and industry, and a disciplined approach to capital management.

We appreciate that you may receive multiple communications in the lead up to the Annual General Meeting on 31 October 2023, and we thank you for your careful attention to all information being provided.

¹ Six of eight Directors recommend voting against Mr. Wavish's election. Bruce Mathieson Jr supported Mr Wavish's election and Colin Storrie did not take a position. Colin Storrie will retire from the Board on 31 December 2023

Our Operating Performance

Endeavour continues to lead the market in liquor retail and hotel operations, and has delivered strong growth in F23, our first year of operating without disruption from the COVID-19 pandemic, with profit after tax up 6.9% when compared to F22, our first full year operating as a demerged entity².

Embedded in Endeavour's culture is a commitment to 'endeavour for better'. We have achieved strong performance through our first two years as a listed company, but we know that there is more to do.

As we look forward, the Board and Management are conscious of the need to focus on delivering profitable growth through our compelling offerings, disciplined capital investments, operational optimisation and cost control. Our retail businesses are powered by our customer first strategy, enabled by our digital capability; we deliver omnichannel and personalised experiences that enable market leading customer engagement. The Board is committed to supporting Management in executing Endeavour's strategy.

Creating leading customer offers and brands

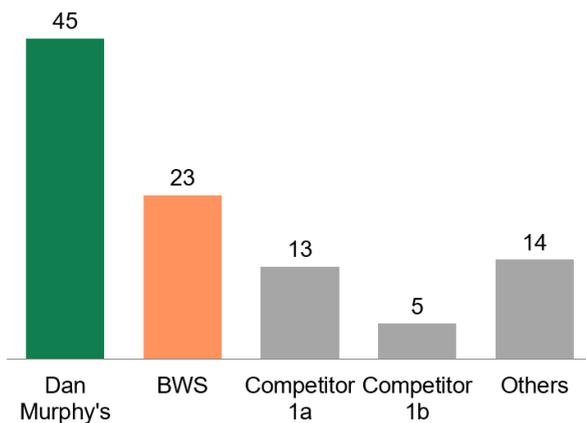
Brand preference in both Retail brands well ahead of competitors



Delivering great omnichannel experiences, driven by high customer engagement

Customers prefer Endeavour Brands³

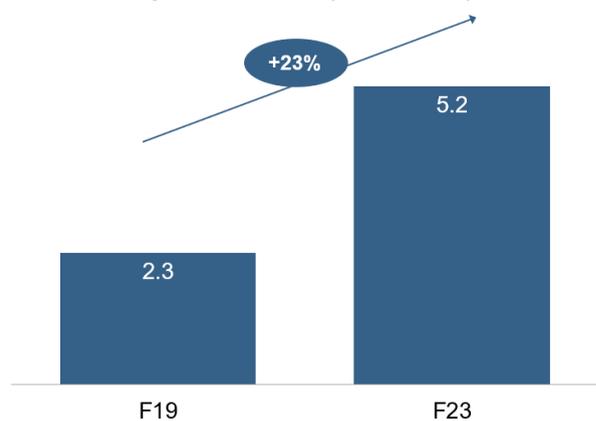
FY23 Brand preference (% all liquor shoppers)



Source: Ergo Liquor Tracker survey

MyDan's membership participation is at record levels

My Dan's members (F19 - F23, #m)



Percentage growth represents F19-F23 compound average annual growth rate

Source: F19 Company supplied, F23 Endeavour Annual Report

² Source: F23 Endeavour Annual Report

³ Based on the Ergo Liquor Tracker survey question: "Most preferred brand, if you can only choose one"; % All liquor shoppers; 3-month rolled as at August 2023

Delivering earnings expansion

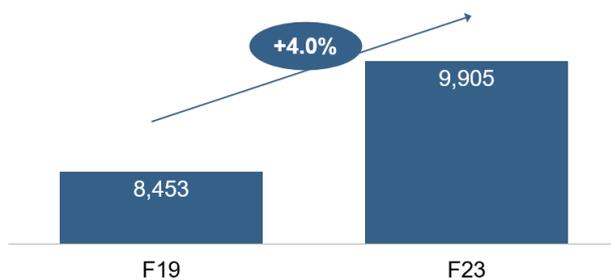
Approximately \$1.8 billion of additional sales across Hotels and Retail between F19 and F23

Earnings growing faster than sales in both Retail and Hotels between F19 and F23

72% growth in online sales between F19 and F23. Driven by our digital capability and our MyDans membership program

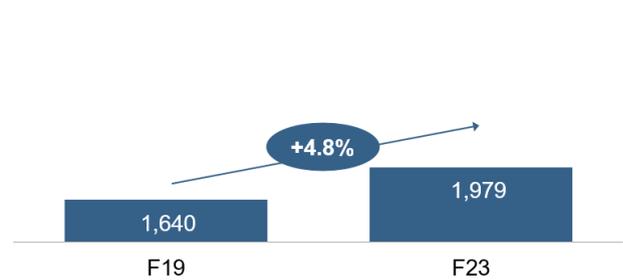
Strong Retail earnings growth...

Retail Revenue (F19-F23, \$m)

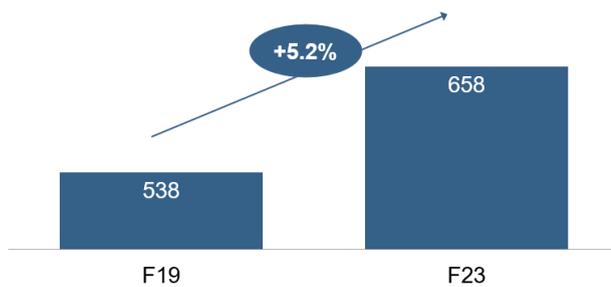


...and Hotels earnings growth

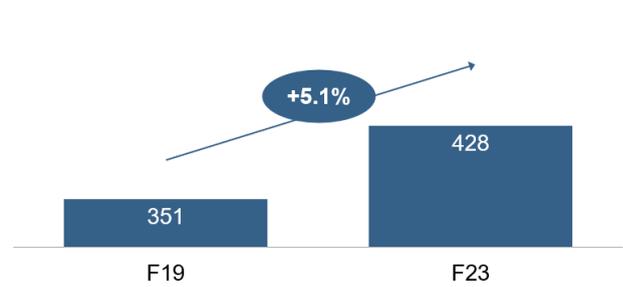
Hotels Revenue (F19-F23, \$m)



Retail EBIT (F19-23, \$m)



Hotels EBIT (F19-23, \$m)



Percentage growth represents F19-F23 compound average annual growth rate

Source: F23 Endeavour Investor Presentation. Based on normalised 52-week equivalent F19 results

COVID-19 significantly impacted trading in both our segments, distorting historically stable trends and impacting the relevance of comparisons between pandemic and non-pandemic affected financial years. Accordingly, we have compared F19 to F23, representing the most relevant, comparable years of trading without COVID-19 disruption.

Digital sales in Retail accelerated during the pandemic, reaching over \$1 billion in F22.⁴ As the impact of the pandemic moderated, our omnichannel capability has enabled us to maintain active engagement with our customers across both our digital and instore network. Almost half our Dan Murphy's customers make their purchase choices after researching on our website or app. In F23, 11% of Dan Murphy's sales were transacted online, with ~60% of those sales picked up in stores.⁵

⁴ Source: F22 Endeavour Annual Report

⁵ Source: F23 Endeavour Annual Report and company supplied information

Operating an efficient end-to-end business delivering for shareholders

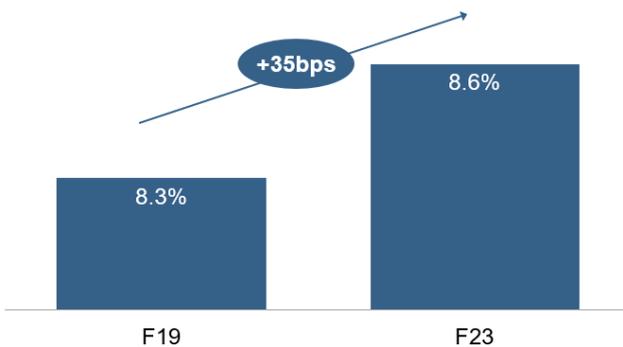
EndeavourGO, our group optimisation program is delivering significant cost efficiencies

The One Endeavour technology transformation, to transition and simplify our business as a foundation for growth, is underway

Consistent dividend flow to shareholders. We have paid out 70-75% of net profit fully franked: \$752m since demerger⁶

Growing earnings through cost control and margin management...

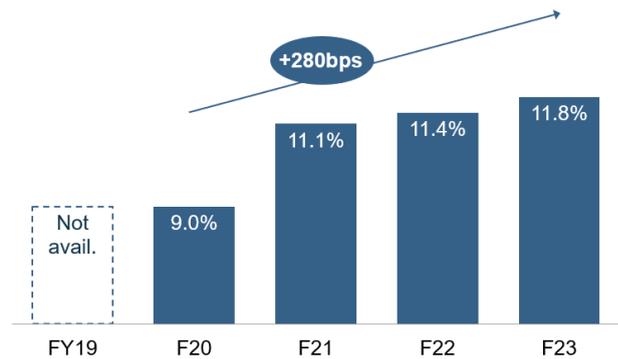
EBIT margin (F19–23, %)



Source: F23 Endeavour Annual Report, Endeavour Demerger Booklet, based on a comparable 52-week equivalent in F19

Delivering returns via balance sheet discipline

Endeavour Group Return on Funds Employed (F20-F23, %)



Source: F21 and F23 Endeavour Annual Report

Leaving a positive imprint

Established Player Protect, our whole-of-business framework for responsible gaming in Hotels

90% of team members completed our unique 'Leading in responsibility' training

Founding signatory to Retail Drinks Australia code for online liquor sales



⁶ Source: F23 Endeavour Investor Presentation; F22 and F23 declared dividends

The Bruce Mathieson Group campaign has used selective and incomplete information which has the potential to confuse shareholders as to the Company's performance.

In this regard we have set out in Appendix A responses to various statements made by the Bruce Mathieson Group in its communication to shareholders dated 6 October 2023.

In addition, we encourage you to read the company information in this letter carefully, and the full details of our financial information in our published reports, which set out our strong performance, and to be wary of the selective material presented by the Bruce Mathieson Group. You can find all our published reports at endeavourgroup.com.au/investor-relations.

Board renewal

We have an ongoing process of Board renewal underway to replace two non-independent, Non-Executive Directors which commenced prior to receiving Mr Wavish's nomination. This orderly process is being conducted with the assistance of an external recruitment firm to assist us in selecting the best candidates by, among other things, considering their skills, experience, independence and commitment to governing the company.

On the day that director nominations closed we received a nomination from Mr Wavish seeking election as an independent Non-Executive Director at this year's AGM. Mr Wavish has declared he meets Endeavour's independence criteria. We invited Mr Wavish to participate in the current director recruitment process, however, he has declined. This invitation remains open to him.

The Board did not endorse Mr Wavish's nomination in the Notice of Meeting as the formal director search process is ongoing, and there has not been sufficient time for the Board to complete the usual processes it undertakes in selecting and appointing directors, including associated probity assessments in relation to Mr Wavish.

The resolution to elect Mr Wavish will be voted on by shareholders at our upcoming AGM. The proposed resolution (Item 3 in the Notice) will be amended at the AGM so that the election of Mr Wavish will be conditional upon receipt of the necessary regulatory approvals (unless Endeavour has received prior confirmation that Mr Wavish is not approved by one or more regulatory authorities).

The position on the resolution has been reached following engagement with ASX and an associated determination received by Endeavour on this matter. If the necessary regulatory approvals have not been obtained before the meeting and the resolution for Mr Wavish's election is passed, there is a risk that Endeavour will be non-compliant with some gaming and liquor laws. We are working to ensure that risk is minimised and have approached relevant licensing authorities to seek confirmation that proceeding with the election in these circumstances does not create regulatory issues. Endeavour will keep shareholders informed of developments concerning these regulatory approvals and engagements in advance of the meeting, including by making announcements via the ASX. Shareholders are encouraged to continue to monitor ASX announcements.

Your Board recommends that you vote against the resolution to elect Mr Wavish⁷

Endeavour has publicly committed to maintaining a majority of independent directors to represent the best interests of Endeavour and its shareholders as a whole; we ask all shareholders to reflect on this core tenet of our governance in assessing all resolutions at our AGM.

AGM

Important information you need to enable you to make an informed voting decision is included in the Notice of Meeting that was sent to you on Wednesday, 27 September 2023.

We encourage all shareholders to attend the AGM or vote in advance by returning your completed personalised Voting/Proxy Form (included in the Notice of Meeting) or completing the Voting/Proxy Form online by logging on to investorcentre.linkmarketservices.com.au (or via the link emailed to you) and returning this to be received by 10.00am (AEDT) on Sunday, 29 October 2023.

Visit endeavourgroup.com.au/investor-relations and refer to the Virtual Meeting Online Guide for further details about attending the AGM via the online portal or by telephone. If you require assistance, please call +61 1800 990 363.

I look forward to seeing you at the AGM.

Yours sincerely



Peter R. Hearl
Chairman

⁷ Six of eight Directors recommend voting against Mr. Wavish's election. Bruce Mathieson Jr supported Mr Wavish's election and Colin Storrie did not take a position. Colin Storrie will retire from the Board on 31 December 2023

Appendix A - Responses to Bruce Mathieson Group (BMG) statements⁸

Bruce Mathieson Group statements	Endeavour Group performance and context
<p><i>The Endeavour Board has overseen material value destruction</i></p>	<ul style="list-style-type: none"> • Since demerger, Endeavour has delivered 19% growth in earnings per share, 14% growth in EBIT and declared \$752m in fully franked dividends to its shareholders⁹ • The Board and Management of Endeavour acknowledge the Company's disappointing share price performance and are committed to a strategy that we believe will increase shareholder value. It is important to contextualise the EDV share price performance, however, across both retail and gaming peers rather than a select group of food retailers • Long term value is created through sustained earnings growth not short term share price movements (the Bruce Mathieson Group analysis is based on a selective peak to trough analysis) • Selling groceries is not Endeavour's principal activity; its primary operations are in retail liquor and hotels. The impacts of regulation (expectation of regulatory change) and Covid have been different for Endeavour relative to companies selected by BMG in its analysis (i.e. Woolworths, Coles and Metcash)
<p><i>Endeavour has forgotten the key ingredients of its success</i></p>	<ul style="list-style-type: none"> • Dan Murphy's and BWS maintain the strongest brand preference among consumers versus competitors¹⁰ • Endeavour has no intention of shifting away from its very successful Dan Murphy's large store format • The My Dan's program (5.2m active members, growing at a 23% compound annual growth rate since F19¹¹) delivers Endeavour unique customer insights and the opportunity to explore additional formats similar to the strategies of other leading global and domestic omnichannel retailers. We are trialling three concept stores ("The Cellar" by Dan Murphy's) as an example of this strategy.
<p><i>Revenue growth is anaemic and behind inflation</i></p>	<ul style="list-style-type: none"> • BMG's analysis uses F21 as a starting reference point, which was the peak retail sales period during the COVID-19 pandemic when Retail sales were materially elevated compared to competitors, largely due to Endeavour's superior online offering • When compared to pre-covid (F19), Retail revenue has grown at a compound average annual growth rate of 4.0%¹². Revenue per store has increased from \$5.4m to \$5.8m¹³ • Since F19, the Retail business has generated >2.5x the total sales uplift of its nearest competitor¹⁴ and is an eCommerce leader

⁸ Refers to statements made by the Bruce Mathieson Group in its communication to shareholders dated 6 October 2023

⁹ Source: F23 Endeavour Investor Presentation; F22 and F23 declared dividends

¹⁰ Source: Ergo Liquortracker survey question: "Most preferred brand, if you can only choose one"; % All liquor shoppers; 3-month rolled as at August 2023

¹¹ Source: F19 - Company supplied, F23 - Endeavour Annual Report

¹² Source: F23 Endeavour Investor Presentation

¹³ Source: F23 Endeavour Annual Report and company supplied information

¹⁴ Source: F23 Endeavour Investor Presentation and company supplied information. Public competitor filings

Bruce Mathieson Group statements	Endeavour Group performance and context
Costs are out of control	<ul style="list-style-type: none"> From F19 to F23, EBIT has grown at a compound average annual growth rate of 5.3%, ahead of Revenue with a compound average annual growth rate of 4.2% – i.e. EBIT has grown ahead of sales¹⁵ Endeavour targets earnings growth through a balance of gross profit margin management and cost control to mitigate impacts of cost inflation. In the current macroeconomic context, and high-cost-inflation environment, we are focused on continuing to find opportunities for cost containment Endeavour has an optimisation program, endeavourGO, which has delivered \$90m in savings over F22-F23 and aims to deliver \$200 million+ of further optimisation savings between F24-F26¹⁶ Endeavour’s projected annual corporate costs on demerger were \$56m¹⁷. Endeavour incurred \$57m in corporate costs in F22 and \$63m in F23¹⁸. The \$47m of corporate costs at demerger referenced by BMG represent the estimate of additional, rather than total, costs that Endeavour would incur as a separate listed entity, as disclosed in the Endeavour Demerger Booklet Endeavour operates in a regulated industry and is focused on responsible provision of gaming and sale of liquor. The corporate overhead of \$63m in F23 includes investments in legal, risk, compliance and sustainability which are key to our strategy¹⁹
Absence of direction on One Endeavour Strategy	<ul style="list-style-type: none"> The statement that this program is ‘over budget and delayed progress relative to demerger’ cannot be substantiated, as this strategy has been developed after the demerger The One Endeavour technology transformation, to transition and simplify our business as a foundation for growth, is underway and updates have been provided to market as part of half yearly results presentations
Balance sheet discipline is weak	<ul style="list-style-type: none"> Balance sheet leverage is in line with the level at demerger; and Endeavour maintains a financial profile consistent with investment grade metrics Inventory days²⁰ in F23 is in line with pre-covid level, albeit target is to reduce further given impact of supply chain disruption which inflated F23 inventory levels Debt serviceability is not challenged; in the ordinary course of trading, normalised annual cash realisation is expected to be in the range of 90-110%

¹⁵ Source: F23 Endeavour Investor Presentation, based on a comparable 52-week equivalent in F19

¹⁶ Source: F23 Endeavour Investor Presentation

¹⁷ Source: Endeavour Demerger Booklet

¹⁸ Source: F23 Endeavour Investor Presentation, referred to as Other EBIT

¹⁹ Source: Company supplied information

²⁰ Inventory days calculated as the average 13 month inventory balance divided by the total COGS for the year, multiplied by 364

Bruce Mathieson Group statements	Endeavour Group performance and context
<i>Inefficient capital deployment</i>	<ul style="list-style-type: none"> • Endeavour’s principal activity is not selling groceries; it retails liquor and operates hotels. It operates in regulated markets which require a different mix of assets and capital allocation. For example, the capital requirements of a portfolio of Hotels (including liquor and gaming licence requirements) are fundamentally different to that of a food retailer • Endeavour has a disciplined capital management framework • ROFE has increased +280bps since F20 (F19 data not available)²¹
<i>Management and the Board not performing or fit for purpose</i>	<ul style="list-style-type: none"> • The Board was part of one of the largest demergers in Australian history and has established a solid corporate governance risk management framework • Endeavour has a minimum shareholding policy which aligns Board member and Management interests to those of our shareholders • The Board are committed and engaged – the Endeavour Board has met 34 times since demerger with 98% director participation²² • The Endeavour Management team has many years of combined experience in the retail and hotel sectors, with CEO Steve Donohue having 30 years experience across the industry and holding a broad range of roles at Woolworths since commencing at Dan Murphy’s in 1994

²¹ Source: F21 and F23 Endeavour Annual Reports

²² Source: Board meetings held since 28 June 2021 and meetings held and reported in the F22 and F23 Endeavour Annual Reports