

# **Endeavour Group Limited, AGM 2023**

## **2023-10-30**

### **Presentation**

#### **Peter Hearl**

Ladies and gentlemen, fellow shareholders, good morning. My name is Peter Hearl, and I'm the Chairman of the Board of Endeavor. Before we commence today's meeting, I'd like to introduce Auntie Donna Ingram to deliver the Welcome to Country. Auntie Donna's First Nation family connections are the Wiradjuri of Central West New South Wales, and she was born and raised here in Sydney on Gadigal land. Auntie Donna is proud to be a cultural representative of the local indigenous community in Sydney and has worked in aboriginal affairs, government and community organizations for the last 35 years, predominantly in education. I thank Auntie Donna for making the time to be here with today. Auntie Donna, would you like to come up.

#### **Donna Ingram**

Good morning, everyone. It's my great pleasure to be here today with permission from my Elders, to offer you welcome to country for the Endeavour Group AGM 2023. It gives me pride to represent my community in this important cultural protocol. It shows respect for and recognition to the unique position of aboriginal and Torres Strait Islander people in Australian culture and history. We are gathered on the traditional land of the Gadigal, who are 1 of 29 clans of the Eora Nation, which is bordered by the Hawkesbury, the Georges and then the Napean Rivers. I'm an aboriginal woman who proudly identifies with the Wiradjuri through my family connections from Central West New South Wales. I was born on Gadigal land, and I've had the privilege to live, work and raise my 4 children on this land for most of my life.

My family has grown, and I'm now a proud grandmother to Aliya, Elijah, Kalala, — *in-*

**discernible** —, Jake, Jr. Aki and baby Cade recently joined the family. My wish for my grandchildren is to grow up happy and healthy in a safe and inclusive society where they believe that their dreams can come true. I hope that their voices are heard. I acknowledge the Gadigal, their spirits and ancestors, who will always remain with the landmother Earth and I thank them for their ongoing custodianship.

I'm also very proud to be part of the older sleeping culture in the world, the aboriginal culture of Australia. We have maintained our carryover and connection to country and culture for over 65,000 years and will continue to do so into the future. We will ensure that our next generations are proud of their heritage. I pay my respects to our elders, both past and present. We must never forget the sacrifices made by our leaders to create a better future for aboriginal people. I did as a reminder and as a tribute to Elders and those who have gone before us to fight for land rights, justice and equity for our communities. We will continue to honor their work and the fight for equality.

I extend my respects to Aboriginal and Torres Strait Islander people from all clans and nations who are present this morning. I also recognize our non-aboriginal sisters and brothers from all backgrounds who walk beside us to share good times. I now offer you a warm and sincere welcome to the land of the Gadigal of the Eora Nation, wish you a safe stay on the land and safe travel from the land. I have the same wish for those of you joining online for whichever country that you're viewing. On behalf of my community and the Gadigal, I wish you an interesting and informative day hearing about the successes and challenges of the past year and the priorities of the year ahead to contribute to your purpose of creating a more satiable future together, of helping people get together, making memories and leaving a positive imprint across this not so little island of ours. In closing, we remember that this is, was and always will be aboriginal land. Thanks, everyone. Have a beautiful day.

## **Peter Hearl**

Thank you, Auntie, Donna, for that Welcome to Country. I, too, acknowledge the Gadigal people and pay my respects to their elders past, present and emerging. I also extend this acknowledgment to any First Nations people who are joining us on the call or in the room today. On behalf of my fellow directors, I welcome all shareholders to Endeavour's Annual General Meeting. As we have a quorum, I declare the 2023 Annual General Meeting open.

For those of you who are not able to be here in person, we are pleased that technology allows us to connect with you through our live webcast as well as the online platform and via telephone. Instructions to participate in today's meeting via the online platform and telephone, including how to vote and ask questions are in the virtual meeting online guide available on our website. If you have issues during the meeting, please call Link on 1 (800) 990-363. This number is also in the virtual meeting online guide. Before introducing my colleagues, I will outline the procedures for today's meeting. Only shareholders, proxy holders and corporate representatives may speak and vote during the meeting.

All others are welcome as observers. Shareholders submitted a number of questions prior to the meeting. I will endeavor to cover most of the issues raised by shareholders as we proceed. I will introduce each item of business separately and then invite questions and comments. It's my intention to run an orderly meeting and give shareholders a fair opportunity to ask questions and make comments. I ask that these are confined to the business of the meeting. If your question relates to a particular item of business, I will address the question when we come to that item, even if you've submitted your question earlier in the meeting.

For specific questions relating to your experience as an Endeavor customer, I ask you speak to one of our customer service representatives at the desk located in the foyer outside of this room. To ensure that all shareholders and proxy holders have an opportu-

nity to comment and ask questions, I will take one comment or question at a time. Please be as concise as possible with your comments and questions. And limit your questions to no more than three per item of business. For each item, I will take questions in the room first, then move to telephone questions. And finally, we'll take online questions.

If you are in the room and wish to ask a question, please move to one of the microphones, and one of the registry attendants will introduce you. — ***Operator Instructions*** — I'll endeavor to answer all relevant questions during today's meeting. However, I reserve the right as Chairman to determine that questions on a certain topic have been answered adequately and should no longer be asked. For a discussion on each item of business, valid direct and proxy votes will be displayed on the screen. I will then ask you to vote on the item. You can vote at any time once the poll is open. Shareholders, proxy holders and corporate representatives can vote by marking for, against or abstain on the voting card you are handed upon registration or through the online portal.

For those — ***indiscernible*** — are for shareholders and proxy holders who may speak and vote. Blue cards are for shareholders who may speak but not vote. All other attendees with a red visitor card or green media card are welcome but may not address the meeting or otherwise participate. As Chairman, I intend to vote all available undirected proxies on and in favor of Items 2, 4, 5 and 6 and against Item 3. The voting exclusions for items 4 and 5 are set out in the notice of meeting. Voting on the resolutions will be conducted by way of poll, which I now declare open. The poll will close 10 minutes following the meeting's completion. Please place your voting card in the poll box as you leave the room or if you're voting online, click the submit vote button to lodge your votes.

As the results of the poll will not be available before the meeting closes, they will be released to the ASX later today and on our website. Every effort has been made to ensure the meeting runs smoothly. If we do experience a significant technological issue during

the meeting, I will call a short recess of the meeting until we are able to recommence or if we're unable to recommence within a reasonable period of time, I will adjourn the meeting to another day and time. We will provide shareholders with details of the adjournment via the ASX. I'd now like to introduce your board and the Company Secretary.

From my far right or your left, we have Rod van Onselen, Joanne Pollard; and our Company Secretary, Taryn Morton. And to my immediate left, and your right, Steve Donohue, our Managing Director and CEO; Duncan Makeig, Anne Brennan, Colin Storrie and Bruce Mathieson Jr. Members of Endeavour's management team are seated in the front two rows. Jamie Gatt from our auditor, Deloitte, is available to respond to any specific questions you may have on the conduct of the audit. The notice of meeting has been distributed, and I will take it as read.

The agenda for today's meeting is as follows: Firstly, I will address the meeting. Our CEO, Steve Donohue, will then speak, and after Steve's address, we will proceed with the formal items of business as set out in the notice of meeting. At Endeavour, we're guided by our purpose of creating a more sociable future together and our values, which are: we're real, we're inclusive and we're responsible. Embedded in Endeavour's culture is a commitment to Endeavour for better.

The pandemic and post pandemic period has resulted in a volatile market backdrop for our first 2 years as a public company. with the team delivering a solid performance, but we recognize there's much more to do. The Board is conscious of the recent volatility in Endeavour's share price, and we, like you, are disappointed. In this regard, we face an increasing cost of capital with rising interest rates impacting the value of our very significant real estate exposures. As well as lower levels of consumer confidence as household discretionary incomes are put under pressure by those same interest rates, rising petrol prices, utility costs and food inflation.

And while we may have achieved strong performance through our first 2 years as a listed company, with more to do, your Board is laser focused on delivering shareholder value through capital discipline and prioritization as well as cost optimization. While we'll never use it as an excuse, the reality is we also face regulatory uncertainty in the gaming sector. And we have been and will continue to work with legislators and regulators to bring clarity, consistency and certainty to investors in the area of gaming regulations. It will also be remiss of me to ignore the significant disruption to the business, our shareholders, our team and customers have suffered from the ongoing Board dispute with Bruce Mathieson Group. I'm sure we'll hear from representatives and affiliates of the Bruce Mathieson Group and other shareholders today. But let me first address a number of items.

We are definitely committed to ensuring the Board operates effectively and managing the renewal of the board in a way that ensures the right skills are brought to bear for the benefit of all shareholders. We consider it appropriate that the Bruce Mathieson Group with its current shareholding be represented on the Board and have stated so publicly. While we're focused on our share price performance, we prioritize long-term value creation. Many of the observations of the Bruce Matheson Group and some others are reflected in our strategic focus going forward. including the importance of sales momentum in our retail businesses, cost discipline across the group, lifting capital returns in hotels and more transparency in relation to capital management.

However, it's more helpful if this debate can be grounded in fact. While we continue to seek a constructive resolution to the shareholder campaign, we are focused on delivering value for all shareholders. And with this in mind, with this in mind, we believe that while the Bruce Mathieson group should have appropriate representation on the Board, this right does not extend to disproportionate control. While much has been made through this recent campaign regarding the performance of retail, our retail business continues to perform.

Most notably, our Q1 F '24 results demonstrate momentum with Dan Murphy's and BWS delivering 2.6% growth, 2.6% growth and the total Retail segment delivering sales growth of 1.9%. We believe that the most significant opportunity to accelerate growth in our portfolio is to drive higher returns on hotels invested capital. To enable greater focus on this opportunity, we will going forward be more explicit in our strategy to specifically focus on hotels and capital optimization. We'll be introducing objective scorecard metrics across each of our strategic pillars. Which we will discuss further at our Investor Day scheduled for November, December, I should say, December 6, I think, in fact.

Let me now turn to our F '23 performance. Our teams drove the delivery of a strong result in F '23, our first full year of operating without disruption from the pandemic, demonstrating the resilience and stability of the group. Endeavour continues to lead the market in liquor retail and hotel operations. We have a portfolio of leading brands and businesses with a proven track record of growth and profitability. Notably, this year, we have also achieved our first ever \$1 billion EBIT result, up 14% since demerger. This year, the business grew group sales by 2.5% and while growing group earnings before interest and tax by 10.7% when compared to F '22, which is our first full year operating as a demerged entity.

We delivered a group profit for the year after tax of \$529 million, an increase of over 6.9% on F '22 and operating cash flow of \$760 million. We also delivered a total dividend of \$0.218 per share, fully franked, up 7.9% on F '22. We've seen a lot of media coverage about business performance, and Steve will cover this in more detail in his address. I'd also like to note though that since demerger, we've been focused on delivering stability and value. We've driven growth in our core businesses through our leading omnichannel customer offers and strong customer engagement with our brands. We've also continued to optimize our retail and hotels network to deliver EBIT growth ahead of sales and invested in our hotels portfolio to position it for growth.

However, we are very aware that we have more to do to deliver to our shareholders. We'll continue to drive earnings growth through a balance of sales growth, gross profit margin management and the execution of our cost optimization program. We're particularly focused on deploying capital in line with our strategy to maximize returns across the business. Our vision to become the leading platform enabling social occasions guides our strategy. We deliver strong returns for our shareholders by operating as an interconnected group using our assets, customer understanding and industry partnerships to achieve this vision.

Our strategy has 5 pillars: one, creating leading customer offers and brands; two, driving an efficient end-to-end business; three, optimizing capital allocation to accelerate growth; four, delivering a positive and sustainable imprint. And five: and perhaps most importantly, enabling and encouraging our One team to live our purpose and values. We remain laser-focused on our customers and our guests. Our team create meaningful omnichannel experiences, bringing together retail and hotel formats customers love, innovative web and app assets and trend-leading products. We're equally focused on the need to continue optimizing our business end-to-end and accelerating profitable growth.

We'll do this through disciplined capital investments, operational optimization and cost control. The One Endeavor technology transformation to transition and simplify our business is underway and will ultimately unlock significant simplification and optimization opportunities for productivity and costs. We're also continually focused on progressing our sustainability ambition with emphasis on responsibility and compliance and ensuring we have the talent and capability to deliver Endeavour's strategic goals. I'll now 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 performance. The Board is confident

that the determinations made facilitated the right alignment between performance, reward and stakeholders' interests. Equally, we recognize the need to review this framework to ensure it aligns with lines management's focus with shareholders' expectations. And we will consider appropriate adjustments as we look to F '25. We continue to make considerable progress against our sustainability strategy on our key pillars of community and responsibility, people and planet. While we're pleased with the progress we've made, we recognize that we don't have all the answers as yet.

We'll continue to listen, adapt and reflect stakeholder feedback as we mature our approach. Aligned with that approach this year, we've completed our first extensive independent materiality assessment aimed at identifying and prioritizing our most material environmental, social and governance issues and opportunities. This work confirmed that our focus on responsibility and compliance can make the biggest social impact and is the strong foundation we need for the positive imprint we're creating. Of course, over the year, we've had some changes to the Board. Bruce Mathieson Jr. joined the Board in November last year after receiving the required regulatory approvals.

In June, we welcomed Rod van Onselen as an independent Non-Executive Director, who brings a wealth of knowledge and experience in digital innovation and technology, business transformation and business growth strategies. Holly Kramer, a nonindependent NID step down from the Board in August. And Colin Storrie, another nonindependent NID will leave us at the end of this calendar year. Both Holly and Colin have made significant contributions to Endeavour since demerger.

And in the case of Colin going back to 2018 when he joined the old ALH Board, and subsequently, the pre-demergers Board of Endeavour. We're focused on adhering to the highest standards of corporate governance as we consider board composition and cohesion for the benefit of all Endeavour shareholders. This includes having appropriate diversity,

experience and skills and comprising a majority of independent directors. In seeking replacement directors for Holly and Colin, an externally facilitated Non-executive Director search is well underway, and we're currently engaging with prospective candidates. We intend to be in a position to announce the outcomes of our search process in the first quarter of the 2024 calendar year.

We're focused on establishing a Board that can operate constructively and collaboratively and provide a level of governance and oversight in the interest of all shareholders and to deliver shareholder value creation. On the day, the direct nominations closed, we received a nomination for Mr. William Bill Wavish, seeking election as a as an independent Non-executive Director. Mr. Wavish declared he meets Endeavour's independence criteria despite being strongly linked to the Bruce Mathieson Group. While Mr. Wavish has rejected our offer for him to participate in the Board renewal process, Endeavour continues to extend that offer to Mr. Wavish. The resolution to elect Mr. Wavish will be voted on later today. And thanks to the effort of our team, particularly our Company Secretary, we've been able to procure all necessary regulatory approvals for Mr. Wavish's appointment from the gaming and liquor regulators where prior approval is required.

And that's in the states of South Australia, Western Australia and Victoria. Turning now to Bruce Matheson Jr., who is the current representative of the Bruce Matheson Group on the Board. The Board endorsed Bruce Mathieson Junior's nomination to be put forward to shareholders prior to the release of the notice of meeting and the commencement of the campaign conducted by the Bruce Mathieson Group and Bruce Mathieson Sr. As I said earlier, even if shareholders choose not to support Bruce Junior's election, the Board intends to extend the Board seat to the Bruce Mathieson Group assuming the maintenance of at least their current level of shareholding. The Board remains committed to and recognize the importance of working constructively together and it remains our genuine hope that we can move quickly to resolve the current dispute between the Board, Bruce

Mathieson Group and Endeavour.

In closing, I'd like to acknowledge and thank you for your continued support of our business and brands and assure you that our focus remains on delivering the best results for our shareholders. Your Board is absolutely committed to working together in the interest of all shareholders. I'd also like to thank Steve and our team of 30,000 dedicated and passionate customer enthusiast or customer — *indiscernible* — I call it, as we continue to make Endeavour a strong and better business led by our purpose and values. Most importantly, I'd like to thank our customers and the communities of which we're a part and who have supported our journey as we work on creating a more sociable future together.

As we look forward, we do face changing and challenging macroeconomic conditions normalizing the higher capital costs and ongoing gradual evolution of our regulatory landscape. The Board and management will continue to focus on supporting our responsibility initiatives, adapting our business plans to meet the evolving market and delivering profitable growth through our compelling offers, disciplined capital investment operational optimization and focused and disciplined cost control. While we still have work to do as a business, we have a clear purpose, a strong commitment to making a positive imprint, a 30,000 strong team of exceptional people, a portfolio of leading brands and a customer-focused strategy.

I have no doubt, no doubt that going forward, we are well placed and ready to deliver for all stakeholders and all shareholders. In closing, I thank you for your time and attention, and I look forward to answering your questions shortly. I'll now ask our CEO, Steve Donohue, to address the meeting. Thank you.

### **Steve Donohue**

Thank you, Peter, and good morning, everyone. I'd also like to acknowledge the traditional owners of the land on which we're meeting today, and pay my respects to elders

past, present and emerging. Like Peter, I'd also like to reflect on our F '23, our financial performance, the progress we've made against our strategy, the challenges we faced and our focus on the opportunities ahead to drive operational performance and returns.

In F '23, we operated for the first time in 3 years without pandemic-related disruptions. However, we, like other companies, continue to navigate an unpredictable market and an evolving regulatory landscape. Against this operating backdrop, I'm proud of what the Endeavour team has collectively achieved by maintaining momentum in our core businesses while still progressing our strategic initiatives to expand and modernize our customer offers and to separate from the Woolworths Group. However, I also want to be clear that we acknowledge and share the concerns of our investors regarding our share price performance. We clearly have more to do to deliver the performance and shareholder returns that investors expect.

The key principles behind successful retail and hospitality businesses are enduring. Deliver your customers a best-in-class offering that meets their need for value and convenience in the most frictionless way, but the demands of customers today are changing very rapidly. Driving change in our business to meet these shifting expectations is critical for all of us in these sectors and can only be delivered by having the best capability, focused on improving customer experiences at a faster rate and more seamlessly and conveniently than ever before.

Our investments are Endeavor X, our digital and loyalty capabilities and our upcoming pub+ app rollout for our hotels are all examples of our response to these fast-evolving trends, and our acknowledgment that we must know our customers individually and connect with them in whichever way they would prefer. We will increase our transparency in relation to the returns we generate from these investments and continue to take inspiration from global operators like Walmart, Costco, Amazon and our former parent in

the Woolworths Group. With the knowledge that under investing in digital capabilities is a path to failure in this new dynamic and very connected age.

I spent 30 years in this business. I joined Dan Murphy's when I comprise just 2 stores in Melbourne. I work directly for Mr. Murphy, as we called him and I benefited from his and Tony Lyons coaching over many years. I was there when Woolworths acquired the business in September 1998, and I now have the privilege of leading Endeavour Group as a stand-alone company. This is a group that's always set the pace of change across the sectors we operate in, but there is much more to do. That said, overall, in F '23, the group delivered a strong result, reflecting our focus on delivering stability and value since the demerger. We've driven profitable growth across our core businesses with group sales up 2.5% on last year to \$11.9 billion and EBIT up 10.7%, bringing us to our first milestone of over \$1 billion in EBIT.

In the Retail business, we generated \$9.9 billion in sales, a slight softening of 1.8% from the prior financial year, reflecting the cycling of a strong first half as we normalize from pandemic-driven [ hires ]. Despite macroeconomic factors being more challenging in the second half of the year, sales momentum actually improved with sales increasing by 0.71% in H2, supported by very strong customer metrics. While EBIT – retail EBIT declined at 1.2% to \$658 million, our EBIT margin improved by 4 basis points, a testament to the strength of our brands and the benefits of our strategic investments alongside strict operational cost control.

We intend to continue our successful strategy of balancing sales growth and margin management to deliver profitable growth in the future. Our Hotel segment achieved record sales of \$2 billion in F '23, representing growth of 31% as we celebrated our first full year of operations since the pandemic. In Hotels, we also saw a 35.9% increase in EBIT to \$428 million compared to the prior year. While our sales and EBIT growth was supported by

the relaxation of pandemic-related trading restrictions when compared to the first half of the prior year, it also reflects the positive impact of our newly acquired hotels, and the appeal of our hotels to customers looking for great quality and value.

Around 50% of our capital expenditures deployed to our hotels business. However, we acknowledge the need to improve the returns generated from these investments.

Lifting returns from Hotels is our most significant opportunity and is something we're very focused on. Our F '23 financial performance reflects the strength and stability of our earnings derived from our core businesses, it confirms the customer appeal of our brands, particularly Dan Murphy's and the resilience of our business as we continually navigate change. We delivered that F '23 result by focusing on key priority initiatives across all 5 of our strategic pillars. Our leading customer offers drive growth across our businesses. We've continued to grow customer reach, leveraging our iconic brands and strong capabilities to create compelling offers that cater for all customer occasions and needs. This store is growing, My Dan's membership by 15.6% to 5.2 million active users, growing our BWS app active base to a peak of 400,000 users and reaching 2 million social media followers of our ALH hotels.

Additionally, Pinnacle Drinks has contributed to our continued delivery of high-quality and award-winning products at competitive prices, achieving \$1.7 billion in retail sales in F '23, backed by 730 innovative Pinnacle owned and exclusive brands. Supporting this, we've made advancements in our digital and omnichannel capabilities that enabled us to better understand and engage with customers at the right place and at the right time. My Dan's continues to lead the market with a 79% scan rate. And our Hotels – and in our hotels, we now have 343 venues that are equipped with contactless order and pay technology.

In September, we launched our new retail media platform Mixing by Endeavor, which uses

our significant data sets to provide suppliers the opportunity to better communicate and engage with customers through our media channels. We remain focused on optimizing our business across the value chain. The group's optimization program, endeavourGO has been effective driving sustainable cost out across the business delivering \$60 million in cost savings in F '23 as we faced headwinds driven by inflation. We've also invested in step changing our advanced analytics capabilities to drive margins and cost benefits. And progress the One Endeavour technology transformation program to transition and simplify our business as a foundation for future growth.

Notably, this year, we've implemented a stand-alone group-wide spend management system and progressed the consolidation of our people systems. We continue to drive growth in our core business through the prioritized deployment of capital. We've invested in improving our market-leading network, executing 122 store renewals and 46 hotel renewals throughout the year, including the rollout of the innovative BWS 4.0 store format. We further expanded our network adding 8 Dan Murphy's stores, 18 net new BWS stores and acquiring 11 new Hotels. We also added to our Paragon Wine Estates portfolio with the acquisition of Shingleback wines in McLaren Vale and Cape Mentelle in Margaret River.

As I mentioned, we're reviewing our Hotels portfolio with the aim of lifting our returns on capital deployed in line with our group targets. And we'll update the market in relation to the status of this work at our Investor Day in December, as Peter referenced. And also, as Peter referenced earlier, we'll, our continuous focus on sustainability and team actually underpins everything we do. I'm pleased with the progress we've made against our sustainability commitment across the 3 pillars of responsibility and community, people and planet. Our commitment to responsibility and community goes beyond merely meeting our regulatory obligations. It extends to strengthening our responsibility culture and driving compliance through every part of our operations. This year, we

launched Player Protect, an evolution of our approach to responsible service of gambling across our hotels throughout Australia. And separately, through our Darwin Community Advisory Committee, we signed a landmark partnership with Larrakia Nation, signaling our long-term commitment on community issues and supporting positive change in the Darwin Community.

On the topic of people, we're pleased with our progress in relation to inclusion and activated our reflect level reconciliation action plan, which focused on enabling team engagement with First Nations peoples in our business and beyond. And finally, on Planet, we've continued to invest in driving efficiencies and innovation as we remain committed to better understand the environmental impacts of our operations to inform our climate change strategy. and action our progress towards decarbonization. In F '24, we expect macroeconomic conditions will continue to be challenging. With heightened inflation, increase in the cost of labor, supply chain, lease and energy costs. As consumers faced continued cost-of-living pressures, we expect that they'll continue to seek out value, which – while also looking for new opportunities to enjoy new quality products and experiences. So we'll, therefore, stay very focused on delivering our lowest price proposition at Dan Murphy's. Outstanding value, service and convenience at BWS and our unique local offerings across our hotel network.

Our Retail and Hotels businesses are well positioned to continue to grow in this environment, and reflecting this, we've seen good momentum in the first quarter of F '24. In retail, we grew sales by 1.9% in the first quarter of the year. And Dan Murphy's and BWS recorded combined sales growth of 2.6%, continuing to be the most preferred brands by customers. Dan Murphy's has the strongest value perception of any liquor retailer in Australia. Due to the lowest liquor price guarantee, it also has the widest range and expert service. Over 600,000 active members joined the My Dan's program in the past 12 months, gaining access to our proactive price beats and reflecting the program's impor-

tance as cost of living pressures impact customers.

Our Hotels remain well positioned as an affordable destination for social occasions with sales up 2.8% in Q1. Food and Bar sales were particularly strong as customers gathering our venues for major sporting events and for Father's Day. We, along with the rest of Australia celebrated the [ materials ] with the [ materials ] and our hotels actually sold 1.2 kgs of beer every minute during the semifinals and the final in August. We also welcomed 65,000-plus guests on Father's Day. As we look forward, we're maintaining our trading momentum with continued improvements in October and with the all-important months of November and December ahead. But as I said earlier, I do recognize the need to deliver improved shareholder returns, and we remain focused on that too.

So to our priorities, we'll continue to connect with our customers through our brands supported by increasingly integrated omnichannel experiences, which drive earnings growth. We'll further improve our existing retail and hotel networks and undertake innovation through examples like the new BWS 4.0 format and concept stores like the seller by Dan Murphy's to provide pathways to future growth. Alongside this, our Pinnacle Drinks business, will remain responsive to fast-changing customer needs and continue to deliver returns on the capital that we invest in it. We always aim to deliver profitable growth that efficiently balances sales, gross margin and cost control. We've committed to delivering at least \$200 million in savings between F '24 and F '26 from our endeavourGO or Group Optimization Program. And that's supported by a zero-based approach to our above store and venue costs, optimizing in-store and hotel operations and driving supply chain efficiency. We'll continue to progress the ONE Endeavour technology transformation, transitioning to stand-alone technology capabilities to simplify our business and lay the foundations for future growth. We recognize the need to bring greater transparency to how we plan to optimize capital across the group.

In particular, we know we need to enhance the performance of our hotels portfolio and drive improved returns. We're also committed to maintaining a net debt level, net debt at a level, I should say, that supports future growth and shareholder distributions, including by driving a reduction in working capital. We understand that shareholders are seeking more information from us on our strategic plans for F '24 and beyond. And we're looking forward to sharing in more detail our plans for hotels in particular at our planned Investor Day in early December. We will, at that form, also provide greater transparency for investors on the metrics and measures that we use to hold ourselves to account as we deliver our strategy.

In particular, as previewed by Peter, we'll be introducing objective scorecard metrics across each of our strategic pillars that will enable us to articulate the shareholders in greater detail exactly what our ambition looks like and how we'll measure performance. The progression of our sustainability and team ambitions, in particular, responsibility and compliance will also remain a key focus for us. We continue to work with governments and regulators to bring clarity, consistency and certainty to the market and to ensure that we're well prepared for any proposed changes to regulations in all jurisdictions. And as always, we remain focused on ensuring we've got the talent and capabilities to deliver on our strategic goals. In closing, while we are operating in a complex environment, our purpose of creating a more sociable future together remains as relevant and as important as ever. As people turn to places and moments of social connection in challenging times, we'll be there to bring them together. We operate some of the most iconic and large retail brands in Australia and an impossible to replicate network of hotels across the country. We don't take any of this for granted.

And we're committed to driving performance continued performance and shareholder returns as we enter F '24. To conclude, on behalf of our 30,000 team members around the country and in New Zealand, I'd like to thank all shareholders for their continued

support, and I'll now hand back to Peter.

### **Peter Hearl**

Thank you, Steve. We'll now move to the first formal item of business, which is to discuss the financial report, the director's report and the auditor's report for the year ended June 25, 2023. While there's no resolution on this item, it's important, it's an opportunity for shareholders to ask general questions. I highlight that this is the time for questions on the report, excluding the remuneration report. Which we'll deal with separately, the management and operations of Endeavour generally as well as the conduct of the audit.

Prior to taking questions, I'll respond to a number of questions and comments raised by shareholders prior to this meeting. First question we had was, why was the dividend reinvestment plan or DRP announced but not activated in the F '23 final dividend?

We understand that the DRP is important to some shareholders. So we've implemented one during the year to activate when appropriate. The Board considers each dividend recommendation carefully as well as all other factors, which may impact the payment of a dividend and the DRP.

In August, the Board determined that the DRP would not be activated for the F '23 final dividend. With each dividend, the Board will consider the DRP, and if appropriate, at the time, we'll look to activate it.

The second question was that was high on shareholders' mind was what are you doing about the drop in the share price? Well, we all share that pain. As mentioned in my opening address, the Board is very conscious of the recent share price performance, which is driven by one, increasing cost of capital with rising interest rates as well as uncertainty around consumer resilience when household incomes are under pressure. And while it should never be an excuse, there's also uncertainty around the regulatory environment.

And upon which we're working to bring clarity, consistency and certainty to investors in the area of gaming regulations.

While our first 2 years as a listed company have yielded a strong performance, we know there is much more to do. As a Board, we are focused on long-term value creation for shareholders. We're committed to driving shareholder value by taking a disciplined approach to both capital and operational cost optimization and working collaboratively with regulators and industry.

Another question asked was, can you address the performance critique of Bruce Matheson Seniors letter to shareholders and explain Endeavour's next steps? BMG's campaign has used selective and incomplete information in a manner which was designed, in my opinion, to destabilize the Board and management and to exert disproportionate control over the business.

Endeavour continues to lead the market in liquor retail and hotels. We've delivered strong growth in F '23, and we achieved our first \$1 billion EBIT result. Our focus is on delivering profitable growth through compelling offerings, coupled with disciplined capital management, cost control and cost optimization. Dan's and BWS are powered by our customer-first strategy, enabled by our very strong digital capability, designed to deliver personalized, market-leading omnichannel experiences and loyalty. That said, we know we will always have more to do, and we're getting on and doing it. I now invite you to ask a question or make a comment relevant to this item of business.

As I indicated at the commencement of the meeting, I will take questions from those in the room first, followed by the telephone and then those online. For those in the room, if you have a comment or question, please move to the closest microphone. Are there any questions in the room? Please approach a microphone nearest to you.

## **Operator**

Chairman, I would like to introduce Julianne Mills as a proxy holder and a shareholder.

## **Question and Answer**

### **Peter Hearl**

Julianne, are you?

### **Attendee**

Good. Thank you. Thank you, Chair. Julianne Mills from the Australian Shareholders' Association. I just have one question. I actually have more than one question, but one at a time. The death of the 20-year-old employee at Darwin BWS is a tragedy. And while we appreciate that there are ongoing investigations and an ongoing court case, we'd like to know what Endeavor has done since this event to implement a safer workplace for its employees? We acknowledge the voluntary 5% reduction in STI, the CEO and MD of BWS and another executive. We also note that the safety metric is considered in the short-term incentive, and we commend this.

However, the metric seems to ignore deaths should and could this be improved is a 0 fatality gateway appropriate. Given that not everyone acts in a predictable way, not everyone acts in a predictable way in these situations, what other measures have you considered to prevent a repeat of this outcome?

### **Peter Hearl**

Thanks, Julianne, for your question. Well, first of all, I'd like to acknowledge the tragic incident that occurred at the BWS Airport Drive store in the Northern Territory in March of this year. It unfortunately resulted in the loss of a team member Declan Laverty's life. Our Northern Territory community will never be the same. And the memory of it sits heavy on the hearts of every member of Endeavour. Following Declan's tragic death, we

immediately moved to commence a full review and investigation of the matter. And not just in that store, but across our whole operations in the Northern Territory.

We looked at every measure of safety and security that we took. We found nothing that was systemic in our operations that gave us cause for concern. Unfortunately, our processes were not followed in this particular instance. And I have to say that currently, this matter is before the courts. It's a murder investigation. And I can't comment much more on the specifics of the incident. But I will tell you that we've gone through all of our stores, and we've looked at things like store design, safety and security processes. We've put security guards in all of our BWS stores in the Northern Territory. We've put in – locked the spirit cabinets, auto lock doors, and we're looking at safe haven areas in our stores.

So we're taking as much action as we possibly can. And we're looking at stores outside of the Northern Territory as well to see whether we can enhance the safety and security of our team members and our customers. Thank you for your question.

### **Attendee**

Thank you. Can I continue? Or would you prefer — *indiscernible* — ?

### **Peter Hearl**

I think you'd like to share it around, so feel free to come back up.

### **Operator**

Chairman, I'd like to introduce Dr. Jonathan Tyler, a shareholder.

### **Peter Hearl**

John, how are you?

### **Attendee**

Well, thank you for the opportunity to ask questions. When you talk of misinformation,

it's always interesting that it's the people who are against you who give it rather than the people who are for you. Now I'm not suggesting in any way that you've provided misinformation. But with an inflation rate of 6.0% in 2022, '23, a 2.5% increase in sales is actually a 3.5% decrease in sales. Your increase in earnings was similar, but again, a decrease. Your increase in comprehensive income was 0. In fact, comprehensive income in real terms were back 6%. Just to comment. I'm not looking for an answer.

### **Peter Hearl**

Okay. We'll note your comment. Microphone 2.

### **Operator**

Chairman, I would like to introduce Weir Rowan, a shareholder.

### **Attendee**

Hello. Good morning. I'm Rowan Weir, and I'm a shareholder. And it's more a comment because back to the Hotels, I was just interested on how extensive because I date back to the days when you used to cross the Murray to play the pokies and you're opening them in Margaret River, which is Western Australia and Darwin. So we're mainly are the hotels all spread throughout Australia. Are they still mainly in New South Wales or...

### **Peter Hearl**

Well, we have 350-odd hotels spread around Australia, and we are actually in all states and territory well, not the — *indiscernible* — And most of those outlets or hotels, venues as we call them, are concentrated on the Eastern Seaboard in Queensland, New South Wales and Victoria. We do have, I think, 28-odd hotels in Western Australia, none of which, by the way, have gaming machines in that. They operate without gaming machines, and they operate profitably. And we also have, what half a dozen or so in Tasmania?

**Attendee**

That's good. As I say, you were thinking you crossed — *indiscernible* — and then you're talking.

**Peter Hearl**

We're a national operator of hotels. Thank you very much. Be careful.

**Operator**

Mr. Chairman, introducing Ross Blair Holt, proxy holder for BMG.

**Attendee**

Thanks, Peter. I represent BMG Group, obviously, with 15%. Unfortunately, Bruce Mathieson Sr. has some health issues this week and cannot be here in person. But he asked me to ask a few questions. If I can just make two comments on your speech, Mr. Hearl, one the customers didn't seem to get much of a run in your speech. And the second one was the use of the words, disproportionate control or influence.

I'm not sure how you can justify those comments when Bruce Mathieson Jr is 1 of 8 directors. And Bruce Mathieson Sr as a major shareholder is trying to help all shareholders by pointing out some obvious bits and pieces. And I wouldn't call it a lot of misinformation.

My first question, and I've shortened it considerably Mr. Hearl, I've taken out the swear words for those that know Bruce. In light of the significant shareholder value destruction of over \$6 billion since listing, will the Chairman step down from his role. Or will it take the Bruce Mathieson Group to call an AGM at a later date to finally, so that you can finally accept, he has lost the trust of the shareholders as reflected in the share price below \$5?

**Peter Hearl**

Well, thank you, Ross, for those kind words. And please give Bruce Sr. my best wishes for a speedy recovery. Look, the independent NIDs and I act in the interest of all sharehold-

ers, not a selective and noisy few. As Chair, I'm very committed to resolving the current dispute with BMG and to the board renewal process that we've had underway for some time. BMG's public campaign supported by other former Woolworths executives is an attempt to elect Mr. Wavish, and gain greater control than the 15% of BMG would warrant.

Their aim appears to me to be disrupt the Board and management to exert disproportionate control over Endeavour without paying for it. As Chair, I've been very transparent about the governance around and our commitment to Board renewal. The Board is very focused on share price performance. And as Chair, I take my responsibility seriously and acting in the interest of all shareholders. Thank you for your question.

**Attendee**

Thank you. I ask another one?

**Peter Hearl**

Well, I want to move it around Ross, if there's a microphone 6?

**Operator**

I'd like to introduce Ms. Jane Mark a shareholder.

**Attendee**

Hello. Look, I'd just like to say that the two big demographic groups are baby boomers and the millennials. Are the millennials drinking less alcoholic drinks, less alcohol content because they're being more sensible. And the other thing I wanted to ask about that they're thinking of bringing in labeling on alcohol like they did with cigarettes? And what do you feel about that alcohol is dangerous and blah, blah, blah?

**Peter Hearl**

Okay. Look, in terms of drinking trends, there is a general trend in most Western countries where people are drinking less, but they're drinking better, and I'll let Steve elaborate.

rate on this in a little bit. But what's happening is that people are probably drinking less volume, but they're drinking better quality wines. And that's why luxury and premium grade wines and indeed spirits as we're seeing growth in those categories, and that's indeed why we've invested in a couple of wineries, which provide premium and luxury grade wine.

So yes, there is that trend, but we also provide an extensive range of low and 0 alcohol products as well. But I'll let Steve perhaps elaborate a little bit more on that.

### **Steve Donohue**

Yes. Thank you, Jane, for the question. Historically, traditionalists and baby boomers have accounted for the majority of the spend in the alcoholic beverage category. But that has changed pretty considerably over the last couple of years, so that now generation x accounts for the majority of purchase demand, but they don't really drive the trends. The trends are being driven by millennial and Gen Z customers. And they're accounting for almost 50% of the spend now. So we know that very soon they're going to account for the, more than half of the spend in the category.

And our businesses were really built to serve the needs of baby boomers as a matter of fact, as was a lot of what Gen X, I suppose, has been working on over the last decade or so, but we're very much focusing now on servicing the needs of the emerging consumer, and they are, of course, a very connected consumer, but they're equally a very health-conscious consumer. And while there has been a long-term trend in the reduction of leaders of pure alcohol consumed by all generations, actually, we are seeing a little bit of an acceleration of that at the moment.

But people continue to drink better is what we observe. And that's why Dan Murphy's particularly, and to a degree, BWS, are very focused on meeting that customer need.

**Attendee**

And what about the labeling?

**Steve Donohue**

Yes. Well, I think what we do with labeling is continue to work closely with all regulators in relation to changes there. There's obviously been in most recent times, change to labeling as it relates to pregnancy warnings and that's been rolled out across the industry. As I said in my remarks, we continue to engage very closely with regulators and community groups on their expectations in this regard, but there are no plans to change from that point at the moment as we understand it.

**Peter Hearl**

Thanks for your question. I think microphone 4 might have been up before 3, and then we'll come back to 5.

**Operator**

Chairman, I would like to introduce Mr. Kaz Kazim a shareholder.

**Attendee**

Thank you. In your opening remarks or you mentioned why the dividend reinvestment plan wasn't introduced. It was introduced, but not implemented. And yet when you followed up, you said, you talked about the high cost of capital. Now how many dividend people signed up for the dividend reinvestment plan, and why did you not implement the DRP, but clearly, you were getting interest-free money? I mean you're talking about higher cost of capital. And here you are, the shareholders are offering you interest-free [ body ], and you're not accepting it. So there seems a bit odd for you to have rejected the implementation of the dividend reinvestment plan. How do you explain that?

**Peter Hearl**

Well, we didn't think it was appropriate at the time. We have significant headroom in our debt coverage, and we've got a lot of headroom there. So we simply didn't need the funds from the DRP. We're looking at reducing our working capital down, as Steve has already indicated, and we had some one-off payments in F '23 that drove our debt level up a bit, but it's coming down. We just didn't need – we didn't need the extra capital.

### **Attendee**

If you say your debt is increasing?

### **Peter Hearl**

Went up. A lot of it was onetime, and we've got a lot of headroom left. We just didn't think it was an appropriate way to manage the capital. Julianne, and then back to Ross.

### **Attendee**

Thank you, Chair. The ASA notes your early adoption of the new closing times of 4:00 a.m. to 10 a.m. For gaming rooms in Victoria. Can you comment on the changes? Your sales results for the first quarter of F '24 released yesterday, mentioned softness in gaming revenue. Was this caused by recent restrictions placed on gaming when will you publish gaming revenue as a separate item in your financial reporting?

### **Peter Hearl**

Thanks, Julianne. Look, let me deal with the last point first. Our hotel revenue is made up of a number of different revenue streams, food, beverage, accommodation, gaming. And a lot of our venues also have live event and entertainment activities and revenues. So to split it out, would not necessarily mean a lot, and it also could be to the detriment of endeavor in terms of giving a competitor – competitors' knowledge of our revenue streams. That said, look, we'll continue to review our disclosures and make sure that stakeholders are adequately informed of any material business information that they required. In terms of the early move on reforms in Victoria, we've moved ahead to accelerate the

early closing hours in Victoria.

A lot of the reforms that, or changes that the Victorian government are considering. And again, a couple of more considering of announced for impact on, in June of next year. we're already doing. But we did take a decision to accelerate the early opening of our early closing of our hotels in Victoria, and we assessed the commercial impact on that. And we've taken mitigating steps to reduce or minimize that impact. And to date, we're in line with those assessments. I don't know, Steve, do you want to add anything?

**Steve Donohue**

Yes, I'd just say that the gaming data is available publicly on, in most states, so you can track it there. We said yesterday that the impact of the changes we took early in Victoria was in line expectations and nominal. So, and that is the case. So there is variation in gaming performance on a state-by-state basis, which is all publicly available.

**Peter Hearl**

And the only other thing I'd say is, look, we took those decisions because we aspire to lead in the area of responsibility. We're a big organization. We're a big target, but we, and we recognize that we've got the opportunity to impact how industry behaves. And we'll take that role very seriously.

**Attendee**

Thank you, Chair. Can I just?

**Peter Hearl**

You want to ask another question? Or make a comment.

**Attendee**

Can I make a comment?

**Peter Hearl**

Yes, sure.

**Attendee**

Given the regulatory changes that are about, that are happening and likely to happen with gaming, don't you think that it is appropriate to provide those financials so that shareholders can at least make up their own mind? Whether they want to take that risk.

**Peter Hearl**

I'll take that as a comment, and thank you for it. Ross?

**Attendee**

Bruce, wanted to comment on the early closures in Victoria, but we said, and I got Bruce's comments when he called me and I was overseas. Probably with a few swearwords as well. But we see it as an own goal, 12 months ahead of all the other hotels and they're taking advantage of it. Bruce's second question was that about 5 weeks ago, the CEO, Mr. Donohue rang him and talked about Endeavour selling the hotel chain? And what did you think about that? And would he be interested. And Bruce lost it, obviously, and said, you don't sell flagship assets.

There were some talk in the market that it was speculation, but Bruce said, you wanted to confirm that he did take the phone call and it's not speculation. My question is, did Mr. Donohue had board approval to make that approach to Bruce?

**Peter Hearl**

Look, I'm not going to comment on every piece of speculation and the accusation that appears in the press if I did that, we'd probably be here for a week. Look, suffice to say that hotels are a critical part of Endeavour's portfolio and our future growth, and we're committed to their future.

**Attendee**

Okay, I've got one more, and then I'll.

**Peter Hearl**

There's one over here. So can you just hold on?

**Operator**

I would like to introduce Mr. Freeman Sang a shareholder.

**Attendee**

Yes, Freeman is my name. I just want to make a comment and a subsequent question for that. First of all, I agree with the Chairman and also Steve about the customer first for retail business is really, very important that the customers have a good experience when they come to the store and purchase the products and they're happy to go home. I'll just say about my experience, okay?

First of all, I get involved in constructing the first Dan Murphy's store in Melbourne and Sydney and also I put the LED lighting in all BWS stores. So I do have a little bit experience and no objective about the business, okay? That's my background. And my experience in the Dan Murphy's' store is, store is big. And there's a lot of products put in the store. So when I go to purchase the product, and first of all, sometimes it's difficult to locate the products I found because it's such a big store.

Second thing is there seems no map to help me to find, so at least I can go to the — *indiscernible* — and can find or certain porter can go in fine. It's very hard sometimes to fund in some Dan Murphy's store i found.

Second thing is when I asked the staff in the store, some of them, not all of them, obviously, I found they did not have the experience to introduce what the best of the product and where you can find the product. And sometimes, even they don't aware of their

advertise online products that are on sale at the time as find it difficult.

And the other thing is because of that reason, didn't get the experience to find easy and present in shopping experience, and that's my concern because as a shareholder, I want every customer to come to the store and buy the bottle easily to find and good price and enjoy that is experienced by far. And I just want to ask probably Steve can answer. How you provide the training? Because I found some of the staff is very young, inexperience in the store alone. And there's not enough staff. I can find to ask the question. So that's my comment and question.

### **Peter Hearl**

Look, thanks, just before Steve answers the detailed question about training and store layout. Dan's has a leading, I mean, by country mile NPS scores, Net Promoter Scores, we research our customer experience daily, weekly, monthly, and we track it, and the Board has line of sight to that. And all the data we've said that nationally, Dan's is got incredibly market-leading scores around customer satisfaction. But I'll let Steve answer specifics around training and store layout.

### **Steve Donohue**

Yes. Thanks, Mr. Sang for the question. And firstly, can I just say my apologies for us not meeting your expectations. It's never our intent as any part of our business. And as Peter says, we do focus very closely on our customer service. So I might like to take the topic up with you separately after the meeting, if possible.

We put a lot of effort actually into training our team. We do serve millions of customers every week, and there are tens of thousands of us, as we've said. So I acknowledge that we don't always get it right. And actually, our team is the people that we rely on to help people navigate the store, notwithstanding that our latest store format, the 2.0 format, we've put a lot of effort into wayfinding to make it easier for customers to find the prod-

ucts that they're looking for through signage and those sorts of things. So again, I appreciate the opportunity to have a chat about your specific experience after the meeting so that I can address those concerns directly.

But as Peter says, we are very, very focused on responding to customer feedback in a real-time basis and do invest heavily in training our teams.

**Peter Hearl**

Thank you. Ross?

**Attendee**

One last question. Mr. Chairman, on Dan Murphy's, actually. I'm a very happy customer. I'm one of the 27 million, members.

**Peter Hearl**

5.3 million.

**Attendee**

I do find the service and delivery is very good. However, what I'm noticing is that Dan's was built on the everyday low-price retailer and category killer. How do we explain the first 8 quarters of listing when Coles Liquor beat us every quarter. And I know that the quarter just gone yesterday or today. We actually beat Coles Liquor for the first time for 9 quarters, but hardly shooting the lights out with 1.9% versus Coles Liquor 1.8%. Have we lost the mojo in Dan's, and it's no longer the everyday low-price retailer?

**Peter Hearl**

No, not at all. I mean, Dan's has got incredible value scores. As Steve has already said, our surveys and research say that Dan's scores 60%, having best value next competitor is like 40%. We have 600,000 price checks being done daily to ensure that we beat competition in real time. So, and the low-cost guarantee is well understood by customers. Coming

back to your point about competition and how we've performed. We're going to start with some facts. Retail revenue has grown over the 4-year period from F '19 to F '23. Bear in mind that F'21 and F '22 were all impacted by distortions in the marketplace via COVID.

So we've grown at a compound average growth rate of 4%, which is right in line with our next nearest competitor, the 1 that you mentioned. And that's off a much larger base. Our retail sales are about 2.5x greater than the next nearest competitor. Our margins are stronger by 200 basis points to the next nearest competitor. So we're doing that. We're managing sales, GP margin, and costs, and it's going to the bottom line. And we're doing that through better buying, premiumization, people are drinking better. They might be drinking a little less, but they're drinking better, and that means higher margins. And we've got the advantage of having our Pinnacle Drinks, not Peniche drinks as somebody referred to them recently. But Pinnacle Drinks provides us with tremendous opportunity to innovate, and we've driven our margins through the Pinnacle range without detracting from the ranges that we offer on well-known other brands. Thank you for your question, Bruce.

#### **Attendee**

I'll pass you on to Bruce Sr.

#### **Peter Hearl**

Julianne. This is your third one.

#### **Attendee**

I know, I know. Australia is apparently in the middle of a Wine Glut up sales to China disappeared. And although that now looks more promising, inventory buildups currently hurting the industry. Can the chair expand on Endeavour's strategy for this part of the business? Do you intend to grow the wineries and why? And what does it add to En-

deavor?

### **Peter Hearn**

Look, let me start, and I'll let Steve add to it. But not all wines are created equal, okay? Just that's where I'd start. There's luxury, there's premium and there's commercial. And the glut that you referred to is largely around commercial grade wine. And we're not about to go out and buy commercial-grade wines. There is a shortage of luxury and premium grade wines. And the acquisitions we've made in the wineries that we've bought over the last couple of years play right into that trend. It's not just a trend here in Australia, but it's a trend internationally. And companies like TWE are growing their premium and luxury portfolios quite extensively. So we see the focus on premium grade wines, the luxury grade wines is accretive to margins and shareholder value. Steve, do you want to add anything to that?

### **Steve Donohue**

I'll make a couple of brief remarks. I think the first thing I'd say is that we recognize that role in the wine industry in Australia, whereas significant a producer is anybody else of domestic wine to be sold in the domestic market, and that's through our Pinnacle Drinks business, which historically is overweight the commercial end of the category. So it's what prompted us to embark on a premiumization strategy, which included the acquisition of a number of wineries, all of which are intended to focus on the higher price points that are in such demand.

And in fact, we cannot supply sufficient wine to meet the demand that we have for the majority of our Paragon Wine Estates portfolio. So we're working through how we can do that better. But we do see opportunities to continue to increase the penetration and relevance of the wine category to Australians, but also overseas. And we've begun with very small steps to export our wines internationally. We look forward to growing that.

**Peter Hearl**

The only other thing I would add is that wineries, hotels, retail outlets all have to deliver upon their business case investment return levels. And we target a 15%, minimum 15% on any growth investment that we make. And so far, the wineries we've acquired are meeting those hurdle rate return targets. I think 5 might have been next, no 2, and then we'll go to one.

**Operator**

Chairman, I'd like to introduce Toshiba a shareholder.

**Attendee**

I would like to refer to your quote that you started with, which was that what consumers or household discretionary incomes are under pressure. And knowing that Dan Murphy's entire model is on cheap alcohol, have you and the Board failed to realize that younger people have been switching from cask wine to spirits and premixed drinks. And will you consider coming with your own home brands such as your own wine 196 or your own Endeavour Group Vodka to lower the prices amongst young people?

**Peter Hearl**

Steve, I might let you answer that other than to preface it by saying that we take our responsible service of alcohol very seriously, and we have a whole range of programs in place that ensure that we do adhere to our responsible service of alcohol. So, but in terms of the product offering itself, I'd like Steve to answer that.

**Steve Donohue**

Yes, thank you for the question. I think it's really relevant in the modern context, and I made remarks about the material shift towards millennial and Gen Z consumers accounting for almost 50% of the spend. Their appetite for our product is very different to that of Gen X which I'm a part of, and certainly baby boomers and traditionals that preceded

us – and traditionalists.

Anyway, the reality is that there are huge shifts taking place in the nature of consumer demand off the back of that generational change. What we've tried to do through our Pinnacle Drinks portfolio is keep pace with that. In fact, our largest selling vodkas are our own, and they are produced for us by producers around the world, most notably in Europe. So we've already got a base there. One of our brands is called — *indiscernible* —, and we also produce it in an RTD or premixed equivalent. More recently, we've partnered with the supplier in Japan to take advantage of the phenomenon that is lemon-flavored shochu base drinks. We'll just launched a — *indiscernible* — equivalent of something akin to the Suntory minus 196, which is hugely popular with those younger adult customers.

### **Peter Hearl**

Thank you. I think I should have asked for your ID too. Microphone 4, sorry. 1 first? Yes, go 1.

### **Operator**

Chairman, I'd like to reintroduce Dr. Jonathan Tyler, a shareholder who has another question.

### **Attendee**

Chair, I would like to thank you and the board for inviting Auntie Donna Ingram here today to Welcome us to Country. So I won't acknowledge I won't go on by acknowledging the Gadigal people of the Eora Nation. But I noted that Auntie Donna finished by saying this land is, was and always will be traditional owner land. Can I take from this that the Board has an intention to hand back all property in Australia to the traditional owners? And if that is an intention, is it a decision of the Board? Or will it be a resolution at an Annual General Meeting.

**Peter Hearl**

I don't think the intent of Auntie Donna's remarks was to take back land that is owned by people around the country side. But I'll take that as a comment. We've got no plans to conduct an AGM around that matter. We respect the First Nations people, and we'll continue to do so. Thank you. Microphone 4.

**Operator**

Chairman, I would like to reintroduce Mr. Kaz Kazim a shareholder with another question.

**Attendee**

Thank you. I've been following the dispute between the different parties vying for power in the, for control of the Board. Now that's suggest some sort of turbulence in management terms because, as a consequence, are you seeking advice from our traditional consultants, 1 of the 4 consultants that were found to have engaged extremely disgraceful behavior and gauging the package of the punters around the country?

**Peter Hearl**

I'm not sure to which advisers you refer?

**Attendee**

I'm talking about, I've been following the disputes, different parties trying to control the board or increase their influence on the board, et cetera, et cetera, suggest that is discomfort in the administration and management of Endeavour. So are you using any consultants any of the 4 major consultants, EY, KPMG or the other 2 [ pages ] whose behavior was found to be extremely disgusting. And if you are, which capital did you use and how much did you pay? Or are you using funds to develop your own management skills within the company?

**Peter Hearl**

Well, I think the adviser you're referring to the accounting audit firms that are out in the marketplace. Our audit is Deloitte. We have a representative here today, Mr. Jamie Gatt. And, there's been no, we've had no issues with Deloitte's in the conduct of their business. We do use advisers outside of the accounting firms to help us with matters like we're dealing with the Bruce Mathieson Group. That's quite common in our industry, but I can assure you that the costs are not out of the ordinary for this sort of work.

But we also have our own internal staff that experience in these matters as well. So it's a combination of using external advisers and our own internal resources to make sure that we're representing the best interest of all shareholders.

### **Attendee**

I understand the auditing work is very different to other management advice that's being provided by consult. I was thinking more of the consulting advice next to the — ***indiscernible*** —

### **Peter Hearl**

Are – they're not like non-audit services?

### **Attendee**

Yes, that's correct.

### **Peter Hearl**

Okay. Yes. Well, look, we, I think Deloitte's from memory, their non-audit services account for about 6% or 7% of the total fees that we pay them. And we use from time to time, other. I think we may have used Ernst & Young on occasions for 1 or 2 things. Kate Beattie is here. I mean maybe, Kate, you could elaborate on that.

### **Kate Beattie**

Thank you, Chair, and thank you for the question. We do.

**Peter Hearl**

Stand up, Kate. Sorry.

**Kate Beattie**

As in the room I am Kate Beattie, I'm the CFO of Endeavour Group. Thank you for the question. We do from time to time use multiple of the big 4, as you've called the 4 various services to the group, largely advisory services in relation to things like technology transformation program, where we do rely on external expertise to support us in making sure that we implement those programs judiciously and with the right expertise underpinning how we design the outcomes that we are executing.

**Attendee**

Have you considered universities who have a much greater research facility as well as the capacity to provide such advice because they're consistently teaching and expanding the research interest to the students that are attending the universities?

**Peter Hearl**

Well, to my knowledge, we haven't considered universities, but we'll take that suggestion on board and give it to due consideration. Thank you for it.

**Attendee**

Okay. Just one other question when I asked you about the dividend reinvestment plan. And I meant to ask you how many shareholders had signed up at the time? Do you have any figures?

**Peter Hearl**

I don't have that number. Yes. About – Terence just told me – our Company Secretary has told me that there's about 4.8% or 420-odd thousand shareholders.

**Attendee**

And if they had participated the dividend investment plan, how much money would have been raised as a consequence?

**Peter Hearl**

I don't know. It depends how many shares each of those shareholders had. So I can't give you an answer on that, but I'm happy to take it on notice and come back to you.

**Attendee**

Terrific. Thank you.

**Peter Hearl**

Thanks a lot. Number two, sorry, was four next or – no? You are up? Two, sorry.

**Attendee**

Chairman, I would like to reintroduce — *indiscernible* —

**Analyst**

As previously you said that responsibility and governance is sort of your problem as you may focus. I personally think that this is ridiculous for this company. But I would like to point out that will you lobby the Western Australian government and further put pressure on the ministers to allow Endeavour Group to put gaming machines in your Western Australia hotels?

**Peter Hearl**

We have no plans to do that.

**Analyst**

Is this because of your responsibility or you believe it's morally wrong or is it...

**Peter Hearl**

No. which just – it's the law of the land in Western Australia. So we're adhering to the

law of the land.

**Analyst**

Are you going to pressure the existing government to change this law?

**Peter Hearl**

No.

**Analyst**

Is there any reason for that?

**Peter Hearl**

We just don't think it's appropriate. We've got 20-odd hotels in Western Australia and the major part of our operations on the S&C board. And we operate those 28 hotels in West Australia profitably as they are.

**Analyst**

That's – are you not interested in increasing your profit margins?

**Peter Hearl**

Absolutely. And we're doing it through a range of means. Hotels are more than just about gaming. It's an important part of it and that we hope will be for a long time. But we've got food. We've got beverage. We've got accommodation. We've got events and live acts. In fact, pre-COVID, we're the largest employer of live acts in Australia. It's gradually coming back. It's not where it was but pre-COVID. But, yes, we see our hotels as multi-faceted sources of entertainment, discretionary spending amongst the community. And we'll continue to do so. We'll tailor our offerings according to the laws of the land and the communities with which we're operating. Thank you. Number five?

**Attendee**

Mr. Chairman, introducing — *indiscernible* — as a shareholder.

### **Shareholder**

Thank you, Chairman. So my question is just a small drag. All right? So if you take a big – take a look at the big water there, we are like a big enthusiast on recycling. And I'm just wondering why like the beer bottles and the drink cans, they all got \$0.10 recycling level. And the big bottles like wine and white wines and one like that, they are not worth any cent at all for recycling. So where do they end up? Do they end up in landfill? So there would be a rest.

So I'm just wondering if that can be promoted as a greening effect to promote the environment, can and – beer bottles and the cans. I'm always wondering why this is – one big bottle, I think it's like 3 or 4 sizes of the 375 milliliters of beer bottle, they could be very beneficial to the environment. So I just wanted to find out why is – why are those bottles are not recyclable?

### **Peter Hearl**

I have no idea, Dan, but I'm sure Steve does, so I'll hand over to Steve on that one.

### **Steve Donohue**

Thank you for the question. Container deposit schemes are conducted on a state-by-state basis. And as it stands, they only apply to those smaller vessels that you were talking about. However, in Victoria, they're about to launch on larger bottles, so wine and glass spirits bottles, and there is an intention for that to take place in Queensland as well in the future. So there are changes in food, but they are led by the state governments.

I would add that we pursue a number of recycling initiatives in our retail outlets as well. So things like cokes and carton dividers and those sorts of things are very actively recycled by our teams, and we encourage customers to return them to our stores so that we can

reuse them.

### **Peter Hearl**

Okay. Thank you. We'll go six, three and then four and back to five to make it easy for work our way around the room.

### **Attendee**

Thank you, Mr. Chairman. I would like to introduce Mr. Allan Lehmann, a shareholder.

### **Shareholder**

Mr. Chairman, in addition to being a shareholder, I'm also a customer, particularly of Dan Murphy's, and I'm a very regular customer, I must say. I would ask a further question while I asked the previous annual general meetings, and it's probably directed more to Mr. Steve Donohue. My question really is, is the company prepared to take on an educational role in addition to its sales roles of quality wine by having tasting rooms or some sort of equivalent at their various stores. That way, particularly in my case, I'd be interested in trying different wines, particularly of higher quality. And I just wondered again at this Annual General Meeting, whether there could be some steps taken towards that Endeavour?

### **Peter Hearl**

Well, I'll let Steve elaborate but quite a number of our Dan's stores do have tasting areas in them. But...

### **Steve Donohue**

Thank you, Allan, for the question. If I may, I might just clarify my former answer. The Queensland container deposit scheme on the large format starts tomorrow. So that is already a foot, just to clarify that point. Regarding team and customer education, we invest very heavily behind our team education, and I'm very proud of the fact that we

would lead the Australian market in the Wine and Spirits Education Trust or WSET training for the maximum number of people that is appropriate in our business.

And in particular, in Dan Murphy's, we focus on providing customers access to tastings on a regular basis as is appropriate, generally at the higher foot full times over the weekends and so on. We also invest behind what we describe as wine merchants in our stores. And these folks are experts in the topic but affable experts, folks that you can have a proper conversation with without getting too highfalutin or if you'd like it to be very highfalutin they're also able to do that. So I'd be happy to take up the topic with you separately as to where you're shopping and what aspirations you might have to participate perhaps in something like WSET.

### **Attendee**

Chairman, I would like to reintroduce Julianne Mills as a shareholder at this time.

### **Shareholder**

Sorry, I'm speaking purely on a personal basis here because a lot of my members may not agree with my views here. But I would like to commend you on your bringing forward those closing hours because I really do believe that it's a good indication of how you are leading in responsibility. And that's all I have to say. Thank you.

### **Peter Hearl**

Thank you for your comment. Now, five?

### **Attendee**

Mr. Chairman, introducing Peter George as a shareholder.

### **Shareholder**

Just to clarify or add to your previous answer regarding gaming in Perth pubs. I understand the legislation that established Crown Casino, basically, meant that they were the only

venue in Perth, that's why you have gaming machines. And I know there's no plan to change that. And just with regard to the investment in the hotel, in wineries and vineyards and so forth in a capital expensive world. Do you seriously think you can get a 15% return on those assets?

**Peter Hearl**

Yes. On the premium and luxury wineries, which we're focused on, the business cases are that they're going to deliver 15% plus return. And so far, they're tracking towards that. And I guess we'll be held accountable if they don't deliver. A very different economics in premium and luxury wines versus commercial grade wines, and most of the problems in the wine industry are driven by commercial grade wineries. Thank you for your question, though. Three?

**Attendee**

Chairman, I would like to introduce [ Daniel Chen ], a shareholder.

**Shareholder**

I am just interested to know our hotel business also involve accommodation. Am I right?

**Peter Hearl**

Yes, correct. We're not everywhere, but in a large number of our hotels, we...

**Shareholder**

Are we making any profit from this accommodation business?

**Peter Hearl**

The short answer is yes. Yes, we do. We - we've started to expand our accommodation focus, and we're very pleased with the occupancy rates and so forth that we're getting out of our hotels. So it's another way of increasing the revenues per square foot in our hotels. Rest assured, we wouldn't be doing it if we weren't going to make money out of

it.

### **Shareholder**

What is the occupation rate?

### **Peter Hearl**

Off the top of my head, but I think it's in the order of 70% or 80%. Around that order. I stand to be corrected on that number. But look, rest assured, we're very focused on making sure that the rooms that we have for accommodation in our hotels, and I've stated a number of them, and they're well patronized. Thank you. Number six?

### **Attendee**

I would like to introduce Ms. Eileen Hays, a shareholder.

### **Shareholder**

Chair, I'll just start to say that this is clearly a multifaceted complex business. And I would like to commend the way you've been inclusive, honest, sincere, confident in your strive to improve the business for all of us. The interest that's been generated is quite clear. Look at the number of people you have here.

### **Peter Hearl**

Well, thank you for those kind words.

### **Shareholder**

So the other thing is that in being transparent, I would like to see, and I think pat others, that the name certainly along the top table also show your role in the business. That is part of transparency so that later on, when there are lots of people to see the person we want to speak to. Not only that, but I think badges should be worn. Name and role. We can then go to the person who is probably best able to answer the question or we can be directed by that person to say, well, this person might be more appropriate.

**Peter Hearl**

Thank you for that suggestion. Appreciate it.

**Shareholder**

The other thing is maybe – this is the answer to another lady's question that maybe a map would help to show where the stores are in other states or around the country, accommodation. I think there was a comment from Chair about not giving too much information away to competitors.

**Peter Hearl**

We're not trying to hide our locations from our customers. But I actually think a lot of that information is on our website, isn't it? It is available on our website, but...

**Shareholder**

No. I'm talking about here in the meeting. This is our chance to see and to hear.

**Peter Hearl**

Okay, good thought. We'll take that on board.

**Shareholder**

And the other thing is, as we mentioned, Page 4, Page 8, this Endeavour go. It's also been mentioned in the meeting, but what is it? I still don't understand. Maybe it needs a definition and then an example.

**Peter Hearl**

Okay. If you'd like, I can ask Steve to give a very brief explanation of our group optimization program, which is all about cost optimization and rightsizing the organization for...

**Steve Donohue**

Thank you for the question. And Peter is correct, that is exactly what it is. So it's group

optimization, which is, in effect, the removal of costs from our processes across both our retail outlets and our hotels as well as our support office. What we've talked to the market about is the – what we think good beginning progress across the last couple of years where we've progressively removed \$30 million and then \$60 million in costs and our aspirations going forward to continue to drive efficiency through optimization across the group. So it's really about how we become a more efficient business.

### **Shareholder**

Can you give certain example — *indiscernible* — in order to achieve this.

### **Steve Donohue**

Yes, certainly can. So we look very closely at the processes that are undertaken by our teams in the stores or the hotels that they're operating. And then we work to help them with technology and better rostering, streamline their processes so that we don't have wasted team hours in a pub or a bottle shop. And we also optimize things like our supply chain to make sure that our trucks arrive on time, and that time aligns with the team being there to unload them and so on and so forth. So it's all nature of efficiency steps that we take inside the retail and hotel operations.

### **Peter Hearl**

Thank you. Are there any more questions? Microphone, five.

### **Attendee**

Mr. Chairman, introducing Roger — *indiscernible* — as a shareholder.

### **Peter Hearl**

Good morning, Roger. Happy Halloween.

### **Shareholder**

Same to you, sir. Chairman, my comments are going to take 5 minutes. Do I have the

leave of you and the shareholders to speak for 5 minutes, please.

**Peter Hearl**

Sure.

**Shareholder**

Chairman, first of all, I must say that I want to disassociate myself with your demeaning comments about the Mathieson family. They're demeaning to me. I stand as an independent, informed shareholder. Mr. Wavish is also independent. There is no attempt to get a greater control on the board and your demeaning comments are without evidence and insulting, and I find them deeply insulting.

And deeply insulting to Mr. Mathieson, who has made a great contribution to this company as has his son. And so there's no one in this room that knows that better than me. Chairman, I am very disappointed, I need to stand and speak. I feel obligated to do so in the interest of all shareholders, particularly small shareholders, of which course I am one. My fellow shareholders will no doubt have a view whether I have the credibility to say what I'm about to say.

I'm very sorry, you failed to see the lifeline to you personally and to our company that it was extended in Bill Wavish's nomination to this board. You have chosen not to support Bill's nomination. He would no doubt have been elected today, had you and our company – and you and our company would have got for following. We would have got a top financial man to replace the sad and great loss of Collins story. We would have got a director so that knows the business and industry extremely well, who was with me when or shortly after we purchased Dan Murphy and later the hotel deal.

And of course – which, of course, facilitated the company that we have today. He has more knowledge of this company and industry than yourself, Chairman, and any of your

colleagues on the Board with the exception of Bruce Mathieson Jr., who, of course, knows the hotel business. He would have helped you sir, regress the balance between management and the Board that is so evidently necessary. He would also be very helpful to you in managing your shareholder relations as you clearly have a problem with.

He would have provided thought affecting the changes so urgently necessary in the fundamentals of this business. But Chairman, you chose to oppose Bill Wavish's nomination right from the go word go. So anxious were you to oppose his electives that you violated the ASX rules and had to be publicly corrected. A great embarrassment to our company. Further Chairman, you chose to send out a letter to all shareholders that are cost, I'm told of somewhere about \$800,000. Here's the letter, went to everyone. You've all probably seen it.

And what it says is 3 things. It tells us we've got a big company. We already knew that. But this company going back in a share price of 40% decline. He then demeaned Bill Wavish, and then he said, our senior shareholder couldn't be trusted. Information, sorry, you selected information too. The only difference between your selected information as you go back prior to incorporation of this company, the Mathieson information is subsequent to incorporation and therefore, a lot more relevant. You refer here, sir in this pamphlet to a strong performance. That's not correct.

Bruce Mathieson has told you that the hotels are not performing. That's why, so you might be having trouble. If I was a shareholder, and I had 500 – I've lost \$500 million, I think I might have a bit of trouble with the Chairman myself. I have said and others have said that the retail business has completely lost its way and that it has, and I could talk at some length on that. The health of – the key health figures for any retail company are the following. These are the key variables. I speak as a retailer with a little experience.

First of all, comp stores are a vital measure of growth. Our comp stores adjusted for in-

flation are badly negative. Our absolute sales growth adjusted by inflation up 4%. Our market share has been significantly lost. And in those market figures is a very large increase in the liquor part of IGA, not the food part, sir, the liquor part. Cost growth relative to sales, costs have been growing consistently above sales. That is a disaster. It can only erode profitability. But in this company, this has been addressed by increasing margin and reducing competitive – our competitive stance, particularly dangerous for an everyday low-price retail.

By any measure, our stock efficiency is very poor affected no doubt in part by pedicel stocks, a lot of which appear in our stores in very prominent positions. We – here, we have a world-class loyalty scheme. If this is the case, with all these numbers you quote, why aren't our sales going up? Our sales are, by any measure, are pulling. As a result of these, sir, denied facts, our share price has dropped a massive 40%, \$6 billion. Everyone in this room has lost 40% of the value of the — **indiscernible** — \$6 billion. That's not something that we try to fix. It's got to have fundamental reasons that caused it.

And remember the share price has got nothing to do with COVID, Mr. Andrews, any regulations. It is an estimation of forward earnings. The market is saying your earnings are worth x amount, which has lost you and me shareholders \$6 million. The Chairman says business as usual, no problems. However, sir, I put to you the numbers informed opinion of which I'm one, and I think meant Mr. Mathieson and other, and the share price say big problems. Sir, if you say, as you are, there are no problems. We're trying to fix a few little things. You indeed become the problem.

And you have disfranchised yourself as our Chairman. And you say I should go immediately and let someone else take the chair, who does recognize we have serious problems. Surely a prerequisite to fixing them. And – surely a pretty requisite to fixing them is to acknowledge we've got the problems in the first place. We need someone who knows

we've got a problem, who's got the experience and skills necessary. With respect, sir, you clearly do not have those skills. These issues — ***indiscernible*** — business seriously take it from me on a day-to-day basis.

We have no time to lose in fixing them. We need to act immediately. Accordingly, sir, you need to go forthwith. That is at the conclusion of today's meeting, I call for your immediate resignation.

### **Peter Hearl**

Well, thank you for those kind words, Roger. I'm sorry. Look, I also note your comments. I prefaced your comments with the fact that you've got very close family ties with the Mathieson family. In terms of – I'm not – we have – Roger, I'm not going to get into a public debate about this. The reality is that Mr. Wavish didn't go through our external processes for NED selection. We offered him the chance to go through that process. He refused.

We have questions about his independence, the relevance and currency of his experience, whether it's in modern ESG governance terms or we live in a digital age these days, and it's been some time since Mr. Wavish has been a listed company director. We also questioned his commitment. We – spec requires us to have NEDs who are prepared to stand for 2, 3-year terms. Mr. Wavish was only prepared to commit to one.

In terms of the ASX issue, we're always happy for Mr. Wavish to stand for election, but we recognized under our constitution that he couldn't – the motion couldn't be put to the meeting, if he didn't have his regulatory approvals. And our company secretary has worked feverishly to work to get in those approvals, which I'm pleased to say he has got. And so we're able to put his election today on an unconditional basis. In terms of the letter that went out to shareholders, it costs nowhere near \$800,000. That's a total misnomer. I can't imagine how much money the Mathieson – Bruce Mathieson Group has spent on

getting their messages out to communicate out to shareholders.

It's important that all shareholders have a fair and accurate representation of what the facts are. In terms of selective information, I stand by the comments we've made, F '20, F '21, F '22 were all impacted by COVID, which distorted any meaningful comparison. The most meaningful comparison is F '19, and we've grown at a compound average growth rate of 4% in our retail business. And that's right in line with our next nearest competitor. So our market share is pretty much where it was pre-COVID. That's a fact. Our retail – in terms of retail, yes, I agree with you on comp store sales, and that's an area that we've got to put focus on.

But that's something that we're addressing. And I'm pleased to say that in the most recent quarter, we've seen comp store sales growth. We're very focused on market share and we'll continue to be as we always have been. In terms of costs, we've had – first of all, we had to stand up a publicly listed company, and that cost a significant amount of money, and that was all outlined in the demerger booklet. We also have to reopen our pubs following COVID, and there was significant costs associated with that, and that's embedded in the comparisons you're referring to.

We're all about balancing sales growth, margin growth and cost management. And we've been able to improve our margins by a combination of better buying, premiumization that I've talked about and via the use of our Pinnacle range of products, which has brought considerable innovation to the category. And I'd also mention that Pinnacle is not taking up shelf space in our stores that would otherwise be available to other brands, far from it. We offer great range and great value. And Dan Murphy's everyday low prices, a clear winner with the customers. 90% of Dan sales come from Dan – my Dan members with a 79% scan rate. We've grown my Dan's membership by a compound 23% since F '19.

So this is a very powerful brand, and I disagree with most of the things you've said. And

I certainly disagree with the fact that I said it was business as usual. Never. I never said it was business as usual. I've said — *indiscernible* — providing great governance and focusing on disciplined capital management, disciplined cost control and growing profits ahead of sales. So I appreciate your comments, but obviously have significant disagreements with them. And I don't intend to step down. I've elected as Chairman of the Board and will continue to do so. And I'm very committed to making sure that we work through the dispute we have with the Bruce Mathieson Group and we'll be doing so as expeditiously as we possibly can. Thank you. Are there any other questions in the room? Microphone five?

### **Operator**

Reintroducing Peter George, Chairman.

### **Attendee**

Interesting that the accounts don't break out the gaming revenue in the hotel segment when it's available, if we were to troll through the regulatory authorities around Australia. I think it probably highlights that if they were broken out just how appallingly food and beverage operation is traveling. But I really wanted to readdress the question of the acquisition of wineries and vineyards and so forth in the Pinnacles division. I know wealthy families who have family controlled wineries, I think it's in the Margaret River region super premium. They run it themselves, their hands on. They've got no debt, and they're not making any money, that we're going to make 15%. How are we going to do that as a public company with all of the overhead infrastructure that we've got when they can't do it, hands on?

### **Peter Hearl**

Steve, if you want to respond to that, the business case is the business case. We're tracking the business case. And so far, the acquisitions in wineries are delivering. I mean I can't

respond to a lack of data. I can't respond to an opinion.

### **Attendee**

I bet you went a few years, we're writing them off.

### **Peter Hearl**

I doubt that. That's your opinion. Well, it may not be here, but I'll still own my 75,000 shares. Okay. Any other questions in the room? If not, then I'll turn to the telephone. Are there any questions on the telephone?

### **Operator**

There are no questions on the telephone at this time.

### **Peter Hearl**

Okay. Are there any online questions?

### **Attendee**

Chairman. This question is from Mr. Maine. Well done for voluntarily getting ahead of the reduced operating hours in Victoria before the start on 1 July next year. But why is Endeavour still advertising the old hours? Still advertising 9 a.m. to 5 a.m. And the Doncaster hotel this morning still have big signs, saying 8 a.m. to 4 a.m. If 20 hours a day is gone, please change all the signs. Or is this just a temporary move as Endeavour lobbies against reducing Australia's longest pokies operating hours?

### **Peter Hearl**

Well, thank you, Mr. Maine. And no, it's not a temporary move and we're not lobbying against the – I assume that even though our hotels have now closed earlier hours, the – we're still working through the implementation of the change of signage and we'll progressively update those signs. I also note that there's been change of signage regulations in New South Wales and a lot of hotels in New South Wales, not ours, but a lot of other

hotels have not yet changed their signage. So thank you for the question. And rest assured that we'll expeditiously get those signs change as soon as we can. Are there any other online questions?

### **Attendee**

Chairman, the next question is from Ms. Gil. How can shareholders put faith in the future of Endeavour as clearly the shares are well below where they should be? What can you do moving forward to improve share prices? As clearly you don't care about the shareholders, big or small.

### **Peter Hearl**

Well, we care about every shareholder, we're very conscious of the recent share price and are disappointed as you are. Both the Board and management team acknowledged there is more to do, and I've already covered that in my address. As I said in my opening remarks, we are laser-focused on disciplined capital management, prioritization of that capital and cost optimization to drive shareholder value against the challenging macroeconomic backdrop that we've got.

In terms of your question around poker machines, poker machine numbers are regulated by state. They vary from state to state. And we tend to have as many AGMs in our hotels as are allowed by the state regulations. Thank you for your question.

Are there any other online questions? Okay. Well, there being no further general questions. I'll now move to the next item on the agenda. I'm sorry?

### **Attendee**

There is a question from Mr. Fernandez. Are there any plans for Endeavour to further diversify into other ventures, which would increase future profits for Endeavour Group?

### **Peter Hearl**

Let me say, we're very focused on – we're not opportunity limited. We're not capital limited. Our growth opportunities exist across the 2,000 communities, which we already serve, and that includes continuing to improve and upgrade our store and hotel networks, continue to expand our store and hotel networks, continuing to improve our customer experiences via new offerings and product innovation and technology and increasing our e-commerce trade. We've got a wonderful platform for our retail business, and we intend to expand that into the hotel business.

And we've got the Pinnacle range of products, which I mentioned earlier, which provide a great platform of innovation. We also believe that we've got opportunities to grow our international wine export trade, this is the – tariffs in China come off and the other significant opportunities arise. And we're always looking at adjacencies to our existing business, whatever that may be. We have a regular interface between Board and management to look at strategies and how we can grow the business down the track. So thank you for your question.

### **Operator**

Chairman, the next question is from Mr. Maine. This is a financial accounts question. Will the December Investor Day finally see Endeavour disclosed the gross gambling revenue our circa 12,500 poker machines, which is arguably the world's biggest poker machine fleet within a single corporate entity? Star, Crown, Tabcorp and Red Cape all disclosed this figure. Could the auditor comment as to why he doesn't insist on this metric being disclosed as a pivotal metric for public investors. Is it true that gamblers are losing more than \$1.5 billion a year at our 300-plus pokies pubs?

### **Peter Hearl**

Okay. Well, I don't think – Jamie, do you want to say anything on that? I'm not sure that's appropriate, but up to you.

## **Executive**

Yes. Thanks, Stephen, for the question. Essentially the accounting standard doesn't require or doesn't insist on disaggregating our revenue. And then – and essentially, the next place we would look is the segment disclosure and it falls below that level. It just falls below every disaggregation level, so it's not required to be disclosed.

## **Peter Hearl**

And look, I just want to emphasize what I said earlier. We'll continue to review all our disclosures with the aim of providing stakeholders with whatever adequate information they have. But at the moment, we just don't think it's appropriate. We may change that point of view in the future. Thank you for your question.

## **Operator**

Chairman. The next question is from Ms. — *indiscernible* — How does the decision by Endeavor to implement the early reduction of gaming trading hours align with the target of delivering better returns and growth?

## **Peter Hearl**

Well, the decision was taken in line with our aspiration to lead in responsibility. We took that decision consciously. We knew what the likely financial impact was going to be. It was assessed to be minimal. And to date, that's been the case. And I can say no more than that. But we are the largest operator of hotels in Australia. And with that comes the responsibility to ensure that we aspire to leadership. And if we're going to lead, we better lead. Thank you for your question. Okay. There are no other general questions, I'll move to the next item on the agenda, which is item 2, and that's the election of 2 Board endorsed directors.

The resolutions will be dealt with separately. The Notice of Meeting contains details of each director's background and experience, and I won't repeat all of those details to-

day. Each director will briefly address the meeting regarding their candidacy. Item 2(a) is the election of Bruce Mathieson Jr., who in accordance with the constitution retires as a director and offers himself for election. Bruce has been a Director of Endeavour since November 2022 and is a member of the People, Culture and Performance Committee, the Transformation Committee and the Nominations Committee. Bruce represents the interest of the Bruce Mathieson Group, a substantial shareholder of Endeavour.

He has extensive understanding of the hospitality industry and the management and operation of our hotels business, having been the Managing Director of hotels before becoming a Nonexecutive Director. The Board does not consider him to be an independent director, given he was employed in an executive capacity at Endeavour until June 2022 and his connection to the Bruce Mathieson Group. The Board, except for Bruce, recommends the election of Bruce Mathieson Jr. and I'd now invite Bruce to address the meeting. Bruce?

### **Bruce Mathieson Jr**

Thank you, Peter. Good morning, ladies and gentlemen and fellow shareholders. This is a great company, a sensational business. I have worked in it since day 1, and I'm very proud to say I've worked in it since day 1. From the creation of ALH and the joint venture with Woolworths to the Endeavour Group that we know today. I started as a National Operations Manager and became the Managing Director of the hotels business. I'd like to think that I have played a significant role in building this business to what it is today.

We have extraordinary assets, unmatchable licenses. Great properties and great people. We have enormous potential, and I have tried my best to drive performance. You've probably just witnessed that I've struggled to get some traction on that. Should you choose to support my election as Nonexecutive Director, be assured that I'll be trying my best every day to make the best of the assets that we have. Thank you.

**Peter Hearl**

Thank you, Bruce. Are there any questions on the election of Bruce Mathieson Jr.? Microphone three?

**Attendee**

Chairman, I would like to introduce Julianne Mills.

**Shareholder**

Can Mr. Mathieson speak to the meeting about how he contributes to the Board? His views on the strategy of the company, how he will work with the current board if he's used to not align and how will you all manage any conflict of interest with BMG? And does Mr. Mathieson support the current CEO and Chairman and has BMG purchased shares during the last month?

**Peter Hearl**

Bruce, feel free to answer that.

**Bruce Mathieson Jr**

A few questions there. Of course, being a director, we're bound by the purchasing requirements of being a director. So we haven't been able to – or the BMG shareholding entity hasn't been able to purchase any shares. In regards to the current Board, CEO and Chairperson, I think that's best left behind closed doors as we work through some of the issues that we have, but I certainly have – and I think we share great aspirations for this business. We obviously are working to define that. And your further question, sorry.

**Shareholder**

There was a question around the strategy and whatever conflicts you might have with that?

**Bruce Mathieson Jr**

Obviously, the strategy doesn't probably align to where I think the potential of this business is.

### **Shareholder**

Could you expand on that?

### **Bruce Mathieson Jr**

Again, I think that's better to work through at a Board level. But I think the share price would reinforce where we are that it's – I think it has a lot more potential than where we're operating. In regards to independents, the Board has very clear conflict of interest guidelines, and I have abided by those at every time. And we'll continue to do so.

### **Peter Hearl**

Microphone six.

### **Attendee**

I'd like to introduce Mr. Stephen — *indiscernible* —, a shareholder.

### **Shareholder**

Mr. Chairman, Mr. Mathieson. What actions do you think need to be taken to improve the performance of Endeavour?

### **Bruce Mathieson Jr**

This is a simple business at its heart, and I won't go into details because it wouldn't – it wouldn't do justice to the complexity and the issues that I think Mr. Corbett alluded to. Needless to say, I think I would like to see a large degree of accountability coming to all areas of the business. Thank you.

### **Peter Hearl**

Are there any other questions in the room? Are there any questions on the telephone?

**Attendee**

There are no questions on the telephone at this time.

**Peter Hearl**

Are there any online questions?

**Attendee**

Yes. Chairman. This question is from Mr. Maine. Chairman, we have removed an irrelevant part of the question. The Mathieson family's investment performance – apologies. Could Bruce Mathieson Jr. comment on whether the family have pledged their \$1.35 billion worth of Endeavour shares to receive bank finance to buy Star shares and how much leverage the stake has. Could the Chair and CEO comment as to whether the Mathiesons have been pushing deals between Endeavour and Star?

**Peter Hearl**

I'll answer the last part of that question. Look, I think I can't speak for the Mathiesons, but I think from memory, Bruce Sr. did raise the question that we discussed at a board level as to whether or not there was interest in us looking at the Star. We decided that we had too much on our plate, so we didn't pursue that and haven't done so since. But I'll let Bruce answer the question on the \$1.35 billion.

**Bruce Mathieson Jr**

No. We haven't – there's no crossover between our investment in Star and Endeavor.

**Peter Hearl**

Okay. Are there any more online questions?

**Attendee**

Chairman, the next question is from Mr. — *indiscernible* — Given Bruce Mathieson Sr's, undoubtedly expertise and business acumen in hotels, why has the Chairman repeatedly,

publicly disparage him and the many Endeavour shareholders who support Mr. Mathieson Sr and Jr.?

### **Peter Hearl**

Well, firstly, I haven't disparaged Mr. Mathieson Sr. I have argued against the sentiments that the Bruce Mathieson Group have been expressing, and I'll put them more to say on that matter. Thank you for the question.

### **Attendee**

Chairman, the next question is from Mr. Maine. Bruce Mathieson Jr. has 2 sisters, Deborah and Jodi, who are both married to top 10 Victorian hotel operators, a Dave Tomsic and Gianni Grollo, respectively. Given that Bruce Mathieson Sr. also manages pokies — *indiscernible* — in his own name, could Bruce Mathieson Jr. explain how conflicts are managed when both his dad and 2 sisters are competitors of Endeavor in the Victorian pokies market? Is Bruce Sr funding his daughters into the Victorian pokies market competing against Endeavour? Can Bruce Mathieson Jr. explain what is going on?

### **Bruce Mathieson Jr**

I'll try the best. No, no, clearly, family wise, we do not finance my – other members of my family at all, being very clear about it. And going back to the issue raised before, the Board has clear governance guidelines around conflicts of interest, and I abide by those at all times, and we'll continue to do so.

### **Peter Hearl**

Thank you for your question. Is there any other online questions?

### **Attendee**

The next question is from Mr. Singh. Why does Bruce Mathieson Jr. have to be reelected when he and his dad only want the growth of the business? Should the whole Board be

reelected on the same token?

**Peter Hearl**

Well, firstly, look, all the independent NEVs, including myself, are here to serve all shareholders and not just select noisy few. The Board was part of one of the largest demergers in Australian history. It's not about any one director. It's about a diverse group of views around the Board table. The independent NEDs are a diverse group, and we constructively challenge management, and we're absolutely committed to good governance and the delivery of solid results. Thank you for your question.

**Attendee**

Chairman, this is the last online question. The following question has been received from Mr. Maine and has been amended to remove inappropriate content. Board's required teamwork and Bruce Mathieson Jr. has been publicly criticizing the operation of the Board. Of course, he wasn't going to be invited to the Board meeting to work up a response to his father's campaign against the company. In light of this irresponsible behavior, will Bruce Mathieson Jr. agree to retire from the Board if a suitable replacement such as Ross Blair-Holt is accepted by the other directors to represent the Bruce Mathieson Group's 15% stake in Endeavour?

**Peter Hearl**

Bruce?

**Bruce Mathieson Jr**

Too young to retire, Stephen.

**Peter Hearl**

Thank you for your question, Stephen. Are there any other online questions?

**Attendee**

There are no further online questions at this time.

**Peter Hearl**

Okay. Well – sorry, we've got a question in the room?

**Attendee**

Chairman, I would like to reintroduce Julianne Mills.

**Peter Hearl**

Julianne, let's try and make it brief.

**Shareholder**

Yes, very quick. — *indiscernible* — would like to hear from Mr. Storrie around his reasons for abstaining from the vote.

**Colin Storrie**

Well, two reasons. I've never met Bill, and I don't make an opinion when I don't meet people. Secondly, I didn't think it was appropriate because I was leaving the Board.

**Peter Hearl**

Thanks, Colin. Okay. Questions in the room? No more online questions, no more telephone questions. Okay. Given that, I'll now put the resolution to the meeting. Displayed on the screen are the details of the direct and proxy votes received in relation to this resolution. For those in the room, please now mark your voting card in relation to item 2(a), Bruce Mathieson Jr's election. For those online, if you wish to cast a vote, please click the submit button. I'll just pause a while that voting takes place.

And we'll now move to Item 2(b), which is for the reelection of Rod van Onselen who in accordance with the constitution retires as a director and offers himself for election. Rod joined the Board in June 2023. He's a member of the Audit, Risk and Compliance Man-

agement Committee, the Transformation Committee and the Nominations Committee. Rod brings to the Board deep experience in digital innovation, technology and business transformation as well as business growth strategies. The Board considers him to be an independent director. The Board, except for Rod, recommends the election of Rod van Onselen, and I'd now invite Rod to address the meeting. Rod?

### Rod van Onselen

Thank you, Peter, and good morning, everyone. I feel really privileged to be here seeking election as a Director of Endeavour. Over the past 25 years, I've held a variety of executive leadership and advisory roles in a variety of different businesses, most recently as the Chief Digital Officer at Origin Energy, before that, Sportsbet, ANZ and — *indiscernible* — And what I've drawn to each of these businesses has been a real focus on leveraging digital data as well as technology and marketing capabilities to help transform and grow businesses. It's what I love doing.

I'm currently a senior adviser at TPG Capital, where I lead the operations capability across Australia and New Zealand. And I get a great pleasure of working with the C-suites and Boards of TPG Capital's portfolio companies to help them grow, by transforming the businesses and achieving big step changes in performance and growth. I'm also a Non-Executive Director of Tucker Holdco Proprietary Limited, which operates the Made Group. The Made Group is a producer of innovative food and nonalcoholic beverage brands across Asia Pacific.

So with all of that, I believe my extensive experience in digital innovation, technology and business transformation will be highly relevant and provide insights to Endeavour, its board and our strategic agenda. And I look forward to contributing also my skills to the recently formed transformation committee that oversees, the One Endeavour transformation that's helping build a new business and technology platform for the business.

It's a great fit for my skills and look forward to contributing to the program. So with your support, I hope to serve and look forward to serving as the Director of Endeavour.

### **Peter Hearl**

Thank you, Rod. For those in the room, please move to a microphone if you have a question or comment. Are there any questions in the room? Microphone six.

### **Attendee**

I would like to reintroduce Mr. Stephen — *indiscernible* —, a shareholder.

### **Shareholder**

Mr. van Onelsen, I put the same question to you, what actions do you think need to be taken to improve the performance of Endeavour?

### **Rod van Onselen**

Thanks for the question. One of the great pleasures I get working, not only at Endeavour, but a lot of the businesses at TPG is we focus on a number of things that always matter in businesses. Sales growth, creating more efficient businesses through cost and as well as capital efficiency and management. And I think my skills can actually contribute to all those areas. So definitely, my focus over the past years has been business consumer growth of businesses. And then also from an efficiency and cost reduction perspective, the One Endeavour transformation is a big program of work that I'll be heavily involved in.

### **Peter Hearl**

Thanks, Rod. Are there any other questions in the room for Rod? Or around Rod's reelection? Okay. Are there any questions on the telephone?

### **Operator**

There are no questions on the telephone at this time.

**Peter Hearl**

Are there any online questions?

**Operator**

There are no online questions at this time.

**Peter Hearl**

Okay. Displayed on the screen are the details of the direct and proxy votes received in relation to this resolution. For those in the room, please mark your voting card in relation to Item 2(b). Rod van Onelsen's election. For those online, if you wish to cast a vote, please click the submit vote button.

[Voting]

**Peter Hearl**

Okay. The item 3 is the election of non-board endorsed director candidate, Mr. William Wavish. Item 3 note that Mr. Wavish is a self-nominated and nonboard-endorsed candidate. The Notice of Meeting contains the details of Mr. Wavish's background and experience as provided by him to the company. As advised earlier, Mr. Wavish has received all the necessary regulatory approvals to meet the eligibility criteria in Endeavour's constitution to be elected as a Director of Endeavour at this meeting. The resolution will be put to shareholders as set out in the notice of meeting.

The Board recommends that shareholders vote against the election of Mr. William Wavish, Bruce Mathieson Jr. supports Mr. Wavish's nomination and as you've just heard, Colin Storrie did not take a position on his nomination. I'd like to invite Bill to address the meeting, and Bill, if you can step forward to the microphone here. Thank you.

Feel free to address the meeting, Bill, if you like. Feel free to address the meeting or...

## **William Wavish**

I'm just going to take good morning to you and CEO, Steve and all the directors. I'll turn to you in a second, please. And take — *indiscernible* — as well. And thank you all who supported me.

## **Peter Hearl**

Requesting – it's just going to be disruptive. Please proceed, Bill. I said, please proceed as you'll plan to do. No, I don't have to accept the point of order. Thank you.

## **William Wavish**

And thank you all who supported me with their votes and for their many messages of support and particularly those that worked with me at Woolworths. Dan Murphy, BWS and ALH Hotels are rich businesses that I know well. I nominated for a position on the Board of Endeavour Group because the share price was dramatic and clearly help was needed.

I felt confident that as a Director of Endeavor based on my skills, experience in this company and indeed the industry, I could provide and add help and support. Dan Murphy reporting to me, grew from 7 Melbourne stores to a national category killer giant with an international reputation. BWS was formed to rationalize hundreds of midsized bottle shops under one profitable brand, obviously, BWS. And from a standing start, Australia's largest pub chain was assembled.

These developmental years set the strategic and operational principles which became the basis of the success of this business for many years. Chairman, you have chosen not to support my nomination, and that has resulted in the non-executive directors and the proxy advisers following your lead. For without your support, it means that my election will probably not eventuate. Thank you.

**Peter Hearl**

Thank you, Bill, and thank you for the contributions you've made in the very early days of Dan Murphy's, BWS and hotels 20-odd years ago. And I'd emphasize that it wasn't just my decision not to endorse you. It was the Board. Anyway, are there any questions from shareholders on this resolution related to Mr. Wavish's election? Number six.

**Operator**

Thank you, Mr. Chairman. I would like to reintroduce Mr. Stephen — *indiscernible* —, a shareholder.

**Shareholder**

I'd like to ask Mr. Wavish why he was not prepared to stand for more than one turn on the board?

**Peter Hearl**

Feel free, Bill.

**William Wavish**

Thank you. Yes, I'd like to have that — be able to explain that all over again. What happened was within a week of putting my application in to join the Board, I was interviewed by the Chairman and 2 executives. They explained that they were — had a search process with — *indiscernible* — to find 2 and load 3 new directors. And would I consider joining that process because the process was going to go on, as the Chairman said, at least until quarter 1 next year, and I was already on the agenda. And frankly, I believe and the shareholders making these decisions, not the Board making it among themselves, then I declined that and stayed with the application that sees me unsuccessfully here today.

In that interview, the 3 directors handed me 2 sheets of paper, which I believe was drawn up in consultation with Russell Reynolds, but I don't know that for sure. And it had from

memory 29 characteristics. You had envisaged 2 positions. One position was a financially based one. One was more marketing and a number of general attributes, and they waited 5 minutes while I read each and every one of those attributes.

And in my biased opinion, I felt that there wasn't one of those that I could not accept. International experience, finance, hotels, gaming or 28, 29. But the 29th one said, will you be prepared to stay for 6 years and put up your hand to become Chairman? And I said I didn't want to do that. I felt that Woolworths have only taken 4 years to turn around. My 3 years, and I believe then and today, this business can be turned around in 2 years. And I don't feel a need to stay any longer. That was interpreted as being – it was interpreted as being saying, well, after 2 or 3 years, you're going to go off. I'll stay as long as I would have stayed. As long as is necessary to do the job.

I just don't think it's as difficult for some of the other ones. And I believe I could work cooperatively and collegially with the Board, but it wasn't to be. If I had my time over again, sir, I would have been more precise in my answer. I think the answer was taken out of context quite consciously. Thank you.

### **Peter Hearl**

Thank you, Bill. I just – I would clarify a couple of points. I think Bill said that were – myself and 2 executives initially, there were 2 other nonexecutive directors in that meeting. It wasn't an interview. It was a meeting. It was the first time we met Bill. And we were very explicit about indicating that we were looking for directors that were prepared to stay on the board for two 3-year terms, preferably three 3-year terms if they're still contributing but a minimum of two 3-year terms. And we asked Bill that question a couple of times in these very specific response was, I guess I don't check that box.

So I don't think there was any confusion in terms of what was being asked, but be that as it may. Are there any other questions in the room? Microphone six.

**Operator**

Thank you, Mr. Chairman. I would like to introduce Mr. Owen Sherman.

**Attendee**

Thank you, Mr. Chairman. Before I comment about Bill Wavish, I think I heard some comments earlier about a decrease in the sales of alcoholic drinks. If that's correct, this could probably be offset by sales of nonalcoholic drinks as I have had to do in recent times. That's just aside. As far as Bill Wavish is concerned, I don't know the gentleman, but I would see him as being a Woolworths connection rather than a Mathieson connection.

Bill, as we all know, has had a long and extensive connection with Woolworths and I think he was very successful in that area. So I would see him as being – even though Woolies hasn't directed their proxies in his direction, I would see him more as Woolies representative rather than a Mathieson representative.

**Peter Hearl**

Thank you for your comment. Interesting enough, if it was a Woolworths connection, that would still mean that it was not independent. So thank your point. Are there any other questions or comments in the room? Are there any questions on the telephone?

**Attendee**

There are no questions on the telephone at this time.

**Peter Hearl**

Okay. I'm just pausing because it looks like we might have a question in the room?

**Attendee**

More a consideration, where you referenced the – looking for other do and the Board who seemingly interview them consider looking to Chief Executive Women and some of the multicultural and indigenous organizations when you are recruiting new directors so

that potentially it becomes a more inclusive board to look at the social aspect that the group is focusing on?

### **Peter Hearl**

No, absolutely. Look, we're color blind, gender blind, our specifications. In fact, we really would like to have our Board. We're very committed to gender diversity, and we're – as I said, we're color blind and gender blind. So – there's no – there should be no barriers. It's about getting the right qualified people on the Board, and that's always the case.

And yes, I'm very proud of the fact that we've got 2 very high contributing women on the Board today. I'd like to see another couple, our 40-40-20 mix. So at least 40% men, 40% women and 20% either/or and that's not going to change. We hold ourselves to that standard. Thanks a lot. Are there any other questions in the room or any telephone questions?

### **Attendee**

Chairman. This question is from Mr. Maine. Could Bill Wavish, please disclose his full financial history with the Bruce Mathieson Group. The Mathieson have a long history of bringing well-connected individuals into private hotel ownership syndicates. Has Bill ever participated in a Mathieson family hotel syndicate? And how much have the Mathieson invested in his current campaign to join the Board? Also would describe his relationship as being closer to Bruce Mathieson Sr. or to Bruce Jr.? And does he believe he can serve Endeavour independently over the Mathiesons?

### **Peter Hearl**

Bill, would you like to approach the microphone and answer that question or those questions?

### **William Wavish**

I'm not even sure at all if they relate to me, to the extent that your first question relates to me, I haven't done any of the business joint ventures with — *indiscernible* — Indeed, I haven't personally seen Bruce up to this day for 12 years. So there's no close relationship. I admire him. I don't know Bruce Jr that well, but I've come across them but not done any business with him.

### **Attendee**

Chairman, the next question is from Mr. Singh. Why is the Board so against the appointment of Mr. Wavish? And why does it feel that it's against the better of the group since the share price has dropped so low?

### **Peter Hearl**

Well, as our concerns about Mr. Wavish is one that he wasn't prepared to go into the external search and compete for the roles with other candidates. We have questions about his independence, the currency of his experience – his business experience, notwithstanding that 20 years ago, he did obviously, a very good job in the early days of the brands to which we're now the owners of. And we have already addressed the concern over the commitment time frame.

Bill, at that stage was quite adamant that he was only prepared to serve 1 term. And as I said, he said, "I don't check that box." So they are the major reasons. Thank you for the question. Are there any more online questions?

### **Attendee**

Yes, Chairman. There's one more online question. The next question is from Mr. — *in-discernible* — How does Mr. Wavish propose to rein in cost blowouts within Endeavour? The group in personnel has increased substantially and is impacting the bottom line. In addition, staffing at venues has impacted service?

**Peter Hearl**

Bill, do you want to address that? Could you read the question again?

**Operator**

Yes. The question is from Mr. — *indiscernible* —, how does Mr. Wavish propose to rein in and cost blowouts within Endeavour? The group's personnel has increased substantially, and that is impacting the bottom line. In addition, staffing at venues has impacted service.

**Peter Hearl**

Okay. Bill, Yes. I'll read it out and tell everybody. How does Mr. Wavish propose to rein in cost blowouts with Endeavour? The group in personnel has increased substantially and impacting the bottom line, impacted service. So that's the question. I might just highlight the fact that when ALH was – until recently, ALH had one above store HR person in the group. And we've endeavored to lever the human resource function across not just the retail function but across the hotel business. In addition to hotels, still use a lot of manual recordkeeping, manual reporting and the like, and we're looking to bring systems to bear in the hotels were address the question.

**William Wavish**

If I don't answer the question, ask me again. Because I'm not 100% sure what it is. How would I reduce costs is sort of the gist, I think, of the question? Is that – does that sound right? I guess when I was in Woolworths, some people in my age around this room may remember a project refresh, and that was to cut costs out of Woolworths, and we cut about \$3 billion out of Woolworths costs in that project. So much so that the Chief Executive been here what you're doing, can you come and do it for me. And so – but it's got to be done with subtlety.

The Chairman sort of refers to my lack of recent experience, although that's never been asked. Up until recently, I've been doing consulting work for retailers in relation to roster-

ing, which is to many pockets of costs. But rostering has a surprising amount of savings to be made in it, if you can understand the union rules and the lunch breaks and what you can do and so on. So there's a lot of things to consider. But the first thing that I would do had the approval come through, would be to talk to the directors.

They've been in the business. They might know as much as I do about retail, but I don't know as much as they do about marketing or certain other things. So you want to, first of all, find out what their views are, view in the market. The labor in Endeavour is too much and has been growing exponentially. And I think that if the Board were to make available to the shareholders for headcount every month harder, I think you have your answer there.

### **Peter Hearl**

Yes. Just let me make a couple of observations. First of all, we did pose a number of questions that – his process of being stood up for election. To date, we're still waiting on answers to those – to answer to those questions. The other thing I'd point out is that in terms of costs, we had standup costs when we became a stand-alone company. There's quite a significant company. In recent times, costs went from – from F '22 to F '23. They went up in hotels because we had to open up the hotels again after they've been closed for a very long period of time in F '22.

So naturally, there's going to be start-up costs associated with that. To the point Bill made, which I agree with, in terms of activity-based rostering, that's a critical part of any retailing operation, whether it's a big box retailer or a small box retailer. And to that end, we've instituted activity-based labor scheduling into all Dan Murphy's stores by now. It's very well progressed in BWS and we're just in the early stages of putting into the hotels business where we think it will reap the significant benefit. Are there any other questions in the room or online?

## **Attendee**

Chairman, there are no further questions online.

## **Peter Hearl**

Okay. There being no further, the resolution that William Wavish be elected a Director. Displayed on the screen are the details of direct and proxy votes received in relation to this resolution. For those in the room, please mark your voting card in relation to resolution of Item 3, William Wavish's election. For those online, click the submit vote button.

[Voting]

## **Peter Hearl**

Okay. The next item, Item 4 is the adoption of the remuneration report. The next 2 items on the agenda relate to remuneration matters. The first of those is the adoption of Endeavour's remuneration report for the year ended June 25, 2023. The remuneration report is included in Endeavour's 2023 annual report. The report outlines our remuneration framework and how it is governed. It also details how we determined reward outcomes for key management personnel in 2023. Endeavour's remuneration framework has been designed to attract and retain talented individuals and to align executive rewards to the delivery of the group's strategic priorities.

The remuneration framework for executives with its mix of fixed remuneration and short-term and long-time term incentives aims at driving business performance in a sustainable — ***indiscernible*** — We take our responsibility obligation seriously. We're very pleased to see that all the proxy advisers and the Australian Shareholders' Association supported the remuneration report resolution. We've embedded our ways of working into our assessment of individual executive performance, and we include a specific leading and responsibility assessment into our long-term incentive plan. In striving the balance to the needs of our shareholders, leave a positive imprint on customers and the broader community,

and to ensure our team are proud advocates of Endeavour, the Board believes that in our reward framework.

If anybody has any questions relating to this advisory resolution, please move to the microphone. Are there any questions in the room? Microphone three.

### **Attendee**

Chairman, I would like to introduce Julianne Mills.

### **Shareholder**

We argue for a longer-term time frames around your long-term incentives. Would you consider that going forward?

### **Peter Hearl**

Look, we benchmark our remuneration framework against company – best company practice and the vast majority of companies of our size and scope have 3-year horizons on the LTIs. And I don't think we've got any intention to relook at that. Thank you for your question. Are there any other questions in the room? Microphone two?

### **Attendee**

Chairman, I would like to introduce — *indiscernible* —, a shareholder.

### **Shareholder**

Thank you, Peter. I have a question, it's more related to all the agenda items. And it is the fact that when you report the voting to the ASX, would you be able to also report how the top 20 shareholders voted on each of those items? We get the – we hear that there's sort of various stuff but for many people who've got shares as part of their – a superannuation fund or a part of other things. We don't really know how our particular fund or that is actually voting on any particular item of business. And it would be very useful if we could see when the — *indiscernible* — how those top 20 shareholders voted

on each of the items on the agenda.

By way of a thing we had – last week, we had the Woolworths AGM. And we have a situation where Woolworths, which is now is the best known or the best most responsible company in Australia, and yet their reporting remuneration report was not bad. And as shareholders, we had no idea of who actually didn't support the remuneration report. What I think is a matter of transparency and it will be good if companies like Endeavour could actually – when they present the final voting to the ASX could actually identify what – how those top 20 shareholders actually voted on those particular agenda items.

**Peter Hearl**

Thank you for your question. But I put out that is got to be done very, very carefully and meticulously so to ensure their accuracy. We released the results as soon as possible following the AGM. But we don't intend to break down as to how individual shareholders voted. And that's in line with most other large companies. Thank you very much. Are there any other questions in the room? Questions on the telephone?

**Attendee**

There are no questions on the telephone at this time.

**Peter Hearl**

Are there any online questions?

**Attendee**

There are no online questions at this time.

**Peter Hearl**

Okay. So there being no further questions on the remuneration report, I now put the advisory resolution to the meeting. On the screen are details of the direct and proxy votes received in relation to this resolution. Again, for those in the room, please mark

your voting card in relation to Item 4, the adoption of the remuneration report. For those online, if you wish to cast a vote, please click the submit button.

[Voting]

**Peter Hearl**

Okay, the grant of performance share rights under the long-term incentive plan to the CEO, Steve Donohue. The long-term incentive plan aims to focus the efforts of participants on achieving superior performance for Endeavour's key stakeholder groups, being you with shareholders, its customers and the community. Shareholder approval is sought to grant a maximum of 451,052 under the long-term incentive plan as part of his financial year 2024 remuneration arrangements.

While approval is being sought for the maximum potential award, Steve will only receive value from these performance share rights after the 3-year performance period and only if the performance conditions are met. Any vesting in performance rights will be assessed by the Board as always, vesting is subject to Board discretion. If circumstances warrant, the board may adjust vesting outcomes, including if they are not considered reflective of actual performance. The performance measure and waiting and vesting conditions are described in detail in the Notice of Meeting.

However, in summary, 40% of the award is subject to a relative total shareholder return measure against the comparator group of 100 – of the 100 largest companies by market capitalization on the ASX over the 3-year performance period. Another 40% of the award is subject to a return on funds employed measure calculated by dividing Endeavour's EBIT by the year performance period, both before significant items. And finally, 20% of the award is subject to a leading and responsibility assessment by the Board against the progress of the initiatives implemented that enhanced the responsible sale, service and consumption of alcohol and the conduct of gaming and management of regulatory

transgressions.

The Board considers that the — *indiscernible* — of effectively rewarding the CEO in a manner that aligns with shareholder interest and recommends with Steve abstaining that you vote in favor of this resolution. Please move to the microphone if you have any questions or comments on this resolution. Are there any questions in the room? Are there any questions on the telephone?

**Attendee**

There are no questions on the telephone at this time.

**Peter Hearl**

Are there any online questions?

**Attendee**

Chairman. This question is from Mr. Maine. When disclosing the outcome of voting on all resolutions today, could you please advise the ASX how many shareholders voted for and against each item. Similar, this will provide a better gauge of retail shareholder sentiment on all resolutions and was a voluntary disclosure initiative adopted by the likes of Metcash, Altium, AUI, Dexus, Webjet, Tabcorp, ASX, AUI and Myer over the past 2 years. This is particularly important given the retail campaign run by Bruce Mathieson.

**Peter Hearl**

Well, thank you for your question. I think I've answered that question or two back. All results will be released as soon as possible following the AGM, but we don't intend to break down on how individual shareholders voted. Thank you for your question. Are there any further online questions?

**Attendee**

There is. This question is from Mr. Maine. Thank you for offering an exclusive and well-

produced hybrid AGM today. Given the interesting discussions across a range of topics today, including this proportional takeover resolution, could the Chair undertake to make an archived copy of the webcast plus a full transcript of proceedings available on the company's website? The likes of 9, AGL, ANZ, Domino's and Lendlease all produced their first AGM transcripts in 2021. Will you follow suit today? This is something IAG has been doing since 2003.

**Peter Hearl**

Well, look, we've published all prior AGM scripts and webcast on our website, and we plan to do the same in 2023. So thank you for your question. Are there any further online questions?

**Attendee**

Yes, Chairman. This is the last online question. Could the CEO summarize his past LTI grants as to whether they have vested or lapsed? Also has he ever sold any ordinary shares in the company or bought any on a market without relying on an incentive scheme to build his equity position in the company? Please don't say look it up in the annual report and through it's complicated and the CEO could actually summarize the situation in 60 seconds.

**Steve Donohue**

I can do it in less. My past grants are publicly available. I don't have them at hand, so I can't speak to them specifically, but no, I've never sold any ordinary shares in the company or bought any on market.

**Peter Hearl**

Okay. Thanks, Steve. Just double checking. There are no further online questions?

**Attendee**

There are no further online questions.

**Peter Hearl**

Okay. Well, on the screen, the details of the direct and proxy votes received in relation to this resolution. Those in the room, please mark your voting card in relation to Item 5, approval of granted performance share rights to the CEO for the F '24 long-term incentive plan. For those online, if you wish to cast a vote, please click the submit vote button.

[Voting]

**Peter Hearl**

Okay. Item 6 is for the renewal of the proportional takeover provisions in the constitution. Endeavour's constitution contains provisions that deal with proportional takeover in accordance with the Corporations Act. The provisions assist shareholders to receive proper value for their shares if a proportional takeover bid is made for Endeavour, and prohibit the transfer of shares under a proportional takeover bid unless a takeover bid resolution is passed by shareholders at a general approving the bid.

The provisions in the constitution are required to be renewed by shareholders every 3 years to continue to have effect. They have been considered now as they will expire on the 21st of June 2024 prior to when Endeavour proposes to hold its next AGM in 2024. This is a special resolution requiring to be passed by 75% of the votes cast. If past the renewal of the proportional takeover provisions in the constitution, it will operate for 3 years from today. The Board recommends you vote in favor of this resolution. Are there any questions in the room? Are there any questions on the telephone?

**Attendee**

There are no questions on the telephone at this time.

**Peter Hearl**

Are there any questions online?

**Attendee**

There are no online questions at this time.

**Peter Hearl**

On the screen are details of the direct and proxy votes received in relation to this resolution. Those in room, please mark your voting card in relation to Item 6, renewal of the proportional takeover provisions in the constitution. For those online, if you wish to cast a vote, please click the submit vote button.

[Voting]

**Peter Hearl**

With shareholders that now concludes discussion on all the items of business on today's agenda. I declare that the poll will close 10 minutes after the meeting closes. Please complete your voting card for each resolution and submit it in the online portal or place it in the poll box with a share registry representative as you leave the room. As mentioned earlier, ASX later today and published on our website. A transcript of today's proceedings will also be available on the website in due course.

On behalf of the Board, I'd like to thank you for your support and your attendance today. For those in Sydney, my fellow directors and I welcome you – would like to welcome you to join us and Endeavour Senior management for a light refreshment in the foyer. For those attending virtually, thank you for your participation in our meeting today. I now declare the meeting closed. Thank you.

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