Dear shareholders

On 21 May 2021 you should have received notice of an Extraordinary General Meeting for Endeavour Beverages Pty Ltd, to be held this coming Monday 14 June 2021 at 12pm via Zoom. The purpose of this meeting is to consider a special resolution that, in accordance with s490 of the Corporations Act, the company be wound up.

I am one of the parties that called this meeting and proposed that resolution.

I strongly encourage you to attend that meeting and vote in favour of the resolution.

Attached to the notice of meeting you should have received should have also been a statement accompanying the resolution explaining why this resolution has been proposed.

A special resolution of this magnitude has not been proposed lightly. As one of the founders of the business, with an intimate knowledge of the financial and legal affairs of the company, and with over a decade of blood sweat and tears put into the business, it's actually with a lot of sadness that it has come to this.

On Monday 24 May 2021 the current board held a "shareholder's information presentation" which, for those of you who tuned in, should have been a good insight into the current poor state of affairs of the company. And if you tuned into the chat on the webinar you may have gleaned some insights into what has, unfortunately, really been going on with the company. If you missed it, then the pertinent facts are these:

In late 2018 the company entered into a crowd funding venture, which closed in early 2019. At that point the company was in a stable state.

Subsequently things deteriorated. In 2019 significant debts were accumulated, cash was depleted – primarily to wages, staff superannuation was unpaid for over a year, significant ATO debts accumulated and misrepresentations made, financial reporting ceased, wage overpayments ran free for a year, and most critically, much of this was concealed and withheld from the board at the time. The recent information presentation confirmed as much, with some $2 million in debts accumulated and no cash.

As it came to light in early 2020, the board (including myself) lost confidence and trust in management at the time. Around the same time we secured $5 million in a deal with Woolworths, which presented an opportunity to properly reset and execute the plans for the business. After a thorough independent legal review, leading to a change of management in May 2020, as we sought to clean up the mess, the previous CEO played a majority hand (26% of 50% voting rights) with a small handful of close friends and associates in removing the then board (myself and the company's other founder, Andy Stewart) and installing his sister in law and best friends father. None of the other 600 plus shareholders were consulted and none of the conflict of interest was declared, until their hand was forced at the recent shareholder presentation

Shortly thereafter, we were terminated with notice of a week or less, offered another weeks notice for silence and a deed of release (which was bluntly declined), while previous management was reinstated, within weeks of their 6 month termination notice period ending, and were installed on full pay and granted significant back pay. If this sounds deeply concerning, it was, and still is.

Since then, as the current board confirmed in their recent shareholder presentation, some $900K in cash has been spent in 6 months. The company has lost its major customer, Woolworths, with no future plans or brand direction. And the Taprooms joint venture has deteriorated to an irreparable state to the extent that there are no Endeavour representatives on the board of the Joint Venture some of the current management have been banned from the venue.

There were a lot of untruths in the recent shareholder presentation. None of this is because of any new brand. There was no $176K spent on a new brand, not even close to that. There was no trademark infringement of any sort. The Woolworths account was lost at the hand of the current board and management, no one else. There was no forecast to spend some $2+ million by March 2021, and there was no need to reinstate the previous 2019 management just to hang on to a liquor licence (which had been revealed to be invalid and was created by the same management). Unsurprisingly, after the recent shareholder presentation, the current Board refused to provide a copy of their presentation or any detail of how they had arrived at these misrepresented amounts.

And there was no opportunity to hear from other parties such as the Joint Venture partner, Applejack Hospitality, for their side of the story. And why the previous management had been forced to stand down from the Joint Venture board in 2019, and been banned from the venue. And how great the Joint Venture had since performed, and been managed under such difficult Covid circumstances, with little or no contribution from the current board of Endeavour as they have no relevant experience. The directors of Applejack have said they would welcome the opportunity to share with shareholders their side of the story.

Sadly, now, cash levels are depleted to $1.8M, and are declining. There appear to be no other material assets. There is little to no revenue coming in (the current board confirming that there are barely 20 active accounts!), the brand is terminal, and yet everyone in the business is still on full pay and even the Board are being paid double what the previous directors fees were. The Joint Venture relationship is broken. And there is no prospect of any turnaround.

The current board have been in place for 7 months now, which is ample time to have delivered a plan and released financials, and yet there is no plan, no transparency, no confidence, and no trust. At the recent shareholder presentation, the board spoke of a trademark asset realisation possibility. Based on my discussions with the parties involved, there is a very low to no prospect of this occurring, and the risk of continuing cash leakage in the meantime far outweighs the remote prospect of any benefit.

The only way out is to wind up. The damage is done. The cost of current management to the business is approximately $500K a year, based on the shareholder presentation. Yet there is no revenue coming in and no brand to market? The directors have said they support a capital return *after* (if) they realise assets. But why not do it now while there is still cash available, and suspend all other costs? I think the answer to that should be obvious. If there is no wind up now, there is a great risk of there being no funds to disperse to shareholders at all, given $900K was spent in the previous 6 months.

So, come this Monday 14 June, I would encourage you to vote in support of the resolution to wind up. The resolution requires 75% of the vote to be successful. Current management hold 26% of the vote, and one of the directors have already told me that person will vote against the resolution. Which again begs the question how the board have said there is no conflict of interest yet they know in advance of the voting intentions of that same person. Perhaps this is not surprising when current management are still paid a significant wage by the company. The fact the board have scheduled the meeting on a major public holiday, of all available dates, clearly suggests the lack of respect the board give to shareholder interests. Nevertheless, your vote and your voice on this matter is important, and I encourage you to question the intentions of any shareholders in management who vote against it.

Whatever the outcome, this is your investment, and your right to vote on how it is managed. As one of the founders, I have nothing but disappointment and sadness for how this has all unfolded and what this means for your investment. And I have nothing but resolve to help get you back whatever is left of it, and bring this unfortunate saga to an end.

Yours sincerely

Dan Hastings