

Improved performance continues

Company/ASX Code	Elders Limited (ELD)
AGM date	Thursday 15 December 2022
Time and location	10am City Room, Adelaide Convention Centre, North Terrace, Adelaide
Registry	Boardroom
Type of meeting	Hybrid
Poll or show of hands	Poll
Monitor	Ken Wakeman assisted by Malcolm Keynes & Bob Ritchie
Pre AGM Meeting?	Yes with Chairman Ian Wilton, CEO Mark Allison & Company Secretary Peter Hastings

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention has no shareholding in this company.

Summary of issues for meeting

There is no issue of concern, other than the three year horizon for long term incentive; a matter raised previously and again scheduled for conversation when we have our pre-AGM meeting. See remuneration report resolution below for detailed information.

Proposed Voting Summary

No.	Resolution description	
2	Adoption of Remuneration Report	For
3	Re-election of Ian Wilton as a Director	For
4	Managing Director's Long-Term Incentive	For
5	Approval of the Aggregate Non-Executive Director Fee Pool	For

Summary of ASA Position

Consideration of accounts and reports

Financial performance

- It was a satisfactory year for the company with profit similar to last year after 3 years of excellent returns.
- Underlying NPAT increased slightly to 152.2million from 151.1million.
- ROE = 18% ROC = 26%
- EPS had a slight increase to 97.3cps from 96cps.
- Dividends increased to 56cps, an increase of 33% including an increase in franking with the latest dividend franked at 30%.
- Net Debt increased to 284.9m (38.6%) from 216.9m (38.1%) although gearing ratios remained similar. In addition, interest covered increased to 26 times from 17.5 times.
- Total shareholder return (TSR) was 7.52% after double digit increases in the past 2 years.

Governance and culture

- Website statements and annual reports indicate the company places strong emphasis on culture.
- A detailed Sustainability report was issued as a separate report.

Key events

- Sales of \$3445.3 million, up 35%
- Gross margin of \$652.7million, up 23%
- Rural Products gross margin of \$383.1 million, up 35%
- Agency Services contributed gross margin of \$147.0 million, up 4%
- Real estate gross margin of \$61.6 million, up 21% with growth across farmland sales, residential sales and property management
- Financial Services contributed gross margin of \$44.2 million, up 7%
- Feed and Processing Services gross margin of \$16.8 million, up 33% benefitting from improved efficiency and innovation at Killara Feedlot
- Announced new wool handling business
- Acquired 13 businesses with 10 new locations
- Sold its 30% equity stake in StockCo holdings

Key Board or senior management changes

- Tania Foster, Chief Financial Officer, ceased employment with Elders on 31 August 2022
- The role occupied by Malcolm Hunt, Executive General Manager National & Victoria/Riverina, was determined by the Board not to be a KMP role for FY22 effective 1 October 2021 as the role no longer encompassed the responsibility for the strategic direction of Elders

ASA focus issues

Board Composition

- The board of 6 comprises 3 male (50%) and 3 female directors (50%). It has an independent chairman and four other independent directors, making the board majority independent.

Remuneration disclosure

- See Item 2, vote on Remuneration report

Risk Management:

- Elder's risk management policy continues to work well.
- Elder's Sustainability report details the company's attitude towards diversity in the workforce, health & safety, climate change, energy & emissions, sustainable farming, animal welfare, and a number of other initiatives. It is an excellent report.

Shareholder participation

- There were no capital raisings during the year.
- Elders provides information to shareholders via announcements to the ASX when there are significant events.

Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (\$m)	162.9	149.8	122.9	68.9	71.6
UPAT (\$m)	152.2	151.1	107.7	63.6	63.7
Share price (\$)	12.59	12.23	10.85	6.32	7.09
Dividend (cents)	56	42	22	18	18
TSR (%)	+7.52%	+16.77%	+75.2%	-8.3%	+50%
Underlying EPS (cents)	97.3	96.7	69.9	57.0	62.0
CEO total remuneration, actual (\$m)	2.27	3.76	3.2	3.2	4.1

For 2021, the CEO's total actual remuneration was **25 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics). (90,922)

Item 2 Remuneration Report - For

The fixed remuneration of directors and executives is in line with similar companies.

The short-term incentive (STI) is based on four components, each clearly described in detail including how they are measured. It can be found in the annual report (page 56) and the weighting for each component is clear.

The long-term incentive (LTI) scheme has a three year horizon and two components: absolute TSR (50%) and EPS growth (50%). Absolute TSR must be positive. The three year horizon is adopted by the company to match its three year planning cycle.

We will vote undirected proxies in favour of the remuneration report.

Item 3 Re-Election of Director – Ian Wilton - For

Mr Wilton has been a director since 2014 and was appointed non-executive chairman in September 2019. He has an excellent background for Elders' board including executive positions with Ridley Corporation and GrainCorp Malt. He is a non-executive director of Namoi Cotton Limited

From the time he joined the board he has been an integral part of Elders' turnaround.

Mr Wilton has confirmed to the company that he has sufficient time to continue to fulfil his responsibilities as a director of Elders. He has estimated his other commitments require approximately 5 days per month.

Mr Wilton is a resident of NSW.

We will vote undirected proxies in favour of the Mr Wilton's re-election.

Item 4 Managing Director's Long-Term Incentive - For

The proposed award of up to 107,000 performance rights is the LTI component of FY23 remuneration for the CEO/MD. Performance is to be tested over the three-year period 1 October 2022 to 30 September 2025. There are two components of LTI: **rTSR** (relative total shareholder return, 50%), **EPS** (earnings per share) growth (50%). The maximum incentive is set at 110% of FAR for FY23 (fixed annual revenue which includes superannuation and other benefits). No grant for the rTSR tranche will be made if aTSR (absolute total shareholder return) is negative.

rTSR (Relative Total Shareholder Return)

50% of the grant will be subject to Elders' Total Shareholder Return (TSR) performance relative to the TSR performance of the Comparator Companies. The Comparator Group comprises the companies in the S&P/ASX 200 index as at the start of the Performance Period.

The start and end share values are calculated as the Volume Weighted Average Price over 5 trading days at the start and end of the Performance Period.

The rights will vest at 50% at the 50th percentile, 100% at 75th and above percentile and between 50%-100% on a straight-line sliding scale between 50th-75th percentiles.

EPS (Earnings per Share)

The opening value for EPS used in the testing performance conditions will be 97.3 cents per share. This amount is calculated using the underlying FY22 NPAT. The target measure is 7.5% Compound Annual Growth Rate (CAGR) with the stretch measure of 10% CAGR. The rights will vest at 50% if the target is reached, 100% if the stretch is reached and between 50-100% on a straight-line sliding scale if the CAGR is between 7.5-10%.

We would prefer the performance period to be 4 years but accept that the 8 point plan is over 3 years and it makes sense to have the performance period in step with this. However, at the conclusion of the 3rd iteration of the 8-point plan we will be looking for the performance period to increase to 4 years.

We will vote undirected proxies in favour of the LTI award.

Item 5 Approval of the Aggregate Non-Executive Director Fee Pool - For

Approval is now sought to increase the Fee Pool by \$300,000 from \$1,200,000 including superannuation to \$1,500,000 including superannuation.

The proposal follows consideration of Board succession planning, through which the Board identified a need to appoint an additional Non-Executive Director. The Board expects to appoint the new Director in FY23.

In addition, with expansion to the oversight responsibilities of the Board Work Health and Safety Committee, the Board saw fit to review and equalise fees paid to the chairs and members of each committee.

The Fee Pool has not been increased since it was last approved by Shareholders at the 2006 Annual General Meeting. At that time, the Fee Pool was \$1,800,000 excluding superannuation. In line with a commitment given to Shareholders at the 2013 Annual General Meeting, the Directors voluntarily reduced the Fee Pool to \$1,200,000 where it has remained.

Currently the chair and non-executive directors are paid a total of \$991,700. Should an additional director be appointed the total will rise to approximately \$1,136,700. This amount is very close to the \$1,200,000 total director's fee pool and therefore an increase appears reasonable. In addition, since 2013 the company underlying profit has increased by 17 times and each director's workload has increased substantially.

We will vote undirected proxies in favour of the increase in director fee pool.

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