

## Championing Successful Independents

<b>Company/ASX Code</b>	Metcash Ltd/MTS
<b>AGM time and date</b>	2pm, 10 September 2025
<b>Location</b>	Level 1, Sheraton Grand Sydney Hyde Park, 161 Elizabeth St, Sydney 2000
<b>Registry</b>	Boardroom
<b>Type of meeting</b>	Hybrid at <a href="http://meetings.lumiconnect.com/300-531-982">http://meetings.lumiconnect.com/300-531-982</a>
<b>Monitor</b>	Patricia Beal & Elizabeth Fish
<b>Pre-AGM Meeting</b>	Yes, with Mr Peter Birtles, Chairman (online) and (face to face) Ms Margie Haseltine (Chair People, Culture & Nomination C'tee) and Steve Ashe (GM Corporate Affairs & Investor Relations)

Monitor Shareholding: The individuals involved in the preparation of this voting intention have no shareholding in this company.

## 1. How we intend to vote

No.	Resolution description	
2a	To elect Mr David Whittle as a director	For
2b	To elect Ms Marina Go as a director	For
2c	To re-elect Mr Peter Birtles as a director	For
2d	To re-elect Ms Helen Nash as a director	Undecided
2e	To re-elect Mr Mark Johnson as a director	Undecided
3	To adopt the remuneration report	For
4	To approve grant of performance rights to Mr Douglas Jones, Group CEO	For

## 2. Summary of Issues and Voting Intentions for AGM

- Elections: Support 2a, 2b (new NEDs), 2c (Chairman). 2d and 2e undecided till we hear the candidates. 2d long tenure but Board strongly recommend; 2e query large workload.
- Rem report: the fact that not many of the STI or LTI were achieved, despite quite reasonable results demonstrates the exacting standards required.
- Approval of grant follows from approval of the rem report.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

## 3. Matters Considered

### Accounts and reports

Metcash is a wholesaler and distributor to extensive networks of independent retailers, under different trading chains in the three pillars of Food, Liquor, and Hardware. They assist these independents to compete with the major supermarket, liquor, and hardware chains. Unsurprisingly, there are various additions and subtractions to these stores over the year, as well as a few company-owned stores.

This year, Food achieved 46% of total sales revenue, Liquor 16%, and Hardware 39%.

Food achieved earnings growth despite the drop in tobacco sales. Liquor also outperformed the market. Hardware was lower in a weak environment for construction but had signs of improvement in Q4.

### Financial performance

(As at FYE)	2025	2024	2023	2022	2021
NPAT (\$m)	283.3	257.2	259.0	245.4	239.0
UPAT (\$m)	275.5	282.3	307.5	299.6	252.7
Share price (\$)	3.22	3.94	3.90	4.79	3.55
Dividend (cents)	18	19.5	22.5	21.5	17.5
Simple TSR (%)	(14)	6.0	(14)	40.6	48.4
EPS (cents)	25.1	25.8	26.8	25.0	23.4
CEO total remuneration, actual (\$m)	3.81**	4.57	4.1*	6.01*	5.25

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking), by the share price at the start of the year.

\*CEO Total Rem in 2023 included a sign-on grant of \$0.63m, no actual LTI.

\*\*CEO's Total Rem for FY25 contains components for STI for FY24, and LTI for FY22-24. For FY22 there was a different CEO.

## **Governance and culture**

### **Key events**

June 2024: Acquired Superior Foods, a foodservice distribution business, diversifying the Food business.

During FY25, a 26% joint venture ownership in Dramet Holdings was sold. This involves Drakes Supermarkets in Queensland and South Australia. MTS will still supply the Drakes supermarkets in Queensland, with this contract extended by a further 5 years to June 2034.

Acquired additional stores, and additional interests in various Total Tools stores.

A mega distribution centre was opened at Truganini, Victoria.

Project Horizon aims to reposition MTS as a modern, technology-led wholesaler. Completion of this was expected by end of FY25, but costs have risen and now completion is expected in FY27.

### **Key board or senior management changes**

**Board:** Ms Christine Holman resigned on 13 September 2024.

Mr David Whittle was appointed on 28 November 2024.

Ms Marina Go was appointed on 1 February 2025.

### **Senior Management:**

Mr Scott Marshall was appointed to lead Hardware in November 24, replacing Ms Annette Walsh. Ms Walsh now has a strategy and governance role to help grow the MTS Group.

Hardware was merged with Total Tools. The CEO of Total Tools, Mr Richard Murray will cease employment in FY26, with Mr Marshall to lead the combined Hardware pillar.

## **ASA focus issues (not discussed above or under remuneration report or re-election of directors)**

### **Sustainability/ESG**

Met their interim 2030 emissions targets for 2024, reducing scopes 1 and 2 emissions by 3.3%.

They are the first grocery retailer to support the National Plastics Recycling Scheme. They will focus initially on trialing kerbside collection of soft plastics.

Gender equity in Board, Group Leadership team, and overall staff. There is <1% gender pay gap.

Solar capacity significantly increased. Waste was diverted from landfill, with a target of 80% reduction by 2028. Much potential food waste was diverted to Food for Change and Foodbank. Local communities were supported by IGA Community Chest donations.

**Tardy correction of reporting** of some proxies from 2024 AGM.

The error was admitted by Boardroom, who have reviewed its procedures. They have made changes to ensure such errors will not occur again.

#### **4. Rationale for Voting Intentions**

##### **Resolution 2a Election of Mr David Whittle as a director:**

Mr Whittle has experience in data technology and advertising / brand recognition.

##### **Resolution 2b Election of Ms Marina Go as a director:**

Ms Go has considerable experience as a NED in a variety of ASX companies (including a customer of the MTS Food pillar), and institutes. She has experience in retailing and customer focus.

##### **Resolution 2c Re-election of Mr Peter Birtles:**

Mr Birtles was appointed to the Board in 2019, and Chairman in 2022. He has more than 30 years' experience in retail and consumer goods. He also has financial / auditing experience, and other ASX company NED experience. He has a large shareholding in MTS, thus aligning his interests with shareholders.

##### **Resolution 2d Re-election of Ms Helen Nash as a director:**

Ms Nash has served for nearly 10 years on the MTS Board, and is currently Chair of the Audit, Risk & Compliance C'tee (since 2022) and a member of the People, Culture & Nomination C'tee. She has more than 20 years' experience in three diverse industries: customer packaged goods, media and quick service restaurants. The Board has specifically considered her long tenure and other capabilities, and the fact that her long experience will be helpful given the extent of Board renewal over the last three years. Ms Nash has a significant shareholding in MTS.

##### **Resolution 2e Re-election of Mr Mark Johnson:**

Mr Johnson was appointed 3 years ago. He has been a member of the Audit, Risk & Compliance C'tee and Chair of the Technology Advisory Working Group since its inception in 2023. He has extensive financial and accounting skills. He currently holds directorships at three other ASX companies (including being Chair of one of them); one other company and is a councillor of UNSW. We will be enquiring whether he has sufficient time to adequately perform his duties at MTS. Mr Johnson has a significant shareholding in MTS.

##### **Resolution 3 To adopt the remuneration report:**

STI and LTI payments were seriously curtailed this year, consistent with the negative TSR (for 1 year). The retail environment was generally agreed to be tough.

##### **Resolution 4 To approve grant of performance rights to Mr Douglas Jones, Group CEO**

The LTI performance incentives for the CEO were cut by 50% for FY25.

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## Appendix 1

### Remuneration framework detail

CEO rem. <b>Framework</b> for FY25	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1,750	36%	1,750	27%
STI - Cash	227	13%	1,378	22%
STI - Equity	227	13%	1,378	22%
LTI	1,838	38%	1,837	29%
Total	4,816	100.0%	6,343	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

\*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.

Targets are benchmarked against other companies in the ASX200, which were in the same industry, and of a similar size.

Unusually, for both the STI and LTI, gateways were set as hurdles, before any incentives could be awarded.

For the CEO's STI, group adjusted EBIT was the gate opener, but was insufficient to open the gate. No STI was awarded to CEO, though some was for individual pillar performances. Possible STI awards were for group and individual assessment against specific KMP targets.

The gateway for LTI was ROFE, and the target gate was set at 26% average over the 3 years. There was then equal weighting for TSR and EBIT for LTI. TSR was negative, so only half the LTI were possible.

Last year, we noted that there would be a review of LTI. To our / ASA's, disappointment, the "long term" is still only 3 years, whereas there is a definite trend for many companies to increase the length of this period, while others are already at 4 years, or often above, this time. We hope that the Board will consider this possibility further.

The gateway for LTI is ROFE, and criteria are TSR (3 yr average) and EBIT.]