

Out with the old – In with the new

Company/ASX Code	Kelsian Group Limited/KLS
AGM time and date	Thursday, 30 October 2025 at 10:30am (ACDT)
Location	Adelaide Convention Centre
Registry	Boardroom
Type of meeting	Physical
Monitor	James Hahn
Pre-AGM Meeting	Yes, with Chair Fiona Hele

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this Company.

1. How we intend to vote

No.	Resolution description	
1	Adoption of Remuneration Report	For
2	Re-election of Director – Ms. Diane Grady AO	For
3	Re-election of Director – Mr. Neil Smith	For
4	Election of Director – Mr. Terry Sinclair	For
5	Approval of Kelsian Group Rights Plan	For
6	Approval of Grant of FY26 Performance Rights to the Group CEO	For
7	Approval of Restricted Rights to the Group CEO	For
8	Conditional Board Spill	Against

2. Summary of Issues and Voting Intentions for AGM/EGM

Future capital raisings in reference to resolution 5. What is the intention of method of future capital raising? ASA would like to have assurance that any capital raisings, inside the 15% allowable level or beyond are fair to retail shareholders.

Explain the sale of Tourism Portfolio and what this means for the structure of capital spending and revenue streams.

Define peak investment cycle and explain how this will evolve over time and what this means for capital management going forward?

3. Matters Considered

Accounts and reports

Kelsian increased its revenue by 9.5% from 2024 to 2025. Even though statutory profit was down 6%, underlying profit was up by 5% and EBITDA up 7.4%. Dividends were flat for the year at 17.5%. Leverage was reduced to 2.7x from 3.2x. Management indicated that the profit decline was a function of increased depreciation and interest payments, as this is the peak of the investment cycle. The overall result was within guidance.

The Company is a leading global operator of bus, motorcoach and marine services. These operations include - Transit Services (Australia), AAAHI (USA), Sealink (Australia) and Tower Transit (UK and Singapore). It employs 12,800 people and operates over 5,800 buses, 124 vessels and 24 light rail vehicles that delivered 383 million customer journeys in FY25. With 93% of revenue contracted in long term corporate or government agreements the revenue is largely non-discretionary, making cash flows stable and predictable. Also, most of the contracts are inflation indexed, which reduces operating risks.

The Company has earmarked the sale of the Tourism Portfolio. The Company states that this will release significant value for shareholders and further increase the predictability of the Group's earning base. The Company began scaling up the work on the finance and HR systems by appointing Cognizant Technology Solutions.

In discussion with the Chair, the issue of \$957,915 good will on the balance sheet was queried for future impairment. The Chair was adamant that all good will has been vetted and consists of amortising contracts that have fixed periods ranging from 25 years to 7 years. No future impairments are envisaged as the good will has value, even in a sale scenario.

Also, the issue of the wisdom of the purchase off AAAH was queried. ASA was assured that the purchase is operating above budget and allows future expansion. It was however, acknowledged that excess capital expenditure (capex) has been problematic for the company, and therefore shareholders. Recurring capex is projected to decline from \$185million to \$85million for this financial year, however future additional capex may be required for expansion.

Retail shareholder rights were discussed. The Chair assured ASA that retail shareholders were considered, as acknowledged by a higher dividend payout ratio than would otherwise be declared and an acknowledgment of retail shareholder rights in future capital raisings.

Financial performance

(As at FYE)	2025	2024	2023	2022	2021
NPAT (\$m)	54.5	58	21	52.9	37.8
UPAT (\$m)	61.5*	58.5*	49.6*	48.5*	43*
Share price (\$)	3.79	5.15	7.26	5.87	9.41
Dividend (cents)	17.5	17.5	17	16.5	16
Simple TSR (%)	-23	-26.7	27.8	-36	118.4
EPS (cents)	20	21.4	9	19.3	19.7
CEO total remuneration, actual (\$m)	1.69	2.13	1.98	2.03	1.57

*Adjusted for significant items. This is a non-IFRS measure and has not been audited.

Governance and culture

The Company received a first strike, with a 31.7% against vote for the REM, at the FY24 AGM. This has made governance a primary issue for the Board this year. The changes have been significant and welcomed by ASA. The Board has been refreshed, with a new Chair and resignation of several existing Board members and appointment of new Directors. As of the close of FY25, the

Board consisted of four females and two males; however, another male Board member has been appointed on 27 June 2024 effective from 1 September 2025. The Board Chair is independent, and the majority of directors are independent.

Also, a change in REM, staged over two years, more aligns remuneration with outcomes of KMP, and adds additional clarity to shareholders of Company objectives.

Another welcome feature is a requirement for Directors and other key management personnel (KMP) to hold at least one years' worth of base cash remuneration in company shares, within 5 years. The Board Chair and Managing Director and Group CEO must have 150% of base remuneration held in Kelsian shares. This will give all KMP and Board Directors 'skin in the game'.

The Company policy has been upgraded to limit Board Directors to 9 years tenure and Board Chair 12 years tenure. This is another positive development from ASA perspective.

In conclusion, we have observed that Kelsian are improving their Corporate Governance Standards to align with ASA guidelines. We actively watch developments.

Key events

Commenced the Bankstown Rail Replacement service in NSW in September 2024.

Strategic property acquisition of Hoxton Park bus depot in Sydney.

Sale and leaseback of three Western Australian bus depots.

A new contract in Singapore.

Acquisition of Huyton Travel (UK).

Announcement of potential divestment of 'Tourism Portfolio'.

Key-board or senior management changes

- Mr Graeme Legh was appointed Kelsian Group CEO from April 1, 2025.
- Clint Feuerherdt stepped down from MD and Group CEO and transitioned to Strategic Advisor position.
- Ms Renee Draper was appointed as Group Chief People & Culture Officer from November 2024.
- Mr Brent Maitland joined AAAHI as CEO in June 2025.
- Ms Fiona Hele was appointed as an independent Chair of the Board from 1 July 2025.
- Mr Jeff Ellison retired from Chair of the Board from 1 July 2025.
- Mr Lance Hockridge resigned from the Board effective 31 July 2025.
- Ms Jacqueline McArthur was appointed Chair of the People, Culture and Remuneration Committee effective from 1 August 2025.
- Ms Diane Grady AO was appointed Chair of the Safety, Risk and Sustainability Committee effective from 1 August 2025.
- Mr Terry Sinclair was appointed to the Board on 27 June 2025, with effect from 1 September 2025.

Sustainability/ESG

The Sustainability Report is easy to read and covers operating, employer, emissions, communities and governance. The Company has 57% female/43% male board representation, has improved Total Recordable Injury Frequency Rate (TRIFR) by 12% and now has 204 net zero buses. The Company has ambition to reduce Scope 1 emissions by 50% in 2035 and is planning 0 net Scope 1 emissions in 2050. It also reports \$19,364 in political donations, namely for the purpose of understanding policy and changes that may impact the business. The Group aligns with ISO27001 (Information Security Management) and ACSC (Australian Cyber Security Centre) Essential 8 Maturity Model. The report has a comprehensive Performance Table and is adequate in its presentation, but ASA would like to see a personalised Board Skills Matrix presented in the Annual Report.

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

The Company did not raise capital in FY25. The AGM is in person; therefore, it falls short of ASA expectations. The Board does not have skills matrix in the Annual Report, which again falls short of ASA expectation. The Executive Remuneration is moving towards a satisfactory standard after last year's 31.7% vote against the Remuneration Report. This

will occur over a two-year period. The Company puts little emphasis on ESG in its remuneration scorecard.

3. Rationale for Voting Intentions

Resolution 1 - Adoption of Remuneration report

The main emphasis of the report is the response to receiving a First Strike for the REM resolution at the 2024 AGM.

The Company announced eleven changes to the Remuneration Framework, through 2025 and 2026. Some of the more notable changes are: increasing variable remuneration in the mix, an increase of deferred Short Term Incentive (STI) from 25% to 50% over two years, introducing an ROIC measure to the Long-term Incentive (LTI) hurdles, change to a structured approach, change from an all-inclusive 'Base Salary Plus' arrangement to the standard FAR, a higher weight towards financial components, lower STI component and higher LTI component, updates to safety performance and a requirement for a Minimum Shareholding Requirement for KMP. The proposals more align with ASA guidelines.

Also announced as part of the REM changes are Executive changes. Graeme Legh (AAAH CEO) was appointed Kelsian Group Chief Executive Officer effective 1 April 2025, replacing Clint Feuerherdt, who will transition to a Strategic Advisor position. Brent Maitland is now AAAHI CEO. Also, Fiona Hele replaced Jeff Ellsion to the role of Chair of the Board.

Fixed remuneration is \$1,055,695 for 2025. This quantum is satisfactory considering the capitalisation and geographic spread of the company.

Kelsian has announced a reduction in the Maximum Opportunity as a percentage of STI Target Opportunity from the 161.11% in FY24 to 150% in FY25. The maximum STI opportunity is 96.56% of FAR in FY25 and 67% is paid in cash and 33% deferred to August 2026 as equity. This will change to 50/50% in FY26. The rights are calculated using the 10-day volume weighted average price (VWAP) after the date of the Annual Report release. A detailed chart of objectives and outcomes is presented. The total STI outcomes are split 50/50 between company and personal performance measures. The STI targets and achievements are adequate and clear. A 15% safety component of the STIs will be forfeited if a death occurs and clawback and end of employment provisions are applied. The CEO achieved 100% of target STI (82.25% of FAR), which amounts to \$509,703.

The LTI has a maximum allocation of 82.25% of FAR and is calculated over a three-year period. ASA would prefer four of five years. The performance rights are also calculated using VWAP. The incentive package is divided into two tranches.

- Tranche 1: Earnings Per Share Annual Growth Rate (EPS CAGR): 50% weighting at target performance. The target for FY25 is set at 5% for 50% of Rights to vest. A sliding scale between 5% to 10%, after which 100% vests.
- Tranche 2: Indexed Total Shareholder Return (iTSR), 50% at target performance. If Kelsian is less the TSR (ASX 200) then there is nil vesting. At Index TSR 50% vesting occurs and a sliding scale up to 10% above TSR, after which 100% vesting occurs.

- A welcome additional feature is no vesting the iTSR will occur if the return is negative. Employment and clawback provisions are included in the plan. The Company has announced inclusion of an ROIC tranche next year. With the provision of an ROIC included we consider this LTI acceptable.

Non-Executive Directors (NEDs) received a 4.21% increase in FAR to \$133,178 and \$273,570 for the Chair. Considering Kelsian has achieved inclusion in the ASX 200 this is reasonable. Also, it is now Company policy for each Director have 100% of remuneration in shares after 5 years and the Chair 150% this satisfies our policy. All Directors have at least the minimum shareholding.

A table of actual income for the CEO is included. Results of the STI are clear and the LTI is easily understood. The results for 2025, with partial vesting of STI and nil vesting of LTI appear reasonable. Overall Kelsian has strongly improved the company REM from previous years. Although not ideal, there are enough positive features for ASA to vote FOR this resolution.

Resolution 2 - Re-election of Director – Ms. Diane Grady AO

Ms Diane Grady AO was appointed to the Board 1 September 2022 and holds 35,337 shares in the company. Ms Grady is currently a Non-Executive Director on the Board of Grant Thornton and is on the Strategy Council of Apropela. Other positions held previously, include directorships at numerous ASX 200 companies and various National Institutions. Ms Grady is currently Chair of the Safety, Risk and Sustainability Committee and a member of both the People, Culture and Remuneration Committee and the Finance and Audit Committee. Ms Grady is considered by ASA as an Independent Director.

Although Ms Grady lacks specific industry experience, her ASX 200 experience and broad knowledge base should benefit the company's transition to a higher level of corporate governance. We therefore support her re-election.

Resolution 3 - Re-election of Director – Mr Neil Smith

Mr Neil Smith was one of the founding shareholders and a former Director of the Transit Systems Group prior to its acquisition by Kelsian. Mr Smith was appointed to the board on 16 January 2020. He has over 30 years of commuter transport experience. He also has Bachelor of Arts Degree and a Masters of Transport Management.

Mr Smith has 24,305,622 shares in the company. He is considered a Non-Independent Director. He is Chair of the Investment Working Group and a member of the Safety, Risk and Sustainability Committee.

Mr Smith is over ASA 12-year appointment guidelines, however, with significant industry experience, excellent and relevant qualifications and a significant shareholding we consider him a suitable Director and support his re-election as a Non-Independent Director.

Resolution 4 - Election of Mr Terry Sinclair

Mr Terry Sinclair was appointed to the Board on 27 June 2025, with effect from 1 September 2025. He has experience in ASX listed company Director and Chair positions, and extensive experience in logistic, infrastructure, complex supply chains and technology platforms.

Mr Sinclair is currently a Non-Executive Director of Cleanaway Ltd., Non-Executive Director of Indara Digital Infrastructure and a Senior Advisor to Australian Super.

Mr Sinclair is a member of the Safety, Risk and Sustainability and People, Culture and Remuneration Committee. He is considered an Independent Director.

As part of the board renewal and ASX 200 skills transformation we believe Mr Sinclair is a suitable Director. His experience in logistics, infrastructure and technology will be welcome expertise on the Board. We support his election to the Board.

Resolution 5 - Approval of the Kelsian Group Rights

This resolution concerns the wish of the Board to exclude the calculation of the 15% limit; any Rights issued during the subsequent 3 years. The resolution proposes to limit the excluded Rights to a maximum of 5% of the capital.

This proposal has the potential to dilute retail shareholder holdings in addition to the 15% allowed under listing rules. However, this is not an uncommon practice by ASX listed companies. This is not a material issue if the company adheres to ASX best practice of equitable equity raisings that do not dilute retail shareholder holding. On the understanding that the company will engage in 'fair' capital raisings within the 15% limit, we support this resolution.

Resolution 6 - Approval of grant of Performance Rights to the Group Chief Executive Officer

Subject to approval of Resolution 5, the company seeks approval to issue 205,163 FY26 Performance Rights, under the Long-Term Incentive Plan (LTIP) to the Group Chief Executive Officer, Mr Graeme Legh. The Rights will vest in three years according to the performance of the company, using the metrics of the LTIP.

The performance conditions are part of the new REM package introduced by the Company. There will be three tranches for the period.

- Tranche 1: Indexed Total Shareholder Return (iTSR): Total Shareholder Return measured against the ASX Small Ordinaries Index return, 33.3% at target performance. In addition, the company TSR must be positive for vesting to occur.
- Tranche 2: Earnings per Share Compound Annual Growth Rate. (EPS CAGR): 33.3% weighting at target performance.
- Tranche 3: Return on Invested Capital (ROIC): 33.4% weighting at target performance.

The number of Rights are calculated by dividing the quantum by the face value of Kelsian shares (calculated as the 10-day volume weighted average price (VWAP) following the release of the full-year results for the financial year prior to the year of grant of Rights)

reduced by the an estimate of the value in respect of dividends that may be paid on a Kelsian share during the measurement period.

This is a reasonable resolution that the company is not, by law, required to present to the shareholders. Therefor this is good corporate governance which ASA supports. We agree with introduction of an additional hurdle from the previous period, however we have reservations of the use of the ASX Small Ordinaries Index as a suitable benchmark.

Resolution 7 - Approval of grant of Restricted Rights to the Group Chief Executive Officer

Subject to approval of Resolution 5 the company seeks to obtain approval for the grant 41,388 Restricted Rights to Mr Graeme Legh as part of the deferral component of the FY25 STI. The Rights will be determined by achievement of performance hurdles set out in the REM report.

The number of Rights are calculated by dividing the quantum by the face value of Kelsian shares (calculated as the 10-day volume weighted average price (VWAP) following the release of the full-year results for the financial year prior to the year of grant of Rights) reduced by the an estimate of the value in respect of dividends that may be paid on a Kelsian share during the measurement period.

This is a reasonable resolution that the Company is not, by law, required to present to the shareholders. Therefor this is good corporate governance which ASA supports. Kelsian is allocating more of the STI component of remuneration towards Restricted Rights rather than cash, therefore we support this resolution.

Resolution 8 - Conditional Board Spill

At the FY24 AGM, Kelsian was given a 'First Strike' for the non-binding REM resolution. This means that if the Company is given a 25% or more against vote for the REM resolution at the FY25 AGM, a Board Spill Resolution will be put to the meeting. In the view of ASA, the Company has significantly addressed issues surrounding the 'First Strike'. Also, ASA guidance is not in favour of voting for a Board spill, particularly if the Company has appropriately responded to shareholder dissatisfaction, as we view this as a serious disruption for the Company.

We will vote against this resolution.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FYXX	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.056	48.6%	1.056	35.9%
STI - Cash	0.458	21.1%	0.683	23.2%
STI - Equity	0.225	10.4%	0.335	11.4%
LTI	0.434	20%	0.867	29.5%
Total	2.173	100.0%	2.943	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.