AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Winning with Independents

Company/ASX Code	Metcash Limited / MTS
AGM time and date	Wednesday, 9 September at 1pm.
Location	Wesley Conference Centre, 220 Pitt St, Sydney 2000 or at https://lumiconnect.com/300-393-543-470 NB: Need to vote online beforehand.
Registry	Automic
Type of meeting	Physical. Can view online at https://lumiconnect.com/300-393-543/470 and ask questions, but not vote
Monitor	Patricia Beal & Elizabeth Fish
Pre-AGM Meeting	Yes, with Chairman Peter Birtles, Steve Ashe (GM Corporate Affairs & Investor Relations) and (online) Marina Go (Chair, People Culture & Nomination Committee).

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

How we intend to vote

No.	Resolution description	
2	To elect Ms Nicky Sparshott	For
3	To adopt the Remuneration Report	For
4	To Approve Grant of Performance Rights to Mr Douglas Jones, Group CEO	For

Summary of Issues and Voting Intentions for AGM/EGM

- Resolution 2: Ms Sparshott has >30 years' experience in FMCG (Fast Moving Consumer Goods) and retail in various consumer brands, and in various processes (all enumerated in the Notice of Meeting). Currently she is an NED of Carma Ltd and AACo, and Chairs the Vice-Chancellor's Industry Advisory Board at University of Technology Sydney.
- Resolution 3: There have been some changes to the remuneration framework, alterations to the "gateways" and to the scales of qualification, for the incentives payments. The proportion of total possible salary awarded as STI and LTI incentives has been lowered from STI and increased in LTI, which certainly aligns more with the hopes and priorities of long-term shareholders. The period for the LTI remains at three years, which ASA would prefer to be lengthened. It seems their main thrust forward planning is for five-year plans, even if only 3 year periods are used for remuneration assessments. Certainly, the rewards granted have been considerably reduced over the last couple of years, as can be seen in the graphs on p 43 of the Annual Report. Thus, the Executives' rewards are less, as are the shareholders' dividend distributions.
- Resolution 4: This Grant of Rights for the CEO is a consequence of Resolution 3, so should be similarly supported.

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, as well as a few company-owned stores, each year.
This year, Food achieved 48% of total sales revenue; Liquor 16% and Hardware 37%. All results were similar to the previous trading year, despite many challenges and uncertainties for geopolitical and other reasons. It was thought that shopper preferences for local offers and familiarities were regarded favourably, especially in Food and Liquor.

Food had EBIT up 5.4% (ex tobacco), with tobacco sales improving slightly where enforcement was increasing. The IGA large-store network price gap narrowed to 2.1%. Food Service & Convenience also expanded. Liquor EBIT was down 3.8%, with weaker H1 but stronger H2 sales. Hardware & Tools EBIT was down 6.3%; with all segments stronger in H2. Integration of Total Tools and Independent Hardware Group has been completed, with scale benefits showing.
Revenue for the first 7 weeks of FY27 showed gains, except for tobacco.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT ($m)	279.1	283.3	257.2	259.0	245.4
UPAT ($m)	268.8	275.5	282.3	307.5	299.6
Share price ($)	2.82	3.22	3.94	3.90	3.9
Dividend (cents)	18.0	18	19.5	22.5	22.5
Simple TSR (%)	(7)	(14)	6.0	(14)	40.6
EPS (cents)	24.5	25.1	25.8	26.8	25.0
CEO total remuneration, actual ($m)	2.646**	3.81	4.57	4.1*	6.01

Simple TSR is calculated by dividing the change in share price plus the 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 FY24 contains components for STI for FY23 and FY24, and LTI for FY24. For FY22 there was a different CEO.
**CEO Total Rem received in FY26 is actual fixed rem for FY26 and components of deferred incentives from earlier, but scheduled to be awarded in FY26.

Governance and culture

Board Skills Matrix was in the Corporate Governance Report, whereas it might more appropriately be in the Annual Report. It is of definite interest to shareholders, since the Board members are our representatives at Board meetings, and their qualification and experience matter. Maybe it is telling that there were no Board members with “primary skill” in each of the skills of sustainability; regulatory engagement and corporate affairs; and community engagement oversight. Some of the other areas of competence had only 2 or 3 with a “primary skills” level. We trust that Directors are being further educated in such areas.

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.

Two consolidations of groups within the Pillars were accomplished:
Within Food, Campbells & Convenience combined with Superior Foods, making the Food Service & Convenience business.
Total Tools and the Independent Hardware Group merged.
Steve's Liquor warehouse (5 retail stores in Vic and 3 in Tas.) was acquired,
Acquired 75% of Holliman's Rural Pty Ltd.
Acquired additional stores, and additional interests in, various Total Tools stores.

The ongoing 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.

Logistics is simplified because fresh (short shelf life) food is largely supplied locally. This is a point of difference for MTS, which is regarded favourably by Food customers, as well as reducing logistics costs. Beer and wine are also largely local; spirits from overseas.

Illegal tobacco sales detracted from profits by around $30m. Increased enforcement and new regulations are having a positive impact on sales.

Metcash presented its first Sustainability Report: Metcash_ESG26_Final.pdf

Key board or senior management changes

Board:

- Murray Jordan resigned 31/10/25, after two years' service.
- Ms Helen Nash resigned 31/7/26, after 11 years 'service.
- Ms Nicky Sparshott joined the Board on 1/7/26.
- Ms Marina Go (appointed to Board on 1 February 2025), replaced Ms Margie Haseltine as Chair of the People, Culture and Nomination Committee on 1/11/25.

Senior Management:
Mr Scott Marshall appointed to lead Hardware in November 2024, 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

Metcash is the first grocery retailer to support the National Plastics Recycling Scheme.
They will focus initially on trialling kerbside collection of soft plastics.
Met their interim 2030 emissions targets for 2024, reducing Scope 1 and Scope 2 emissions by 5.2%.

We will follow further reports with interest.

Gender equity was achieved on the Board, in the Group Leadership Team and across the overall staff.

Outlook for FY27

Trading was softer in May, but a clear improvement in June.

4. Rationale for Voting Intentions

See under item 2.

Resolution 2: To elect Ms Nicky Sparshott (For)

Resolution 3: To adopt the Remuneration Report (For)

Resolution 4: To approve the grant of rights to Douglas Jones, CEO (For)

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Appendix 1
Remuneration framework detail

CEO remuneration framework for FY26	Target* ($m)	% of Total	Maximum opportunity ($m)	% of Total
Fixed Remuneration	1.85	36%	1.85	27%
STI – Cash	0.67	13%	1.15	17%
STI – Equity	0.67	13%	1.15	17%
LTI	2.59	38%	2.59	29%
Total	5.78	100.0%	6.15	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 criteria set a maximum opportunity amount, but not all.