AUSTRALIAN SHAREHOLDERS' ASSOCIATION

# A Stellar Year for Monadelphous

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| **Company/ASX Code** | **Monadelphous Group Limited / MND** |
| **AGM time and date** | **Tuesday 24 November 2026 10am** |
| **Location** | The University Club, University of WA, Hackett Dve, Crawley, 6009 and On-line |
| **Registry** | Computershare |
| **Type of meeting** | Hybrid |
| **Monitor** | Geoff Corrick |
| **Pre-AGM Meeting** | With Rob Velletri, Chair, and Kristy Glasgow, Joint Company Secretary |

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

## 1. How we intend to vote

| No | Resolution description | |
|---|---|---|
| 1 | Re-election of Director – Mr Robert Velletri | For |
| 2 | Re-election of Director – Mr Enrico Buratto | For |
| 3 | Grant of Performance Rights to the Managing Director under the Company's Short-Term Incentive Plan for the year ended 30 June 2026 | For |
| 4 | Grant of Performance Rights to the Managing Director under the Company's Long-Term Incentive Plan for 2026 | For |
| 5 | Adoption of Remuneration Report | For |

## Summary of Issues and Voting Intentions for AGM

**There are some matters at variance with ASA Policies. In each case there are mitigating factors which, in our view, support a vote in favour:**

- **An Executive Chair.** ASA guidelines state that the chair should be independent and ASA does not support the appointment of an executive chair. The Chair, Mr Velletri, has been a director since 1992, was Managing Director from 2003 to 2022 and has been Chair since November 2022, a tenure well within the ASA guideline of no more than 10 years as chair. He continues to have some executive duties, which means he is not an independent director. ASA recognises that executive chairs occasionally occur with founders or majority shareholders. While this exception does not strictly apply to Mr Velletri, who joined Monadelphous in 1989 and is not a majority shareholder, his association with the company over more than 35 years is relevant context. Mitigating factors are that he is not a member of the remuneration or audit committees of the board, although he does chair the nomination committee. Sue Murphy is the Lead Independent Non-executive Director and chairs the remuneration

committee with the other three independent directors. Helen Gillies chairs the audit committee. Having an Executive Chair has been normal practice for Monadelphous and the company has performed strongly under this structure.

- **Reporting on Director skills.** ASA would like skills to be identified for individual board members, which Monadelphous does not do. However, reporting on roles and responsibilities in their careers with other major companies has been enhanced in both the Annual Report and Notice of Meeting to give shareholders a better idea of appropriate experience and skills. The Corporate Governance Statement which contains the skills matrix has been included in the Annual Report (pp. 160-175) this year and lists 15 skills and the numbers of board members having these skills, and the level of competence across the group.
- **A single LTI performance measure.** ASA guidelines call for at least two performance measures for the Long-Term Incentive. Monadelphous uses only EPS Growth, compounded over three years. In mitigation, the company has improved the disclosure in the Remuneration Report of its reasons for preferring EPS Growth to TSR (Annual Report, p.60), the LTI is paid entirely in equity, and nothing vests below 4% compounded EPS Growth. EPS Growth of 50.1% this year and 32.6% last year shows the measure has been closely aligned with shareholder returns.
- **STI transparency.** Base remuneration and the performance percentage are regarded by the company as commercially sensitive, so the maximum STI opportunity is not reported. In mitigation, two-thirds of the STI is paid in performance rights which vest as shares over two years, which meets ASA expectations on equity deferral. The increase in the MD's total remuneration from $1.78m to $2.59m reflects a year in which net profit after tax rose 52.1% and the simple TSR was 82.6%.

Given the successful record and corporate ethos of Monadelphous over more than 35 years, and the strong alignment between executive reward and shareholder returns this year, these matters are not considered major enough to attract an against vote on any resolution.

## 3. Matters Considered

### Overview

Monadelphous has its headquarters in Perth, Western Australia with two operating divisions working in all States of Australia except Tasmania. It also has overseas operations and offices in China, Mongolia, Papua New Guinea, Vietnam and the Philippines. The two operating divisions are Engineering Construction and Maintenance and Industrial Services. The company's major clients are the Western Australian iron ore miners, but it does work for miners and processors of other minerals across Australia such as gold, lithium, aluminium, copper/uranium and coal. It does work for the majors in the oil and gas industry and also for utilities in water and electricity. It is building up its capabilities in the renewable energy sector with balance-of-plant construction of wind farms, big batteries and their high voltage connections.

### Accounts and reports

- Monadelphous had a very strong performance for the year with net profit after tax of $127.3 million, up 52.1% on the previous year.
- Engineering Construction Division increased revenue to $1.37 billion, up 48%.
- Maintenance and Industrial Services had an increased revenue of 20% to $1.61 billion.

- For shareholders the dividend increased by 50%. The company policy is to payout dividends of 80% to 100% of annual net profit after tax subject to working capital requirements, potential investment opportunities and general business and economic conditions.
- A further $1.6 billion in construction and maintenance contracts was secured in the WA iron ore sector during the year.
- Last year the company looked forward to diversification in its service offering. The purchase of Kerman Contracting in November 2025, specialising in non-process infrastructure, was one step in this direction. In the energy sector the purchase of High Energy Services was completed at 1 July 2025, and Australian Power Industry Partners was purchased during the year. The latter is doing high voltage work for utilities, and resource and renewable energy customers in many Australian states.

**Financial performance**

| (As at FY end) | **2026** | **2025** | **2024** | **2023** | **2022** |
|---|---|---|---|---|---|
| NPAT ($m) | 127.3 | 83.7 | 62.2 | 53.5 | 52.2 |
| UPAT ($m) | 127.3 | 83.7 | 62.2 | 53.5 | 52.2 |
| Share price ($) | 30.99 | 17.56 | 12.84 | 11.72 | 9.95 |
| Dividend (cents) | 108 | 72 | 58 | 49 | 49 |
| Simple TSR (%) * | 82.6 | 42.2 | 14.5 | 22.7 | -0.1 |
| EPS (cents) | 127.6 | 85 | 64.1 | 55.8 | 54.9 |
| EPS Growth (%) | 50.1 | 32.6 | 14.9 | 1.6 | 10.5 |
| CEO total remuneration incl perf. rights ($m) | 2.59 | 1.78 | 1.64 | 1.72 | 1.54 |
| ROE (%) | 22.4 | 16.8 | 13.4 | 12.2 | 12.7 |

* 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) and showing the change as a percentage.

**ASA Focus Issues**

**1 – Align executive pay with long term shareholder value**

The Long-term Senior Leadership Performance Reward Plan (LTPR Plan) awards senior executives, including the Managing Director, by granting performance rights each year. The number of rights issued during the year ending 30 June 2026 are valued at 60% of fixed annual remuneration for the Managing Director, and 50% for other Senior Executives. The value used for each right is the same as the share value used in the shareholder dividend reinvestment plan. A portion of the rights will vest as shares after a three year period determined by the annual Earnings per Share Growth (EPS Growth) compounded over the next three years.

EPS Growth needs to reach a compounded rate of 8% for the three years for 100% of the rights to vest as shares. At 4% compounded EPS Growth 50% of the rights will vest, and between 4% and 8% there will be a pro rata allocation. Below 4% there is a zero allocation.

The company improved the disclosure in the Remuneration Report about the reasons for

using EPS Growth as a performance measure rather than Total Shareholder Return (TSR). (Refer to the Annual Report, p.60). In brief EPS Growth better reflects company performance compared to TSR which is subject to too many factors external to the company and therefore beyond executive control. Factors mentioned in the Remuneration Report and also at Resolution 4 in the Notice of Meeting include interest rates, valuation cycles and market sentiment.

EPS Growth has been added to the table above.

**2 – Disclose individual director skills to strengthen Board accountability**

This matter has been discussed at the second dot point in Section 2.

**3 – Improve shareholder engagement and provide hybrid AGM participation.**

Monadelphous is exemplary in this regard. Hybrid AGMs have been standard practice for a number of years. In addition shareholders are able to listen in to the annual results briefing and a recording is available through the company website.

**4 – Strengthen board oversight of AI and cybersecurity risks.**

These risks are recognised by the company and reported in some detail in the Governance and Risk Management section of the Annual Report (p. 42). In discussion at our meeting the Chair noted the Company had undertaken a review of its broader technology strategy and its approach to applying technology in the business.

**Sustainability, and Governance and Risk Management**

The safety of employees is mentioned in the Annual Report in both the Sustainability section (pp. 33-40) and the following section on Governance and Risk Management (pp. 41-48). The Total Recordable Injury Frequency Rate improved by 19% for the 12 months ending 30 June 2026. A notable approach to safety is to record a High Potential Incident Frequency Rate which aims to record and change dangerous work practices before they lead to fatal injuries. This measure reached a historically low level over the year.

While Monadelphous produces relatively small additions to greenhouse gases compared to some other industries, the company has a goal of Net Zero by 2050. A major ongoing focus has been onsite renewable energy generation across operational facilities which has now reached 40% renewable contribution where solar generation is installed. The consumption of fossil fuels was reduced by the purchase of two 250 tonne hybrid cranes and two electric forklifts.

Mandatory sustainability reporting has been in place for a number of years. The Sustainability Report for 2026 (Annual Report pp. 129-159) meets the new Australian Sustainability Reporting Standard *AASB S2 Climate Related Disclosures.*

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# Appendix 1

## MD Remuneration framework detail

| Remuneration framework for FY26 | Actual[1] $m | % of Total |
|---|---|---|
| Fixed Remuneration | 1.05 | 40.54% |
| STI - Cash | 0.26 | 10.04% |
| STI - Equity | 0.51 | 19.69% |
| LTI - Equity | 0.73 | 28.19% |
| Annual and long service leave accrued | 0.04 | 1.54% |
| Total | 2.59 | 100.00% |

[1] The amounts in the table above are the amounts incurred in the 2026 financial year. For the STI Plan, called Combined Reward Plan (CR Plan), the MD had a target performance opportunity between 50% and 75% of base remuneration. STI awards are paid one-third in cash in 2026, and two-thirds in performance rights which will vest equally as shares over two years. It is proposed that 17,714 performance rights be issued to the MD valued at $28.88 each (Resolution 3). LTI-Equity relates to performance rights issued following shareholder approval at the 2025 AGM that will vest in 2028 subject to meeting EPS Growth targets. These 29,538 performance rights were valued at $24.79 each.

Base remuneration, and the performance percentage, are regarded by the company as confidential and commercially sensitive, so it is not possible to report the maximum opportunity.

The table lists remuneration in FY26 and the value of performance rights granted under the STI for FY26 and the LTI awarded during FY26. It does not include the share based payment expense from prior years' STI and LTI awards.