Monday 14 November 2022

Appendix 4E and Annual Report for the Financial Period Ended 30 September 2022

Elders Limited (**ASX:ELD**) today reports its results for the financial year ended 30 September 2022.

Attached is the Appendix 4E (Results for announcement to the market) and Annual Report for the 12 month period ended 30 September 2022.

Further Information:
Mark Allison, Managing Director & Chief Executive Officer, 0439 030 905

Authorised by:
Peter Hastings, Company Secretary

Elders Limited Appendix 4E (Rule 4.3A)

RESULTS FOR ANNOUNCEMENT TO MARKET

For the year ended 30 September 2022

Attached is the final report for the year ended 30 September 2022. The consolidated profit before tax and non-controlling interests was $162.9 million (2021: $149.8 million).

Additional Appendix 4E disclosure requirements and further details on the results and operations are included in the Annual Report provided to the Australian Securities Exchange.

Result				**12 months September 2022**
				$000
Revenue	up	35%	to	3,445,254
Profit after tax for the year attributable to members	up	9%	to	162,866

Dividends	**Amount per security**	**Franked amount per security**
2022		
Final Dividend	28 cents	8.4 cents
Interim Dividend	28 cents	8.4 cents
Total	**56 cents**	**16.8 cents**
2021		
Final Dividend	22 cents	4.4 cents
Interim Dividend	20 cents	4.0 cents
Total	**42 cents**	**8.4 cents**

The record date for the final dividend is 22 November 2022. Dividend payment date is 16 December 2022.

	September 2022	**September 2021**
	$	**$**
Net tangible assets backing per ordinary security (156,476,574)[1]	2.84	2.17

1 Assets for the purpose of net tangible assets include right-of-use assets associated with leases recognised in accordance with AASB 16

FOR AUSTRALIAN AGRICULTURE

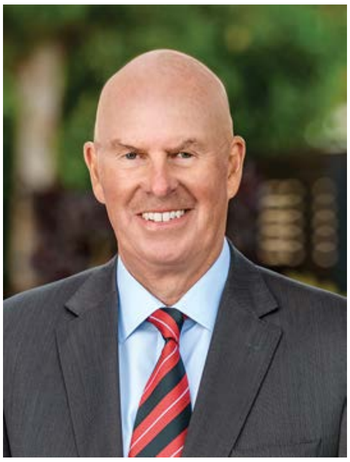
2022 Elders
Annual Report

Elders Limited ABN 34 004 336 636

Contents

Chair's Report	2
CEO’s Report	4
Year in Brief	6
Operating and Financial Review	10
Review of Operations	22
Sustainability	34
Directors’ Report	42
Remuneration Report	50
Executive Management	70
Elders Limited Annual Financial Report	76
Shareholder Information	136
Company Directory	137

Chair's Report



Australian agriculture is in a strong position. Good seasonal conditions, strong commodity prices, and record demand for Australian agricultural products are all contributing to a very favourable production environment and a sense of confidence and excitement for the years ahead.

Elders has thrived in this environment and created exceptional value for shareholders as a result. While environmental factors affecting commodities have a direct correlation with our performance, the results presented in this Annual Report are also the product of the hard work of the Elders team and its dedication to the interests of our customers. Our adherence to the Eight Point Plan, and the commitment of the network team to consistently deliver the best service in rural Australia, has allowed us to record this exceptional result.

The world's population is projected to increase by 2 billion people in the next 30 years[1], dramatically growing from almost 8 billion currently to 9.7 billion in 2050[1]. This population growth together with global instability put added pressure on food production and these factors call on Australian farmers to continue to increase productivity. Our industry's ambition of reaching pre-farmgate value of $100 billion[2] by 2030 has never been more relevant.

Elders is at the forefront of this growth, supplying goods and services to thousands of farmers across the country and assisting them to improve their production quality and quantity. We have an opportunity to sustainably grow our business and our sector to deliver more value to Australian farmers, consumers, and industry stakeholders.

Reinvestment is an important part of our growth strategy. This year Elders announced its new wool handling business which is a clear demonstration of confidence in the future of this unique fibre. This significant investment will help to make the wool industry more efficient and more sustainable.

In addition, during the course of the financial year, we acquired 13 businesses with 10 new locations and 115 new employees, improving our geographic spread to service more clients. The business development pipeline for FY23 is encouraging with numerous successful businesses expected to join Elders in the next 12 months.

We also continue to invest in our people. The Food Supply Chain Alliance recently stated the food supply chain is short at least 172,000 people[3]. Labour is crucial to achieving our goals, and shortages in our sector mean we need to attract talent across every area of our business. The need to encourage diversity in our sector has never been so pertinent; we need to ensure we hire and retain talent from across a broad spectrum of individuals.

Women are underrepresented in our industry, with data showing women make up only 32% of the agricultural workforce[4]. Elders is committed to changing this with a focus on diversity, equity and inclusion. This year we refreshed our Diversity and Inclusion objectives regarding the representation of women in management positions, implemented equal gender composition on learning and development programs and in early careers recruitment, created policy changes to reflect inclusion, and introduced unconscious bias training at the frontline leadership level.

Elders is a partner of the National Farmer's Federation Diversity in Agriculture Leadership program, which involves committing to meaningful change towards gender diversity within Elders and more broadly in the agriculture industry.

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1 *United Nations, Global Issues: Population, 2022.*
2 *National Farmers Federation, 2030 Roadmap: Australian Agriculture's Plan for a $100 Billion Industry, 2020.*
3 *National Farmers Federation, Unprecedented labour crisis across Australia's food supply chain, 2022.*
4 *Department of Agriculture, Fisheries and Forestry, ABARES Snapshot of Australia's Agricultural Workforce.*

The representation of women in management is an important measure for us to track the success of our diversity strategy. In the coming year we are striving to get closer to our target of 25% women in leadership positions by 2025. This figure currently sits at 17%. Our representation of women in Non-Executive Director roles and Senior Executive positions remain steady at 60% and 42% respectively.

There is much work to be done and Elders acknowledges it has a key role to play in improving participation of the under-represented in our workforce.

With so many opportunities ahead, there is a feeling of optimism in the agriculture sector. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) is predicting the gross value of agricultural production to exceed $80 billion in 2022-23 and for favourable conditions to persist[5]. Farmland values continue to increase, showing genuine confidence in agriculture as a safe and reliable asset class for investors[6]. Recent APRA findings support this increased investment in agricultural assets, with a 6% overall increase in lending to the farm sector in 2020-21[7].

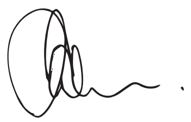
It's not possible to speak about the successes of Elders without referencing the progress we are making towards being a more sustainable business. This year Elders publishes its third Sustainability Report, tracking progress towards our ambitions to be a leader in sustainability for the agricultural sector, and an adopter of the best governance and sustainability standards practised in corporate Australia.

We continue to support a wide range of organisations that each contribute to the richness and vitality of rural and regional communities around Australia. Strengthening regional Australia is important to us, and our clients, which is why we have joined the Regional Australia Council, to offer our support and expertise as well as make our own commitments to its development.

It is evident that Elders plays a crucial role, not just in the agricultural sector, but to Australian livelihoods, the economy, and the global food supply chain. I am pleased to say your company is in good shape financially, which will allow it to continue in this role into the future and bring value to shareholders.

I would like to thank my fellow directors for their support and all Elders team members for their great efforts and dedication throughout the year.

Your Chair,



Ian Wilton
Chair

5 *Department of Agriculture, Fisheries and Forestry, Agricultural overview: September quarter 2022.*
6 *Elders, Elders Rural Property Update Q2 April - June 2022.*
7 *Department of Agriculture, Fisheries and Forestry, Agricultural lending data 2020-21.*

CEO's Report

Elders has much to be proud of this year. The business has performed remarkably well, making significant progress on its strategic ambitions and contributing to a thriving agriculture sector.

Brand

I am proud to share that Elders has maintained its position as rural Australia's most trusted agribusiness by farmers, according to Roy Morgan brand trust research. Elders is a trusted partner to Australian farming enterprises, delivering products, services, and advice to assist them in improving the productivity of their businesses. We occupy this privileged position as a result of the passion and commitment of our industry-leading workforce which is there for our clients and communities in every season.

Exceptional financial performance

In FY22 our underlying earnings before interest and tax (EBIT) was $232.1 million, an increase of 39%. We have seen steady growth across all of our core product and geographic areas, contributing to this result, which is testament to our business improvement initiatives.

Elders' performance this year reflects the continued commitment to improvement and growth in accordance with our Eight Point Plan, coupled with excellent seasonal and market conditions. We have made both product and geographically strategic acquisitions and continued to grow our business organically across the country. Our ongoing rural products backward integration strategy and execution of supply chain efficiency initiatives has continued to deliver margin growth.

We have not compromised our unflinching financial discipline in achieving this growth, with our commitment to cost and capital efficiency reflected in underlying return on capital (ROC) of 26.2% up from 22.5% in FY21 and outperforming our benchmark target of 15%.

Key highlights of the FY22 results include:

- Sales of $3445.3 million, up 35%
- Gross margin of $652.7 million, up 23%
- Rural Products gross margin of $383.1 million, up 35%, including 53% growth in gross margin contribution from our fertiliser sales, where we continue to grow margins through supply chain efficiency, dynamic pricing and other business improvement initiatives
- 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%, with growth in insurance and LIT delivery warranty
- Feed and Processing Services gross margin of $16.8 million, up 33% benefitting from improved efficiency and innovation at Killara Feedlot
- Improvement of leverage, interest cover and gearing ratios

Safety and wellbeing

While we have enjoyed the return of many in-person events, allowing our employees to reconnect with clients and industry after a significant hiatus caused by the pandemic, Elders has maintained a safety-first approach to protecting its employees. Adherence to COVID-19 guidelines and best practice has been a priority to ensure the health of all members of the community is protected. We have had a staggered return to offices and branches, encouraging work from home arrangements where possible to contribute to the public effort to minimise the spread of COVID-19. The ability of our team to remain nimble and maintain the highest level of service to our clients throughout this period has been commendable.

We had 6 Lost Time Injuries (LTI) this year. Any harm to our employees is unacceptable and we strive for a zero-harm workplace. Our commitment to safety has been backed by a $3.3 million investment in our network to provide sufficient chemical storage controls, upgraded racking and new purpose-built branches. Elders also invested $365k in pallet wrappers and drum jib lifters, and is trialling improved in-vehicle safety systems.

With the assistance of our employee Wellbeing Committee, this year we reviewed our current risk controls around psychosocial hazards and trained selected staff in mental health first aid, with further investment to be made. In addition to these initiatives, Elders is in the process of implementing a plan for all branches to host a defibrillator, so that any employee or member of the community can access this potentially life-saving equipment in an emergency.

Sustainability and innovation

Elders' commitment to sustainability is one of our top priorities and I am pleased to share that we have made significant inroads across all facets of our sustainability strategy. Across our network we allocated $2.7 million to sponsorships and donations, directing the majority of our spend to local community groups, agriculture industry and innovation and health and wellbeing initiatives. At a grassroots level, these investments have significant and lasting impacts on the vitality and connectedness of rural communities.

Our dedication to managing our environmental impact deepened in 2022. One example has been our focus on improving waste management. We joined the Australian Packaging Covenant Organisation and our branches collected 1,600 small and 50,000 bulk chemical containers from farmers for recycling. We also undertook further analysis of our waste management approach, with the objective of developing a national waste management strategy that will enable us to better manage our impact.

Innovation is an essential driver of the agricultural sector achieving its ambitions of $100 billion pre-farmgate output by 2030. Elders continues to partner with industry bodies and research institutions, both in our network and the Thomas Elder Institute, to bridge the gap between research and on-farm adoption of technologies and techniques that have proven benefits to productivity. AgTech remains an important contributor to improving farming productivity and this year we partnered with providers that assist producers with a range of innovations from farm management tools to remote water monitoring, soil moisture probes and remote sensing satellite imagery.

Over the coming months and years we're changing our ways of working through a significant systems modernisation project. Early in 2023, Elders will unveil a brand-new website, which will deliver a seamless and convenient experience, with the customer at the centre, and e-commerce capabilities in the future.

The Elders values of teamwork and innovation will be brought to the forefront with a transformed internal digital landscape through a new intranet that will significantly improve our communication and operations. Our core business systems will be evolving, future proofing us and laying solid foundations to maintain growth and strong relationships with customers, community, and our own people.

These changes will be implemented across finance, operations and human resources platforms making them far more accessible and useable. Additionally, we'll build talent and capability across Elders, with leaders accessing integrated information for a clearer real time picture of the organisation, optimising our workforce, and removing capability gaps. Elders' customers will experience the benefits of these improved ways of working and of the increased capacity of our people.

Full details on our targets and strategy can be found in our Sustainability Report, available at **Elders Investor Centre**.

Growth and reinvestment

As the Elders network expands through recruitment and the acquisition of businesses that fill strategic or geographical gaps, our focus on our people becomes increasingly important. This year, Elders achieved all-time high results in our employee effectiveness survey, well above the global high performing benchmark. The results showed an increase in both markers: the level to which our employees are engaged, committed and willing to go the extra mile, and enabled, possessing the resources and support to do their job. As CEO I am encouraged by these results, assured that we are doing the right things in our business to support our employees.

I am also motivated to ensure that we continue to be an employer of choice in our sector and offer a desirable value proposition in a competitive recruitment market. Retention is just one part of our strategy to employ the best people, which is why we have reinvested and re-envisioned our Early Careers Program which encapsulates a range of pathways across our business for the next generation of agribusiness professionals.

Reinvestment in our people, business and industry, is an important part of ensuring that Elders continues to grow and thrive. In this vein, we announced the launch of Elders Wool Handling, scheduled for launch in 2023, which will see a significant investment in improving the wool supply chain and offering end to end service for our clients with improved efficiency and ease. Complementing Elders' existing wool offering, the new business and its associated facilities, will be industry-leading in terms of capabilities, safety and environmental credentials, and approach to supply chain optimisation.

As we grow, it is imperative that we continue to invest in developing our existing team and maintaining our One Elders culture. We have numerous personal and professional development initiatives in the business ranging from our traineeships through to our senior leaders development program, known as the Thomas Elder Academy. Notwithstanding ongoing COVID-19 restrictions, we have successfully maintained engagement with our people, as demonstrated by our high performance enablement and engagement scores.

This is a credit to the leadership group throughout the business and I thank them for their commitment to our people during these challenging times.

Looking forward

Elders has once again generated excellent results for our shareholders in 2022 and deepened its position as the most trusted partner to Australian farmers. Having said that, there are still many opportunities to grow and improve our business, and further enhance our value proposition to rural Australia. I wish to thank the entire Elders team for their contribution to achieving these results and their commitment to delivering on these ambitions moving forward.

Mark C Allison
Managing Director
and CEO

6
LOST TIME INJURIES

#1
MOST TRUSTED AGRIBUSINESS BRAND

79%
EMPLOYEE ENGAGEMENT

49
NET PROMOTER SCORE

YEAR IN BRIEF

Sales revenue **$3.4b**
Up **35%** on FY21 Results ▲

Cost to earn ratio **64%**
Down **5%** on FY21 Results ▼

Gross margin **$653m**
Up **23%** on FY21 Results ▲

Return on capital **26%**
Up **3.7%** on FY21 Results ▲

Underlying EBIT **$232m**
Up **39%** on FY21 Results ▲

Underlying earnings per share **97.3c**
Up **1%** on FY21 Results ▲

Dividend per share **56.0c**
Up **33%** on FY21 Results ▲

Cash conversion **75%**
Down **19%** on FY21 Results ▼

A healthy future For Australian wool

Elders has played a pioneering role in the Australian wool industry since its infancy.

In the early days of wool production in Australia, Elder, Smith & Co, owned and ran several pastoral properties, shearing an estimated 1.5 million sheep in the early 1880's. During this time, wool was an important export commodity for the growing colony and Australia became the largest producer of wool in the world.

In 2021/22 Australia exported $3.3 billion of wool[1]; the fibre remains a world-renowned and sought-after product due to its natural properties which include insulation, fire resistance, hardiness and stretch.

While the sector might be steeped in tradition, it is far from backward. Wool has an impressive list of environmentally friendly credentials and is being transitioned by some of the industry's sharpest minds who are passionate about the fibre's ecofriendly credentials, its ability to be grown and sourced sustainably, and who service international markets that are increasingly driven by consumers who demand transparency and traceability.

Samantha Wan is the Wool Quality Assurance & Marketing Manager at Elders' Wool Selling Centre in Melbourne. She acts as a point of contact for growers and district wool managers, assisting them with key decision making.

"It's important for Australia to keep an eye on this industry that is changing every day," said Samantha.

"Consumers are driving the wool market to become increasingly accountable, traceable and sustainable, which means we have opportunities to implement techniques and programs with our clients that make their product more sellable, and often, more able to earn premiums on a clip."

One of the programs that Samantha refers to is the Responsible Wool Standard (RWS) which is an international, voluntary standard that addresses animal welfare in sheep farms and the chain of custody of wool from farm to final product. Individual sites are certified by independent bodies, and material is then tracked from the farm to the final product using transaction certificates.

Elders is a leader in providing consultation to clients to support them in becoming RWS accredited, with a growing number of RWS accredited clips being sold each month across the country.

"Supporting our clients, whether to achieve accreditation, transition to non-mulesing, or improve their safety or productivity practices in other ways, are all examples of how Elders is doing more to support farming businesses," said Samantha.

"We have to look at the entire supply chain to find opportunities where we can add value as professionals, but also as industry participants who want the sheep and wool sector to enjoy success for generations to come."

Samantha has her own list of credentials as winner of the Broker Award from the National Council of Wool Selling Brokers of Australia in 2019, Elders Employee of the Year award in 2018, and the title Youth Ambassador for WoolProducers Australia, just to name a few. While she seems a natural fit to the industry, Samantha doesn't have an agricultural background, and has driven her own success by seeking out experiences and opportunities, learning from the network around her, and recognising that her unique skillset is an asset.

"If we keep looking for the same people to do the same things, we will never change. I'm fortunate that I have always had senior members of my team backing me, giving me confidence," she said.

People like Samantha are helping to take the wool industry forward and are crucial advocates for pursuing a career in the sector. In July 2022, Elders announced a significant investment in the industry with the Elders Wool Handling business to launch in 2023.

"Elders Wool Handling is showing that we're not just brokers, we are a solid and invested part of the supply-chain. The pro-activeness of this business decision is important to show the next generation that we have something great to showcase," said Samantha.

For Matthew Tattersall, Wool Technical Manager, the new business is a keen reflection of the optimism felt in the sector.

"There are major benefits for growers, including being able to manage their businesses better by having easier access to information," said Matthew.

"These efficiency gains will be felt well past the farmgate, with central facilities making the shipping and handling process faster and easier and putting product in the hands of buyers sooner."

Matthew said the wool sector is developing a keener interest in ethical production which is helping to drive change.

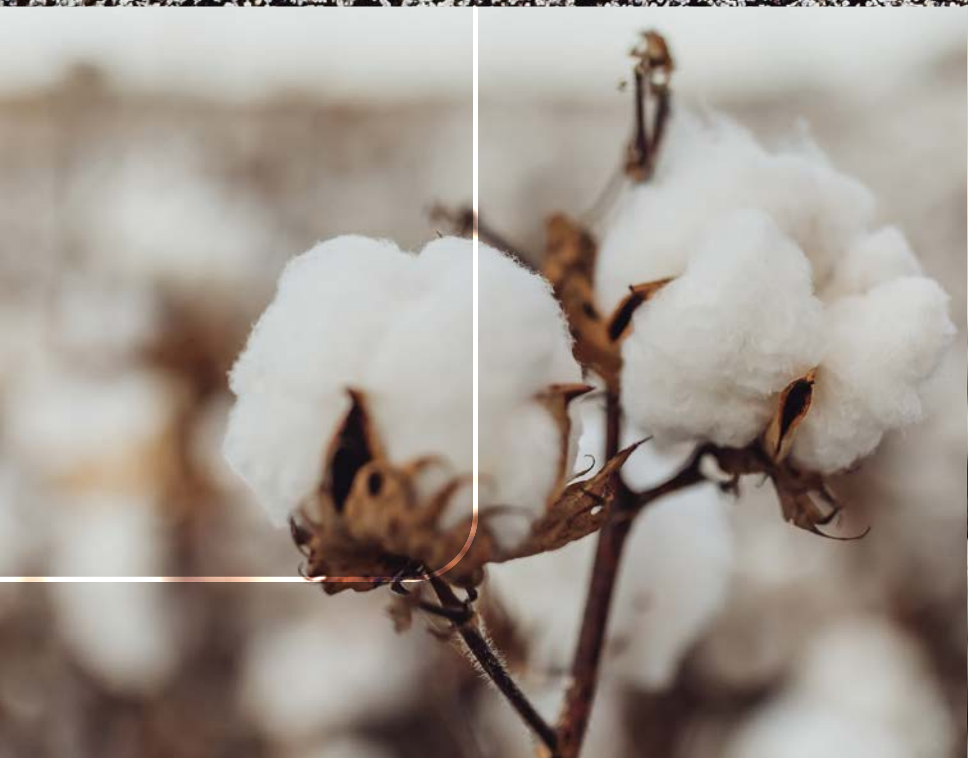
"Wool is already seen as a clean and natural fibre but we are seeing an evolution of our industry toward a more sustainable model, driven by consumer demand. The welfare of workers in wool, the animals and the land on which wool is grown, is being prioritised more than ever before.

The combination of this, with changing infrastructure and investment in the supply chain through Elders' new wool handling business, are all signs that wool has a healthy future."

1 *Rural Bank, Australian agricultural trade 2021/22.*

“We have to look at the entire supply chain to find opportunities where we can add value as professionals, but also as industry participants who want the sheep and wool sector to enjoy success for generations to come.”

Samantha Wan
Wool Quality Assurance & Marketing Manager,
Elders' Wool Selling Centre Melbourne


OPERATING & FINANCIAL REVIEW

2022

Operating and Financial Review[1]

During the year ended 30 September 2022, all our key products and geographies outperformed the prior year, reflecting the implementation of our Eight Point Plan business improvement initiatives and successful integration of our strategic acquisitions, which allowed us to take advantage of excellent seasonal and market conditions.

Geographical and product diversity enabled Elders to overcome headwinds from localised unfavourable weather events in many regions, while supply chain efficiency initiatives and our backward integration strategy continue to support margin growth.

Operations

Elders is focused on creating value for all its people, customers, community and shareholders in Australia and internationally. We achieve this with the expertise and dedication of over 2,500 employees and an ongoing commitment to safety, sustainability and diversity.

In Australia, Elders works closely with primary producers to provide products, marketing options and specialist technical advice across rural, wholesale, agency and financial product and service categories.

Elders is also a leading Australian rural and residential property agency and management network. This network includes both company owned and franchise offices operating throughout Australia in both major population centres and regional areas.

Our feed and processing business operates a best practice beef cattle feedlot in New South Wales.

Strategy

Elders' strategic framework is governed by our three-year Eight Point Plan.

Our ambitions to FY23 include:

- achieving compelling shareholder returns (5-10% EBIT and EPS growth through the cycles and minimum 15% ROC). Two years into the current Eight Point Plan we have attained 39% EBIT growth, while improving ROC to 26.2% in FY22
- industry leading sustainability outcomes, with targets set to reduce our Scope 1 and 2 greenhouse gas emissions to zero by 2050
- being the most trusted agribusiness brand in rural and regional Australia, which we are proud to have had awarded for the last three years

Elders continued to make strong progress on our strategic priorities and enablers:

1. **Win market share** across all products, services and geographies through client focus, effective sales and marketing and strategic acquisitions
2. **Capture more gross margin** in Rural Products through optimised pricing, backward integration and supply chain efficiency
3. **Strengthen and expand our service offerings**, including Livestock and Wool Agency, Real Estate, Financial and Technical Services
4. **Optimise our Feed and Processing Services** business at Killara Feedlot
5. Develop a **sustainability** program that is authentic and industry leading
6. Invest in **Systems Modernisation** program - best of breed solutions to improve customer experience, drive process and administration efficiency and better accommodate change
7. Attract, retain and develop the **best people** and provide a **safe and inclusive working environment**
8. Maintain unflinching financial discipline and commitment to **cost and capital efficiency**

Impacts of COVID-19

While COVID-19 pandemic conditions appear to be easing in Australia at the date of this report, COVID-19 remains a global pandemic as declared by the World Health Organisation. Elders has considered the impact of COVID-19 when preparing the consolidated financial statements and related note disclosures, and continues to monitor the impact on our employees, demand for Elders' products and services, customers, communities and supply chains.

Impacts of severe weather events in Australia

The eastern Australian states have been impacted by high rainfall and severe flooding during 2022. The commitment of our employees to supporting their local communities and the geographical diversification of our business has resulted in minimal disruption to our operations.

[1] *The Operating and Financial Review is presented in Australian dollars and is rounded in millions, unless otherwise stated. Rounding differences may be present due to individual amounts rounded to the nearest thousand dollars in the Financial Report.*

Profit and Loss

Profit: Reported and Underlying[2]

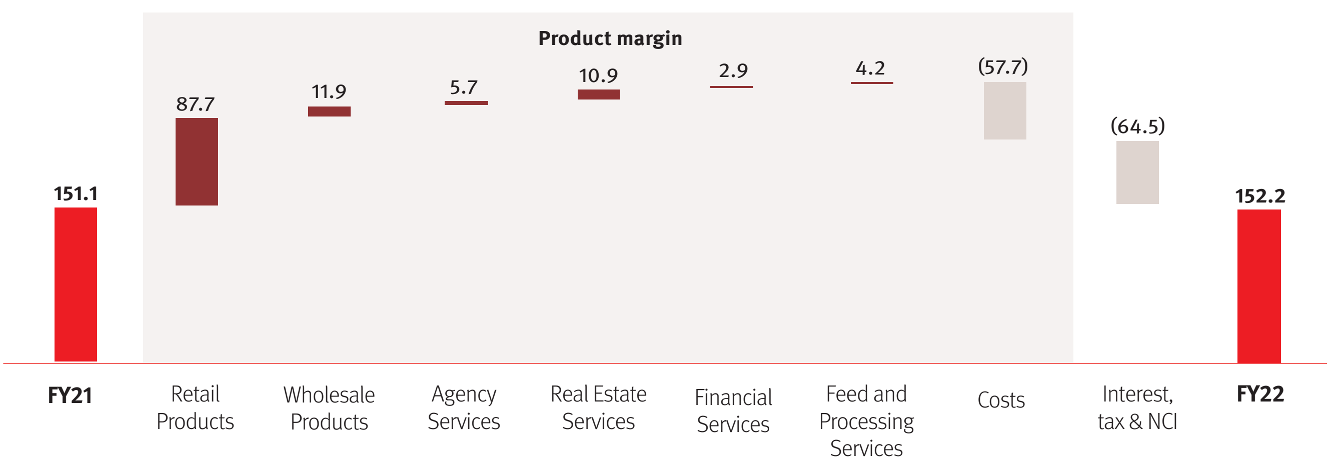
$million	FY22	FY21	Change	Change %
Sales	3,445.3	2,548.9	896.4	35%
Gross margin				
Retail Products	310.0	222.3	87.7	39%
Wholesale Products	73.1	61.2	11.9	19%
Agency Services	147.0	141.3	5.7	4%
Real Estate Services	61.6	50.7	10.9	21%
Financial Services	44.2	41.3	2.9	7%
Feed and Processing Services	16.8	12.6	4.2	33%
Total gross margin	**652.7**	**529.4**	**123.3**	**23%**
Costs (distribution and administration)	(420.6)	(362.9)	(57.7)	(16%)
Underlying earnings before interest and tax	**232.1**	**166.5**	**65.6**	**39%**
Finance Costs	(8.6)	(8.8)	0.2	2%
Underlying profit before tax	**223.5**	**157.7**	**65.8**	**42%**
Tax	(64.2)	(2.6)	(61.6)	n/m
Non-Controlling Interests	(7.1)	(4.0)	(3.1)	(78%)
Underlying profit to shareholders	**152.2**	**151.1**	**1.1**	**1%**
Items excluded from underlying profit	**10.7**	**(1.3)**	**12.0**	**n/m**
Reported profit after tax to shareholders	**162.9**	**149.8**	**13.1**	**9%**
Underlying earnings before interest, tax, depreciation and amortisation	279.3	207.4	71.9	35%
Underlying earnings per share (cents)	97.3	96.7	0.6	1%

Items Excluded from Underlying Profit

The statutory result included items that are unrelated to operating financial results. Measurement and analysis of financial results excluding these items is considered to give a meaningful representation of like-for-like performance from ongoing operations ("underlying profit"). Underlying profit is a non-IFRS measure and is not audited or reviewed.

$million	FY22	FY21	Commentary
Profit on sale	22.0	-	Profit on sale of StockCo investment
Business closure costs	(10.6)	-	Cost associated with the closure of Elders Fine Foods (China)
One-off costs	(0.7)	-	Systems Modernisation costs that are one off in nature, but cannot be capitalised
Unbooked tax losses	-	(1.3)	Recognition of tax and unbooked tax losses
Total	**10.7**	**(1.3)**	

Change in product margin ($million)[3]



[2] FY22 underlying earnings per share (97.3 cents per share) is impacted by the recognition of tax expense in underlying income commencing 1 October 2021. To enable consistent comparison year on year, FY22 adjusted underlying earnings per share is 134.1 cents per share up 38.7% on FY21

[3] Branch incentive is proportionally allocated to Retail Products and Agency based on margin contribution

Sales

Sales increased $896.4 million to $3,445.3 million (+35%) across all products. Retail and Wholesale Products represented $817.4 million or 91% of the upside, supported by acquisitions and organic growth initiatives, as well as improved seasonal conditions and favourable market activity.

Gross Margin

Retail Products

Retail Products margin uplift was mainly due to increased sales (+$745.7 million or +44%), driven by strong demand for fertiliser and crop protection chemicals following favourable seasonal conditions. Benefits from the backward integration strategy mostly mitigated margin pressures from higher input costs, resulting in strong margin consistent with the prior year.

Wholesale Products

Wholesale Products margin growth was attributable to sales uplift (+$71.7 million or +22%) in line with expansion of the AIRR network and organic growth initiatives, including investment in the member base, supported by strong demand from ongoing favourable seasonal conditions.

Agency Services

Agency Services margin uplift was largely driven by the Livestock business, which increased $4.7 million to $129.6 million (+4%). This was primarily due to strong cattle prices with sheep prices remaining relatively flat, partially offset by lower volumes due to herd and flock rebuilding, in line with market activity. Wool margin also grew, corresponding to recoveries in the market and re-emerging global demand.

Real Estate Services

Real Estate Services margin increase of $10.9 million (+21%) was favourable across all service offerings. Broadacre and residential sales improved on the previous year, supported by growth in volumes, and favourable market conditions. Property management earnings increased, boosted by acquisitions in key geographical locations.

Financial Services

Financial Services achieved margin improvement of $2.9 million (+7%), mostly across the Insurance and Livestock in Transit delivery warranty products. Insurance increased, corresponding to growth in gross written premiums, as well as higher returns from the equity accounted investment (+21%). LIT uplift of $0.9 million on the prior year to $8.7 million is primarily the result of higher livestock prices.

Feed and Processing Services

Feed and Processing Services margin recovered significantly on the prior year due to increasing efficiency at Killara Feedlot (+$4.2 million or +35%). This was supported by strong demand from domestic and export customers and high residency levels. Gross margin also benefited from cattle performance efficiencies, supported by increasing backgrounding operations. A closure strategy has been implemented for the Elders Fine Foods business following continuing low sales due to COVID-19 disruptions in key regions in China.

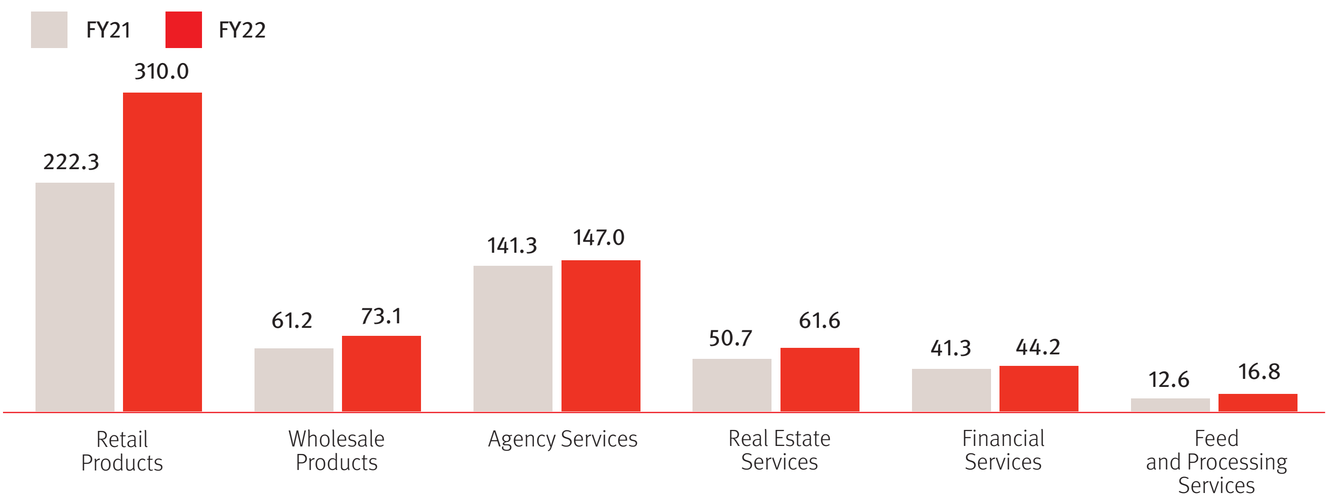
Costs

FY22 was a year of significant EBIT growth. The cost to earnings ratio improved to 64% (FY21: 69%), despite an increased cost base driven by additional FTEs required to facilitate network growth and initiatives. Incentives were also higher in line with business out-performance.

Net Profit After Tax

Net profit after tax includes the recognition of underlying tax expense ($64.2 million), effective from 1 October 2021.

Product margin by year ($million)



Profit and Loss (cont.)

EBIT by Geography

$million	FY22	FY21	Change	Change %
Wholesale Products	37.3	31.4	5.9	19%
New South Wales	52.4	34.1	18.3	54%
Queensland and Northern Territory	34.4	21.5	12.9	60%
Victoria and Riverina	80.6	62.5	18.1	29%
South Australia	43.7	31.8	11.9	37%
Tasmania	6.9	6.0	0.9	15%
Western Australia	63.7	54.7	9.0	16%
International (China)	(0.8)	(1.0)	0.2	20%
Corporate Overheads	(86.1)	(74.5)	(11.6)	(16%)
Underlying earnings before interest and tax	**232.1**	**166.5**	**65.6**	**39%**

EBIT contribution from all geographies improved in FY22 as a result of organic growth initiatives, including increasing sales staff to extend the value proposition to clients, which enabled the branch network to capitalise on strong demand arising from favourable seasonal conditions. This was supported by contributions from strategic acquisitions and a continued focus on cost and capital efficiency.

Wholesale Products
Wholesale Products margin growth was attributable to sales uplift in line with expansion of the AIRR network and organic growth initiatives, including investment in the member base, supported by strong demand from ongoing favourable seasonal conditions.

New South Wales
New South Wales achieved growth across all products with organic growth initiatives positioning the business to capitalise on strong demand. B&W Rural and Titan AG sales were strong contributors, with increased demand for chemical and fertiliser products following more favourable weather conditions across the region. Further growth was provided by buoyant livestock and wool prices and a favourable broadacre Real Estate market. Contribution from Killara Feedlot improved due to strong demand and high residency levels.

Queensland and Northern Territory
The improvement in Queensland and Northern Territory was assisted by product diversification from the Sunfam acquisition as well as sustained high Retail Products demand for chemical and fertiliser products, and a favourable rural Real Estate market, partially offset by lower cattle volumes resulting from herd rebuild and a limited live export market.

Victoria and Riverina
The upside in Victoria and Riverina is the result of increased contributions from all products, with organic growth initiatives enabling the branch network to capitalise on strong Retail Products demand, particularly for fertiliser and chemical products, with Titan AG showing significant growth. Further uplift was provided by sustained high cattle prices and an active Real Estate market, particularly in broadacre asset sales.

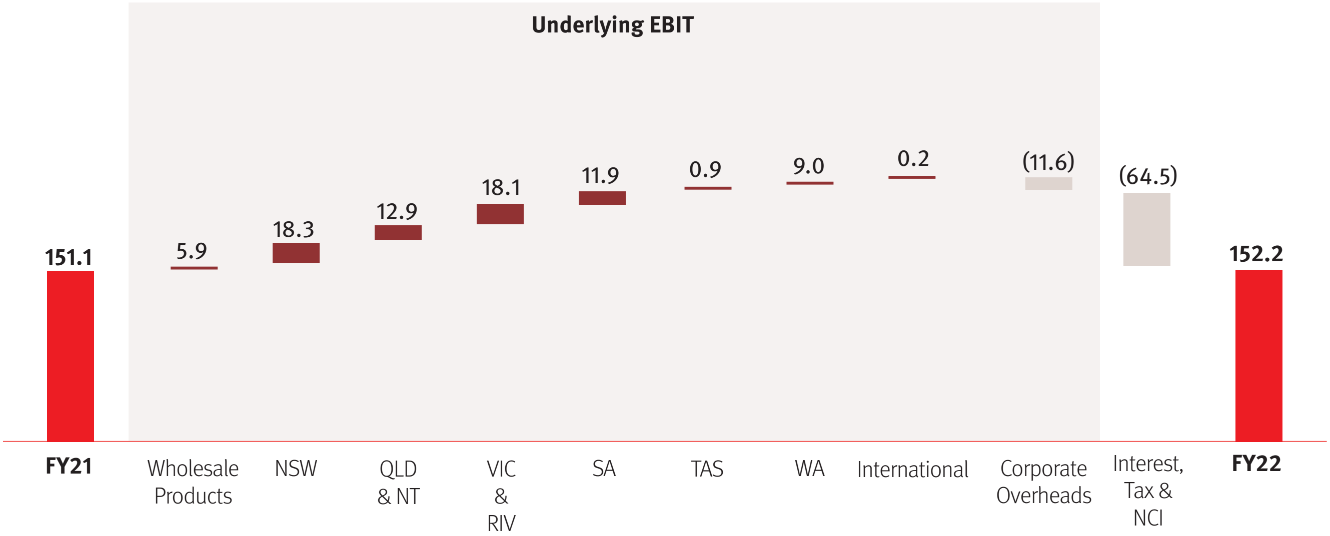
South Australia
Growth in Rural Products, particularly Titan AG, fertiliser and chemical products, was the primary driver of the uplift in South Australia, reflecting the success of both organic growth initiatives and integration of strategic acquisitions. This was supported by favourable contributions from increased Real Estate turnover, with competition for broadacre remaining high, and from Agency Services with limited domestic cattle supply leading to higher prices.

Tasmania
Livestock agency was the primary contributor to growth in Tasmania, due to a combination of higher cattle prices and increased volumes from growth in market share. Contribution from the retail business improved with favourable conditions driving demand across most categories.

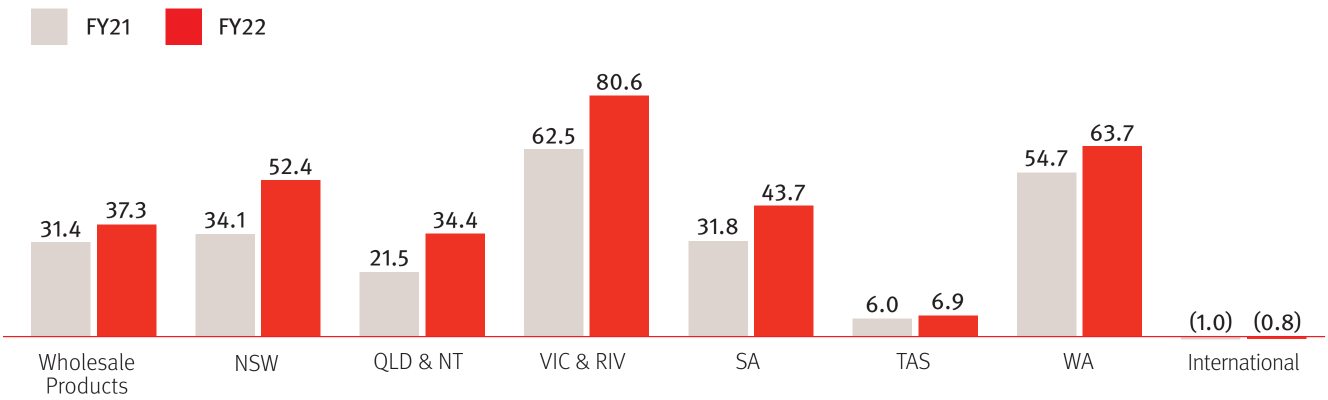
Western Australia
Western Australia's increase was primarily driven by Retail Products, with both organic growth initiatives and strategic acquisitions positioning the business to benefit from increased demand for retail products, notably seed and chemical products. Real Estate performed very strongly with all real estate categories increasing on last year due to strong demand for both residential and broadacre properties, as well as higher property management turnover and the successful integration of strategic acquisitions.

Corporate Overheads
Costs increased +$11.6 million or +16% primarily due to the investment in people to support business growth, increased variable incentives in line with business out-performance and strategic initiatives including the Systems Modernisation project.

Change in underlying profit by geography ($million)



Underlying profit by geography ($million)



Capital Management

Balance Sheet

$million	FY22	FY21	Change	Change %
Trade and other receivables	819.5	734.8	84.7	12%
Inventory	484.5	321.7	162.8	51%
Livestock	73.4	56.2	17.2	31%
Trade and other payables	(752.5)	(667.5)	(85.0)	(13%)
Working capital	**624.9**	**445.2**	**179.7**	**40%**
Property, plant and equipment	47.0	36.0	11.0	31%
Right-of-use assets	119.3	105.7	13.6	13%
Equity accounted investments and other financial assets	48.8	59.2	(10.4)	(18%)
Intangibles	364.3	332.6	31.7	10%
Provisions	(98.2)	(85.0)	(13.2)	(16%)
Capital (net operating assets)	**1,106.1**	**893.8**	**212.3**	**24%**
Borrowings: working capital and other facilities	(179.2)	(154.3)	(24.9)	(16%)
Lease liabilities	(123.5)	(110.7)	(12.8)	(12%)
Cash and cash equivalents	17.8	48.1	(30.3)	(63%)
Net debt	**(284.9)**	**(216.9)**	**(68.0)**	**(31%)**
Tax assets	39.5	101.7	(62.2)	(61%)
Shareholders' equity	**860.7**	**778.6**	**82.1**	**11%**

Working Capital

$million	FY22	FY21	Change	Change %
Retail Products	401.9	246.1	155.8	63%
Wholesale Products	99.9	83.8	16.1	19%
Agency Services	58.7	53.8	4.9	9%
Real Estate Services	0.4	4.1	(3.7)	(90%)
Financial Services	9.4	32.3	(22.9)	(71%)
Feed and Processing Services	83.4	59.7	23.7	40%
Other	(28.8)	(34.6)	5.8	17%
Working capital (balance date)	**624.9**	**445.2**	**179.7**	**40%**
Working capital (average)	**606.5**	**487.7**	**118.8**	**24%**

Key movements in working capital

Working capital at balance date closed at $624.9 million, which is $179.7 million higher than the prior year, driven by 35% growth in sales in FY22:

- trade and other receivables uplift of $84.7 million is largely in line with increased Rural Products sales activity, which was underpinned by favourable seasonal conditions and commodity price increases. Debtor days, recoverability and ageing profile have remained stable. This was partially offset by a reduction in Financial Services receivables following the divestment of StockCo
- inventory increased $162.8 million, mostly in Rural Products due to gross price inflation on most categories (particularly crop protection chemicals and fertiliser) and additional investment in own brand products which have longer lead times
- livestock grew $17.2 million predominantly due to higher prices at Killara Feedlot, in line with higher demand from domestic and export customers
- trade and other payables increased $85.0 million primarily driven by higher underlying commodity prices and increased inventory on hand in line with positive outlook for 1H23

Key movements in net operating assets

Net operating assets at balance date increased a further $212.3 million to $1,106.1 million on the prior year relating to:

- intangibles (+$31.7 million or +10%), driven by goodwill on acquisitions in FY22
- right-of-use assets (+$13.6 million), due to an increased number of renegotiated lease contracts, which resets the right-of-use value
- provisions increased by $13.2 million predominantly due to increased incentives in line with business out-performance
- property, plant and equipment growth is primarily related to investment in Elders Wool Handling facilities

Net Debt

Net debt at balance date was $284.9 million, which was an increase of $68.0 million from the prior year. Average net debt increased $27.0 million to $327.7 million primarily due to the increase in Rural Products working capital to support business growth, with higher investing cash outflows for acquisitions, the Systems Modernisation project and construction of the Elders Wool Handling facility. This was partially offset by proceeds from the StockCo divestment. Additional financing cash outflows relate to higher dividends paid to shareholders.

Capital management ratios

Key Ratios - rolling 12 months	FY22	FY21	Change	Change %
Underlying return on capital (%)	26.2%	22.5%	3.7%	n/m
Leverage ratio (average net debt to EBITDA) (times)	1.2	1.4	(0.2)	(14%)
Interest cover ratio (EBITDA to net interest) (times)	32.5	23.6	8.9	38%
Gearing ratio (average net debt to closing equity) (%)	38.1%	38.6%	(0.5%)	n/m

All financial debt ratios have improved on last year in line with earnings growth. There is also significant headroom in the banking covenants, which excludes AASB16 leases impact and the debtor securitisation facility.

Undrawn facilities at 30 September 2022 were $290.0 million out of total committed facilities of $475.0 million.

Tax Assets

Tax assets decreased $62.2 million to $39.5 million, impacted by the recognition of underlying tax expense of $64.2 million, effective from 1 October 2021, which is due to all tax losses now recorded on balance sheet.

Shareholders' Equity

Shareholders' equity increased $82.1 million to $860.7 million at September, mostly representing FY22 reported net profit of $162.9 million partially offset by dividend distribution to shareholders of $73.7 million.

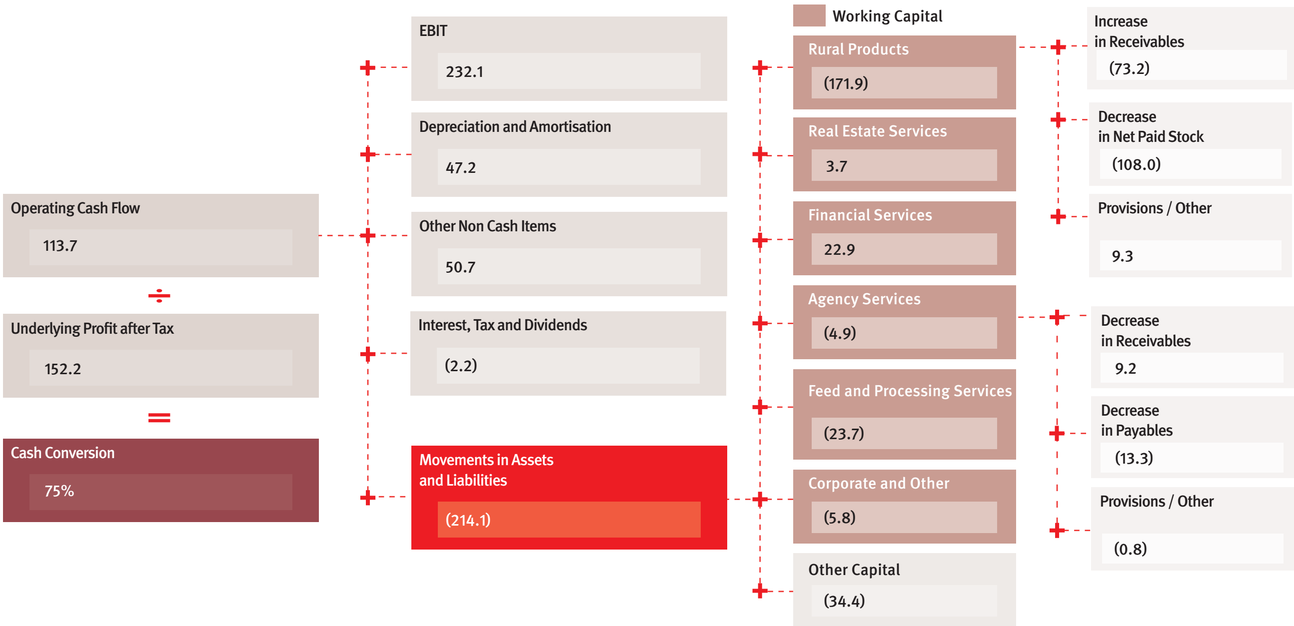
Return on Capital

Elders' underlying return on capital increased to 26.2% at 30 September 2022, an increase of 3.7% on last year. The increase is attributable to higher earnings from all products and geographies, with very strong Rural Products demand due to favourable seasonal conditions the major contributor.

Cash Flow

$million	FY22	FY21	Change	Change %
Operating cash flows	113.7	142.2	(28.5)	(20%)
Investing cash flows	(45.1)	(35.5)	(9.6)	(27%)
Financing cash flows	(98.7)	(109.3)	10.6	10%
Net cash flow	**(30.2)**	**(2.7)**	**(27.5)**	**n/m**
Cash conversion (%)	75%	94%	(19%)	n/m

Cash Conversion



Operating cash flow

Operating cash flow is largely comprised of an underlying EBITDA adjusted for non cash items of $327.7 million. This is partially offset by movements in assets and liabilities of $214.1 million:

- increase in Rural Products (Retail and Wholesale Products) working capital at balance date of $171.9 million, mostly attributable to higher debtors in line with increased sales activity and increased commodity prices, while maintaining stable debtor days, recoverability and ageing profile
- Agency Services working capital increase of $4.9 million with an increase in receivables more than offsetting the increase in payables, primarily due to the unfavourable timing of year end
- reduction in Financial Services working capital of $22.9 million due to a decrease in receivables following the divestment of StockCo
- higher Feed and Processing Services working capital (+$23.7 million) predominantly due to increased inventory balances at Killara Feedlot, related to higher cattle prices

Cash conversion was 75%, corresponding to an operating cash inflow of $113.7 million on underlying net profit after tax of $152.2 million. This is compared to a cash conversion of 94% in the prior year, resulting from an inflow of $142.2 million on underlying net profit of $151.1 million. The movement on the prior period mostly relates to the increased net working capital required to support 39% growth in underlying EBIT.

Working capital to sales ratio of 18% improved +2% on the prior year demonstrating Elders' efficient capital management framework.

Investing cash flow

Investing cash flow was a net outflow of $45.1 million at balance date, the result of 13 acquisitions during the year, Systems Modernisation project and construction of the Elders Wool Handling facility, partially offset by the proceeds from the StockCo divestment.

Financing cash flow

Financing cash flow was an outflow of $98.7 million, primarily representing full year FY21 and half year FY22 dividends paid to shareholders of $73.7 million.

Material Business Risks

Achievement of our business objectives could be affected by a number of risks that might, individually or collectively, have an impact.

Following is an overview of key risks Elders faces in seeking to achieve its objectives. The risks noted are not exhaustive and not in order of materiality. Elders seeks to identify, analyse, evaluate, treat and monitor all risks, to maximise opportunities and prevent or reduce losses.

Elders' risk appetite is set by the Board and recorded in the Elders Resilience Policy and Framework. The Executive maintains focus on those risks that have a higher rating than the desired appetite and continually assesses our operational and strategic environment for new and emerging risks.

Risks are comprehensively reviewed and reported four times a year (or escalated immediately if certain triggers are met) to the Board Audit, Risk and Compliance Committee to ensure the Board is adequately informed of the evolving risk environment.

More detail on Elders' approach to managing risk is contained in the Corporate Governance Statement on Elders' website at elders.com.au/corporategovernance.

Note: In line with ASX Corporate Governance Council recommendation 7.4, and the purpose of this report, Elders has categorised our material business risks as follows:

Economic
The ability to continue operating at a particular level of economic production over the long-term.

Environmental
The potential negative consequences to a listed entity if its activities adversely affect the natural environment or if its activities are adversely affected by changes in the natural environment.

Social
The potential negative consequences to a listed entity if its activities adversely affect human society or its activities are adversely affected by changes in human society.

Material Business Risk	Our strategy
Health and safety	
Safety risk is inherent in Elders' business activities. The safety of our people, our customers and clients and the general community with whom we interact is our number one priority. Key safety risks include livestock handling, remote driving, manual handling and chemical handling.	The safety of our people and an effective safety culture at Elders is a critical and non-negotiable corporate objective. Through the implementation of a safety management system based on continuous improvement, we reduce risks which might impact our operations. We recognise and reward safety initiatives and safe behaviours via our monthly One Elders Awards program. This initiative values and promotes safety and ensures our positive safety culture is embedded throughout our operations. During FY22 Elders established Critical Risk Teams to facilitate a team based approach to identify and implement improved controls for safety risks across the business.
Animal welfare	
The safety and welfare of livestock is of paramount importance to Elders and the company has controls in place to ensure the wellbeing and proper treatment of all animals within our control. Failure to protect the welfare of livestock in our control might result in stakeholder activity, business disruption and reputational damage.	Elders has "zero tolerance" for poor treatment of livestock. Our people are trained in safe livestock handling protocols and methods and we comply with and strive to exceed all government requirements. In addition, we actively engage with the industry and stakeholders to improve animal welfare practices where possible. Our suite of livestock handling policies and procedures will be relaunched in FY23 to ensure the highest standards of care by our people.

Material Business Risk	Our strategy
Pandemic	
Pandemic conditions have the potential to impact Elders' ability to conduct its business. The safety of our people, customers and clients, the general community and business continuity are at risk during such events.	Throughout COVID-19, Elders has enacted and operated its business continuity processes, establishing a COVID-19 Committee which is comprised of executive level business unit representitives and functional experts and is chaired by the Company Secretary and General Counsel. This Commitee continues to meet to this day. While COVID-19 pandemic conditions appear to be easing in Australia, Elders continues to monitor developments for safety, wellbeing and business disruption impacts.
Commodity pricing	
Elders has exposure to commodity price fluctuations in its Agency, Rural Products and Feed and Processing operations where movements in commodity prices, exchange rates and/or a change in the volume of Australian rural production could affect margins in the future.	Exposures are managed through diversification of income streams by product, channel and geography, controlled inventory levels and flexible remuneration models for the Agency business which allow for cost base adjustments in response to fluctuations.
Severe weather events	
Severe weather events and other natural events may reduce the output of relevant agricultural products and affect the operation of Elders' business. Natural events, caused or affected by weather, such as frost, drought, flood and fire can have an impact. Such conditions can influence the supply of and demand for rural products and services provided by Elders, resulting in varied revenue levels.	To limit the impact of natural weather events, Elders maintains both a geographical spread of operations and a diverse product, channel and service range. We maintain robust incident response and business continuity systems to manage events arising from severe weather.
Climate change	
Physical risks (such as hotter and drier conditions and more extreme weather events) and transitional risks (such as those relating to the reduction of greenhouse gas emissions) may have significant implications for the environment and conditions in which Elders operates.	In 2022 Elders continued to develop its approach to managing climate related risks. This included progress on: • Climate change scenario analysis • Targets relating to renewable electricity • Developing our Scope 3 emissions profile Our Board has set a target of fully aligning our climate related disclosures with the TCFD Recommendations by 30 September 2023. Further detail on our management of climate related risks and performance on managing energy and emissions is available in Elders' 2022 Sustainability Report.
Biosecurity threats	
Biosecurity threats to agricultural products and livestock may affect Elders' business. An outbreak of an animal or plant disease can lead to quarantine conditions in rural Australia, trade controls and reduce producers' need for goods and services or affect their ability to operate.	To manage the impact, Elders has in place disease management protocols. In addition, Elders also has a business continuity framework to respond to and recover from the risk of business disruption. During 2022, Elders formed a biosecurity committee to plan for the threat of Foot and Mouth Disease and Lumpy Skin Disease. With both diseases present in countries close to Australia, Elders considers increased preparedness for these risks to be prudent management.
Food safety	
Elders handles livestock and red meat in its Feed and Processing operations which are destined for human consumption. The risk of contamination to these food products exists.	This risk is managed through strict animal health controls in the feedlot. In addition, Elders has a business continuity framework specifically for the Killara Feedlot.
Fraud and corruption	
Elders is exposed to fraud, bribery and corruption risks, including in foreign markets in which it operates.	Elders has several controls to counter these risks, including appropriate segregation of duties, the terms of its Code of Conduct, compliance policies, anti-fraud policy, anti-bribery and corruption policy, training throughout the business, financial reconciliation processes, whistle-blower policy and reporting hot-line, leave management protocols and an Internal Audit program which is complemented by periodic reviews conducted by the external auditor.
Global and domestic economic shocks	
Elders is exposed to rapid changes in economic conditions that impact prices, sales volumes, growth and or overhead costs.	Exposures are managed through diversification of income streams by product and geography, controlled inventory levels and flexible remuneration models for the Agency business and appropriate debt facility management.

Material Business Risk	Our strategy
Counterparty risk	
Elders deals with numerous counterparties of different types. We provide credit to approved counterparties, both domestically and internationally, and may be exposed to losses associated with a client's inability to repay debt as well as exposure to supplier and partner counterparty risks.	This risk is managed by individual counterparty credit risk assessments, maintaining credit policies and procedures, oversight by the Credit Committee, debtors monitoring and reporting, trade credit insurance (major livestock exporter and processors debtor) and high level reviews of significant credit issues by the CEO and CFO, and if sufficiently material, the Board. To address counterparty risk through its foreign operations, Elders performs counterparty risk assessments, undertakes due diligence processes and seeks to establish long-term strategic relationships with key customers.
Geopolitical risk	
Elders operates in domestic and foreign jurisdictions where the business may be affected by changes implemented by governments. In addition, subsidies given to foreign rural producers may adversely affect the competitive position of Australian rural outputs.	Elders controls consequential exposure to this risk through contractual means wherever practicable and seeks to cultivate a diverse range of international markets to reduce concentration risk. The Board maintains control and oversight over ventures in new jurisdictions.
Human resource risk	
Elders' people are critical to the performance and success of the organisation. Failure to attract and retain the right people might adversely impact organisational performance.	Elders has well established processes aligned to our objective to be an employer of choice and attract outstanding people with the right values. Additional processes are designed to ensure Elders utilises their individual talents to achieve sustainable success.
Social licence risk	
Elders operates in jurisdictions where the business may be affected by changes to stakeholder expectations which and require the business to modify its activities. This includes expectations relating to human rights, animal welfare, the environment and product and services mix.	Elders controls consequential exposure to this risk through continuous monitoring of social trends that have the potential to impact the business. Various resources, including our sustainability team, are responsible for identifying, analysing and responding to social shifts. The Board has oversight over activities in all jurisdictions.
Cyber risk	
Elders' operations rely on information technology solutions which expose us to the threat of cyber disruption and loss of data.	Elders maintains a strong focus on our information technology and data security capabilities and we continue to implement and embed stronger security for our IT infrastructure on a continuous improvement basis. During 2022, Elders has continued to invest in cyber security and established a data governance committee to further enhance data security and privacy controls within the organisation.
Supply chain risk	
Due to the nature of our operations, we operate with complex supply chain challenges and work with numerous logistics suppliers in a dynamic operational and regulatory environment.	This operational risk continues to be a strong focus in 2022 in light of some continued pandemic impacts, global volatility arising from geopolitical and economic factors and the need to ensure supply chain resiliency. Elders continues to manage its Rural Products supply chain risks and has established a dedicated supply chain team to reduce supply chain vulnerability.



REVIEW OF OPERATIONS

2022

200 AGRONOMISTS

Nationwide

756k USERS ELDERSRURAL.COM.AU

Nationwide

75k FOLLOWERS ON SOCIAL MEDIA

Across Elders national accounts on all platforms

9.6m USERS ON ELDERS WEATHER

www.eldersweather.com.au and app available on mobile devices

OPERATING HIGHLIGHTS

Retail Products Sales

$2.4b

Up **44%** on FY21 Results

Wholesale Products Sales

$0.4b

Up **22%** on FY21 Results

Head of Cattle Sold

1.4m

Down **12%** on FY21 Results

Head of Sheep Sold

9.0m

Down **3%** on FY21 Results

Farmland Sales Turnover

$2.5b

Up **54%** on FY21 Results

Residential Sales Turnover

$1.8b

Up **21%** on FY21 Results

Gross Written Premiums

$1.0b

Up **12%** on FY21 Results

Killara Head of Cattle Sold

67k

Up **12%** on FY21 Results

Rural Products

Elders is one of Australia's leading suppliers of rural farm inputs including seeds, fertilisers, agricultural chemicals, animal health products and general rural merchandise.

Our Retail Products division supplies these rural products to primary producers and corporate farm customers through 232 Elders owned retail stores. Additionally, we also provide professional production and cropping advice with 200 agronomists nationwide, including additional specialists operating through Elders Technical Services.

Elders also operates a Wholesale Products business supplying independently owned member stores, utilising the AIRR branding. AIRR also provides retail services through corporate owned stores and the Tuckers Pet and Produce brand to independently owned member stores.

Our backward integration strategy is facilitated through various brands.

Performance

Rural Products margin increased $99.6 million (35%) to $383.1 million, of which $87.7 million is attributable to Retail Products. This uplift in Retail Products is largely driven by sales activity (up 44%), with favourable seasonal conditions strengthening cropping demand. Retail Products gross margin percentage was maintained year on year, supported by our backward integration strategy, preferred supplier ranging and focus on margin management. Titan AG also contributed a further $15.1 million of manufacturing margin year on year, supported by a 32% increase in sales through the Elders network.

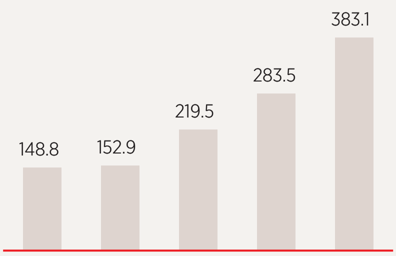
Wholesale Products margin is up $11.9 million (19%) to $73.1 million, benefiting from sales growth of 22% due to growth in independent member sales, higher private label sales and increased wholesale business via AIRR's distribution centres.

Strategy

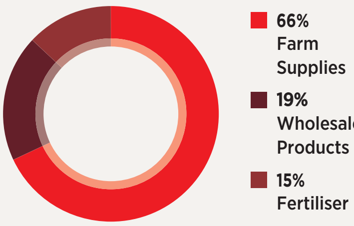
To deliver profitable growth through execution of our backward integration strategy, capturing more gross margin through optimised pricing and supply chain efficiency, and winning market share through customer centricity, sales force effectiveness and strategic acquisitions.

Strategy	Achievement	Plan
Expand own brand product segment	• Increased own brand share of sales across most major product categories • Launched new home brand products in the crop protection, seed, fertiliser and animal health ranges • Re-launched own brand 'EPG Seed'	• Continue to expand own brand product portfolio through new product launches • Expand the innovation function and identify strategic opportunities
Margin management and efficiency improvements	• Maintained average margins in a challenging market with supply constraints and rising cost of inputs • Established a new national supply chain function to deliver supply chain efficiencies and support risk management	• Continued improvement in margin management sophistication through technology solutions • Develop an enhanced pricing strategy
Customer focus and expanded store footprint	• Invested in revenue generating roles and delivered sales training to 200+ front line employees • Added nine new retail locations, four through acquisitions and five greenfield developments across the country	• Continue to fill geographic gaps with strategic acquisitions and greenfield developments • Create a further 40+ sales facing roles in the network to support organic growth
Growth of Wholesale Products	• Increased the warehouse footprint with a new warehouse and distribution centre in Tasmania • Successfully delivered procurement synergies and enhanced maturity of sales through the Elders network • Grew private label brand share in wholesale and retail networks • Filled key strategic gaps with a new corporate store and two successful acquisitions	• Continue to increase the warehouse footprint by opening a new warehouse in Central Queensland • Build on the private label brand position through the launch of new products • Expand retail footprint through strategic acquisitions in key areas • Grow the member base

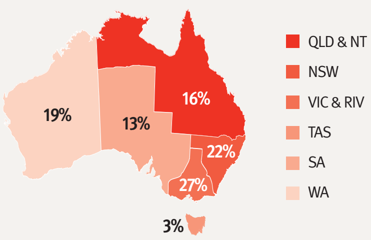
Rural Products margin ($million)



Margin by product



Margin split by geography



Agency Services

Elders provides a range of marketing options for livestock, wool, and grain. Elders' livestock network comprises livestock agents and employees operating across Australia conducting on-farm sales to third parties, regular physical and online public livestock auctions and direct sales into Elders-owned and third-party feedlots and livestock exporters.

Elders is one of the largest wool agents for the sale of Australian greasy wool and operates a brokering service for wool growers. Our team of dedicated wool specialists assists clients with wool marketing, in-shed wool preparation, ram selection and sheep classing.

Elders also has a 50% interest in AuctionsPlus, an online livestock auction platform, and a 30% interest in Clear Grain Exchange (CGX), which is an online grain trading platform.

Performance

Agency Services margin improved $5.7 million (4%) to $147.0 million, which is mostly attributable to Livestock (up $4.7 million). This is due to strong livestock prices for both cattle and sheep, due to limited domestic supply. This is however partially offset by improved seasonal conditions driving herd and flock rebuild and Foot and Mouth Disease concerns, which has seen volumes reduce for both cattle and sheep.

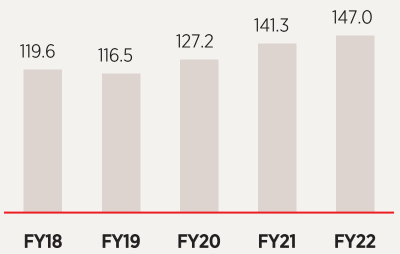
Wool margin is favourable $0.5 million (3%) to last year, as the wool market stabilised following a strong recovery in FY21. Volumes were marginally lower than prior year, however this was offset by the Eastern Market Indicator (EMI) averaging higher than prior year .

Strategy

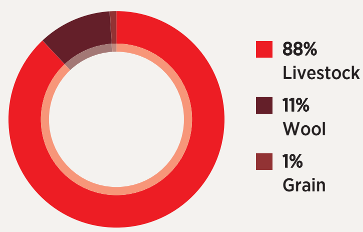
To deliver profitable growth of the Agency Services portfolio through business improvement, recruitment and acquisition for our Livestock and Wool businesses and through focused growth of our investments in AuctionsPlus and CGX.

Strategy	Achievement	Plan
Operating model	• Business efficiency and growth through implementation of initiatives, including digitisation of processes • Further growth in AuctionsPlus channel in livestock and machinery transactions • Record year for CGX for volumes sold through the platform • Launched Elders Wool Handling, with operations set to commence in FY23	• Continued investment in Livestock, Wool and Grain product development to improve and expand offering • Further footprint expansion through targeted agency acquisitions • Continue to grow listings through AuctionsPlus • Leverage 30% shareholding in CGX to improve grain value proposition and grow revenue
People	• Relaunched livestock trainee program • Implemented national livestock training program	• Selective recruitment of Livestock and Wool personnel • Geographical expansion through recruitment of high performing people

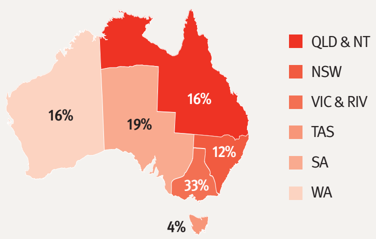
Agency Services margin ($ million) [1]



Margin by product



Margin split by geography



1 *Includes equity earnings from investments.*

Real Estate Services

Elders' Real Estate Services include company owned rural agencies primarily involved in the marketing of farms, stations and lifestyle estates. It also includes a network of residential real estate agencies providing agency and property management services in major population centres and regional areas through company owned and franchise offices. Other services include water and home loan broking.

Performance

Real Estate Services margin increased by $10.9 million (21%) to $61.6 million compared to last year, with sales turnover up across most service offerings. Margin from company owned residential and farmland agency has contributed most of the uplift due to ongoing network expansion, high demand and increased prices. Growth was achieved across most geographies.

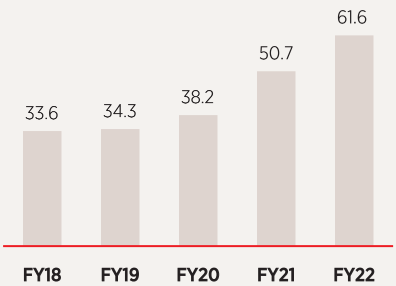
Property management has also outperformed last year as a result of ongoing rent roll growth. Key agent retention and net growth in agent numbers has been maintained at strong levels through delivery of a compelling attraction and retention proposition.

Strategy

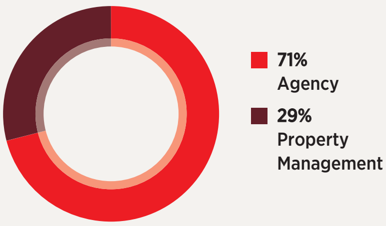
To deliver profitable growth of the Real Estate Services portfolio through business improvement, recruitment and acquisition for all real estate services.

Strategy	Achievement	Plan
Operating model	• Implementation of numerous business improvement initiatives, primarily focused at brand enhancement, digital strategy, system modernisation and people development • Grown a significant rent roll asset through organic and acquisitive growth • Positioned the business as a transaction adviser of choice in corporate agriculture and facilitated numerous on and off-market investment scale farmland transactions • Implemented Console Cloud property management platform to drive efficiency improvement in rent roll operations • Implemented AgentBox, an industry leading CRM, across company owned and franchise network	• Continue to grow company owned farmland agency, residential agency and property management presence in major regional centres • Continue to grow market share in water broking • Enhance productivity and efficiency initiatives in our property management business • Leverage the new CRM systems for agency operations, including use of data and driving cross referral opportunities • Continued enhancement of digital marketing and lead generation activity
People	• Positioned key personnel as leading transaction advisers for corporate scale transactions • Maintained a strong attraction and retention proposition • Retained high performing sales agents • Significant increase in participation levels in a modern learning and development program	• Ongoing recruitment of high performing real estate sales representatives and water brokers • Recruitment of real estate franchisees • Increased productivity through technology initiatives and training • Ongoing investment in capability in the farmland investment space to provide a whole of investment life cycle service offering

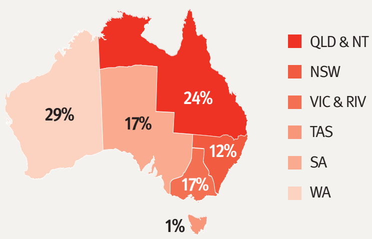
Real Estate Services margin ($ million)



Margin by product



Margin split by geography



Financial Services

Elders distributes a wide range of banking and insurance products and services through its Australian network. We work together with a number of partners to deliver these offerings; Rural Bank for banking, StockCo for livestock funding products and Elders Insurance (a QBE subsidiary) for general insurance. Collectively, these relationships enable us to offer a broad spectrum of products designed to help our customers grow their business and manage cash flow and risk.

Performance

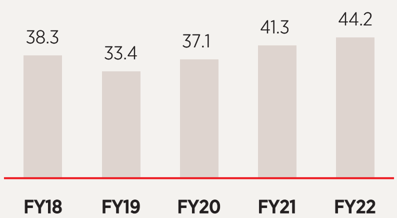
Financial Services margin of $44.2 million improved $2.9 million (7%) on last year. This uplift is largely contributed by our Insurance business (up $1.9 million), driven by increased gross written premiums through new insurance lines and locations. Growth in our Livestock in Transit (LIT) Delivery Warranty and new livestock funding products has also contributed to the overall uplift.

Strategy

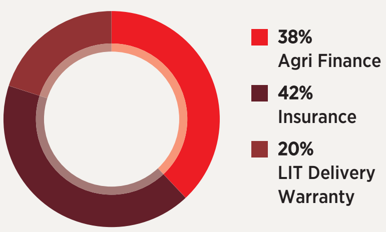
To deliver profitable growth of the Financial Services portfolio through business improvement, product development and upstream investment in our services business.

Strategy	Achievement	Plan
Deeper, more productive partnerships	• Launched engagement program with Rural Bank to further enhance local relationships and drive growth • Sale of share in StockCo and new distribution agreement with new owner • Continued service and distribution of Rural Banking products	• Building on existing and new relationships with Rural Bank staff located in Elders' branches to bring finance solutions to Elders' clients • Joint strategic marketing and referral campaigns with Elders Insurance to grow gross written premiums
Expand Elders issued product offerings	• Further growth in Livestock Delivery Warranty associated with Elders' Agency Services business • Increased on-balance sheet lending capability though product enhancement	• Further development of new and existing on-balance sheet finance products to improve efficiency and client experience • Grow Livestock Delivery Warranty revenue through increased uptake and further digitisation • Expand Elders' finance footprint and capability through recruitment and training

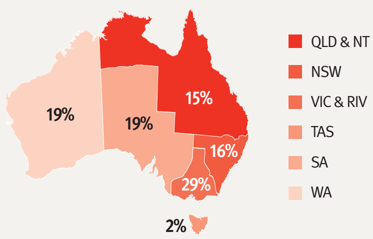
Financial Services margin ($ million)[1]



Margin by product



Margin split by geography



1 *Includes equity earnings from investments.*

Feed and Processing Services

In Australia, Elders operates Killara Feedlot, a beef cattle feedlot near Tamworth in New South Wales. Elders also imports, processes and distributes premium Australian meat in China.

Performance

Killara Feedlot margin is favourable to last year $4.2 million improving 35% to $16.1 million, with strong demand from domestic and export customers driving increased sales across all aspects of the business. Excellent seasonal conditions and higher residency levels have contributed to margin improvement while growth in our backgrounding operations via early purchasing of young stock continues to support the supply chain. Further investment in Killara's farming operations and capital expenditure has also seen improved efficiencies and sustainability across the business.

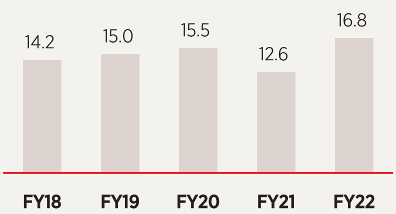
Elders Fine Foods contributed gross margin of $0.7 million, which is in line with last year, as ongoing COVID-19 disruptions impact sales in China. A closure plan has been formalised and the business will conduct an orderly wind down of operations in FY23.

Strategy

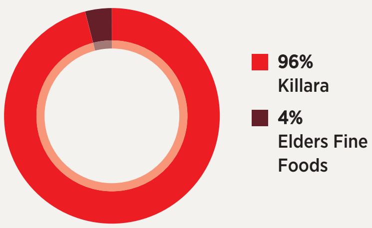
To deliver continuous improvement in EBIT and ROC for all businesses with active portfolio composition management.

Strategy	Achievement	Plan
Grow Killara Feedlot	• Continued investment in capital improvements to drive high utilisation and efficiencies including installation of a 500-kilowatt solar farm due for completion in late 2022 • Steady cattle supply chain management via backgrounding and external facilities • Enhanced irrigated farming operations to better utilise farming country and available effluent and licensed bore water • Diversified customer portfolio • Continued improvements in animal health outcomes through pre vaccination and backgrounding strategy • World first feedlot trial work in the early detection of bovine respiratory disease • Antimicrobial stewardship plan to reduce antibiotic use in cattle	• Extensive capital investment in new feeding technologies • Continue staged roll out of centre pivot irrigation systems for the production of corn silage to be used as part of cattle feeding at the feedlot and backgrounding operations • Explore opportunities for carbon farming and improved soil nutrient and moisture management practices • Undertake full carbon footprint evaluation to account for on-site carbon sequestration • Finalise commission of new feed mill
Closure of Elders Fine Foods in FY23	• Contained losses despite market conditions severely impacted by COVID -19	• Finalise closure of trading operations

Feed and Processing Services margin ($ million)



Margin by product



Outlook

Elders remains committed to Australian agriculture and achieving its Eight Point Plan strategy.

Several regional communities have been impacted by recent flood events across Eastern Australia. With the water yet to recede at the time of writing, the full impact of these events on the current winter crop harvest and summer crop planting is yet to be determined. Elders has enacted its hardship policy to support clients in need.

Rural Products

- ABARES summer crop outlook, released in early September 2022, predicted a positive summer crop outlook, with area planted forecast to rise 2% to 1.6 million hectares[1], which was expected to drive strong demand in the first half for cropping inputs, particularly agricultural chemicals, fertiliser and seed. Areas of Queensland, New South Wales, Victoria and South Australia have since experienced continued wet weather and flooding which has created significant uncertainty regarding summer crop production
- Current 2022-23 winter crop production of 55.5 million tonnes was forecast by ABARES,[1] which supported continued optimism for the following winter crop season next year, however the impact of unseasonal wet weather across parts of the East coast may impact the 2022 winter crop harvest
- With the water yet to recede at the time of writing, the full impact of these events on the current winter crop harvest and summer crop planting is yet to be determined
- Benefits from strategic bolt-on acquisitions to provide further growth in FY23

Agency Services

- Prices for beef are expected to fall in 2023 due to easing of restocking demand, however will remain historically elevated due to supplies remaining relatively tight[2]
- Sheep prices are expected to fall in 2022-23, due to reduced restocking demand, but are expected to remain high. Export volumes are expected to increase in volume supported by continuing strong demand from United States and China[2]
- Global demand for wool is expected to dampen due to increases in inflation and interest rates in major economies. The gross value of wool production is expected to remain unchanged as increased production volumes are offset by a decrease in Eastern Market Indicator in 2022-23[2]
- The Australian agriculture sector has taken action to mitigate the risk of outbreak of Foot and Mouth Disease and Lumpy Skin Disease, however we remain alert to any potential outbreak

Real Estate Services

- Favourable commodity price outlook and good seasonal conditions are expected to continue to drive strong demand for farmland properties in the short to medium term
- Demand for residential properties is expected to normalise due to inflation control measures, however the strong demand for rental properties is likely to continue
- Property management earnings are expected to increase due to rent roll portfolio acquisitions completed in FY22

Financial Services

- Favourable market conditions to support demand for our Insurance and other Agri Finance offerings
- Continued uptake of our livestock funding product forecast to provide margin upside
- Our Livestock in Transit delivery warranty product expected to continue to grow in line with higher livestock turnover

Feed and Processing Services

- Some headwinds expected in first half FY23 regarding higher cost of goods, in particular the premium branded beef programs
- Supply chain continues to be supported by our backgrounding and irrigated farming operations to ensure high utilisation and throughput at the feedlot
- Killara continues to diversify its supply to include the growing grass fed segment
- Investment in environmentally sustainable growth initiatives to meet community and consumer expectations

Costs and Capital

- Maintain focus on cost to earn through the cycles
- General inflation, footprint and acquisition growth, continued investment in Sustainability and our Eight Point Plan, investment in Elders Wool Handling and the first phases of our System Modernisation program will temporarily increase our cost base prior to benefits from Systems Modernisation and Elders Wool Handling being achieved
- Interest rates are expected to stabilise in 2023, following successive increases in 2022

External impacts

There are a number of current events which may have an impact on global and domestic markets, input prices, supply chain and geo-political environments:

- Widespread wet weather in key cropping areas
- Russia and Ukraine conflict
- COVID-19

1 *Department of Agriculture, Fisheries and Forestry, ABARES Australian Crop Report: September edition*
2 *Department of Agriculture, Fisheries and Forestry, ABARES Agricultural forecasts and outlook: September edition*

Trust in advisors the key to success for rice growers

When Elders' agronomist Shaun Krahnert rolled up the Hollins' driveway to introduce himself in 2007, little did they know that he would become such an important part of their farming business. He became a friend whose advice they would rely on and eventually someone they would consider part of the family.

Brooke and Nev Hollins run a 4115ha mixed farming operation in Burraboi NSW, a blink-and-you-miss-it town 30km from Barham. They began farming an initial plot from Nev's Dad whose family were the first in the district to trial and grow rice crops 80 years previously in neighbouring town, Wakool.

Since taking on their first property, Brooke and Nev have managed to more than triple their existing landholdings, buying land where they could improve the soil with pea and vetch and use it to future-proof their business in drought years.

The Hollinses now grow winter and summer crops, ensuring they have rotations in their cropping program to maintain the health of the soil, and run 2000 merino sheep.

"We look at each other at the end of every year and say, 'no wonder we're exhausted'. It's hard work but you've got to have diversity and a few different strings in your bow," said Brooke.

"We are very mindful that we could grow crops in the same paddocks every year and get average results, but that's not us, and if we do, we're not going to be farming in 50 years."

This focus on the sustainability of their enterprise is a priority for the couple, whose son has a keen interest in carrying on farming after school.

"We've invested in pivots for low or zero water allocation years to be able to grow crops that keep us going. We have a self-propelled sprayer with an ExactApply™ nozzle control system to deal with weed resistance in the corner paddocks, so we can deal with problems now and avoid issues in years to come," said Brooke.

"When we returned to the farm, it was during the 'millennial drought' and we quickly realised that we needed to get any loamy country as close by as we could to remain viable while we didn't have water.

We were diligent in putting money back into the soil to bring it back to health, as well as dealing with major weed control issues."

Shaun said the Hollins' competitive advantage is being open to change.

"Nev and Brooke are always open to putting ideas on the table and weighing them up," said Shaun.

"Everything they grow complements the rest of the operation and they're always looking for ways to use water more efficiently, get more value per megalitre, whether that's through growing rice close to the main channel or re-lasering the paddocks.

They've had the ability to adapt and trust the advisors around them who want to help, and that's made them able to grow like they have."

The Hollinses use Elders for their agronomy, livestock services, merchandise, insurance, and wool brokering. Brooke couldn't be clearer that they wouldn't be where they are today if it wasn't for the Elders team and their family around them.

"We can't fault the service that we get from Elders," she said.

"We get a lot of advice; we use the whole team, pull them together and trust them, and that's how we've been able to get where we are."

That element of trust is the bedrock of Brooke and Nev's relationship with Shaun, who has helped improve their operations to such a standard that the couple recently won SunRice Grower of the Year Award, an accolade measured against a grower's production and agronomy quality, water use, efficiency, innovation and technology use, business management, and sustainability.

With their agronomist Shaun's characteristic straight-talking advice, they've reached the top of their farming game.

"The first time Shaun came out, and I still remember the day, he sat at our kitchen table and said, 'if you do what I say when I say it, we can grow good crops together'" laughs Brooke.

"We were on-board, and it didn't take long to realise that when he says something it's for a reason. If we didn't have Shaun, we wouldn't get the results that we get. I don't know a farmer who isn't happy with him as their agronomist."

In farming, where the lines between personal and business are blurred, to be considered part of your clients' family, not just their farm, is high praise.

"At the end of the day, it's our livelihood that's in Shaun's hands," said Brooke.

"We see his passion, he wears his heart on his sleeve, and in a bad year he really feels it.

He really is part of the family."

“We can’t fault the service that we get from Elders,”

Brooke Hollins
Producer, Burraboi NSW

CLIMATE TARGETS TO REDUCE GREENHOUSE GAS EMISSIONS[1]

TARGET	FY22 PROGRESS
2025 100% renewable electricity in all Australian sites by 2025	**Target achieved through the procurement and retirement of Large-scale Generation Certificates (LGCs)** **500kW solar farm in development** **Progressive increase in onsite solar generation from FY23**
2030 50% reduction in Scope 1 and 2 emissions intensity (tCO_2e/$m revenue) by 2030, against a baseline year of 2021[2]	**18.8 tCO_2e/$m revenue in 2022** Down from 23.86 tCO_2e in 2021 **Achieved through record revenue, LGC procurement and reduced equipment fuel use at Killara Feedlot**
2050 Net zero Scope 1 and 2 emissions by 2050	**64,772 tCO_2e this year** (Scope 1 and 2) Up from 60,828 tCO_2e in 2021

[1] Targets are based on Elders' financial year ending 30 September.
[2] Subject to commercially viable technology being available to address feedlot cattle emissions.

SUSTAINABILITY PERFORMANCE

50%

Board positions held by women

17%

Women in senior management
Improvement programs in place

6

Lost Time Injuries (up from 3 in FY21)
$3.3m invested in safety capital expenditure

12.6

TRIFR
Down from 15.1 in FY21

$2.69m

Donations and sponsorships

1,000+

Local community sports teams and events sponsored

41,000+

Agricultural chemical containers collected for reuse or recycling

APCO

Joined the Australian Packaging Covenant Organisation and committed to reducing packaging waste

Sustainability at Elders

Our key sustainability principles

We provide our customers and clients with the goods and services they need	We support our people and the industries and communities in which we operate	We do our part to look after the environment and the animals in our care	We operate ethically and to the highest standard

Our Material Topics

Our sustainability program includes the following topics, which are regularly reviewed to ensure we continue to address the issues our stakeholders consider to be material to our business.

Topic	Focus
Community impact and investment	Supporting local communities and managing community expectations and relations
Health and safety	Maintaining our commitment to providing a safe work environment
Employee attraction and retention	Investing in the present and the next generation of our workforce and ensuring that our people are enabled to support service delivery and create meaningful work outcomes
Climate change	Addressing the risks and opportunities presented by climate change mitigation and adaptation
Water availability	Addressing the issue of water availability to the communities in which Elders operates and its impact on the operation and performance of Elders' business
Animal welfare	Ensuring the well-being and proper treatment of livestock
Severe weather events	Addressing the issue of severe weather events and their impact on the operation and performance of Elders' business
Energy	Managing our energy consumption and greenhouse gas emissions through the responsible use and reliable sourcing of energy
Waste management	Responsibly managing waste in our own operations and our role in managing agricultural waste from our customers' operations
Corporate governance	Delivering on our commitment to high quality governance, transparency and ethical business practices
Innovation and technology	Demonstrating our investment in innovation and technology in the agriculture industry

Our ambition is to develop and then deliver an authentic and industry leading sustainability program which acknowledges and builds on the initiatives in which Elders participates and leads throughout rural and regional Australia, for and on behalf of the entire agriculture industry.

This is highlighted in our current Eight Point Plan, which sets out Elders' key strategic priorities from 1 October 2020 through to 30 September 2023. Our Eight Point Plan was developed by our Board and Executive through a series of workshops and strategy sessions over the course of 2020.

Full details of our sustainability program and actions during FY22 can be found in our Sustainability Report, available at our **Sustainability Centre.**

Community Impact and Investment

Through assisting generations of Australian farmers over the course of more than 180 years in business, we recognise that our long-term sustainability is dependent on us maintaining strong relationships with the communities in which we operate and connected to their economic prosperity and resilience.

Our rural communities continue to face a number of challenges presented by changing agribusiness models, increasing automation and corporatisation of farms, the environmental impacts of drought and more broadly, climate change.

As a key member of the agriculture industry and our rural communities, we recognise our role in providing support. We primarily do this through:

- investments in local events and organisations, and by participating in local community programs
- supporting local businesses and employing local workers
- maintaining a physical presence in the communities we serve, through good times and bad
- adapting and providing the goods and services our local customers and clients need at any given time

Sponsorships and Donations ***(numbers rounded)***	**$2.69m**
To local communities - including the Regional Australia Institute, rural schools, clubs and more than 1,000 local community sports teams and events.	$1.25m
To industry and innovation - including major field days, national growers associations, industry bodies and several grass roots organisations.	$1.19m
To health and well-being - including RFDS, Dolly's Dream and Beyond Blue and local fundraising events for local and national causes.	$0.2m

Climate change

Hotter and drier conditions, prolonged droughts and more extreme weather events have profound effects on farmers, associated businesses, the communities in which we operate and Australia's economy more broadly. Our role as a provider of products and services to Australian primary producers places us at risk to both direct and indirect effects of climate change.

In 2022, a change in Federal Government saw Australia reaffirming its commitment to net zero emissions by 2050 and announcing more ambitious interim targets to reduce greenhouse gas emissions by 2030.

Reducing emissions in the agriculture sector presents some challenges and many opportunities to improve productivity and resilience while benefiting the environment. As a valued partner of the agriculture sector, we have an important role to play in contributing to the sector's resilience and helping develop technologies to assist with emissions mitigation and climate change adaptation. We also acknowledge our own responsibility to address climate change and in particular, manage and reduce greenhouse gas emissions associated with our own operations.

This year, we completed qualitative climate change scenario analysis. Ahead of our 2023 ambitions, we also identified and quantified select categories of our Scope 3 emissions, and made progress against our emissions reductions targets, achieving 100% renewable electricity in all our Australian sites through the procurement and retirement of Large-scale Generation Certificates.

Elders' staged action plan for full alignment with the TCFD Recommendations by 30 September 2023

	Governance	Risk Management	Strategy	Metrics & Targets
FY20	Comprehensive disclosure of our climate-risk management process, roles and responsibilities. ✓	Initiated internal and independent review of climate-related risks and opportunities. ✓	Detailed the role risk plays in our decision making. ✓	Reported our Scope 1 and 2 emissions from energy use and feedlot cattle. ✓
FY21		Detailed our climate-risk assessment methodology and disclosed our climate-related risks and current mitigation actions. ✓	Identified climate-related opportunities. ✓	Reported our Scope 1 and 2 emissions, including emissions from feedlot waste and fertiliser management. ✓
FY22			Qualitatively assess future climate-related risks and impacts using appropriate climate scenarios. ✓	Develop our Scope 3 emissions profile. ✓ Set climate related targets and metrics. ✓
FY23			Disclose impacts of, and business resilience to, climate-related risks and opportunities including commentary on financial implications under each scenario.	Report on performance against targets. ✓

Progress against our targets

Target	Performance
100% renewable electricity in all Australian sites by 2025	• Target achieved through LGC procurement and retirement • 500kW solar farm in development • Progressive increase in onsite solar generation from FY23
50% reduction in Scope 1 and 2 emissions intensity (tCO_2e/$m revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions)	• **2021:** 23.86tCO_2e / $m revenue • **2022:** 18.8tCO_2e / $m revenue • Achieved through record revenue, LGC procurement and reduced equipment fuel use at Killara Feedlot
Net zero Scope 1 and 2 emissions by 2050	• 64,772 tCO_2e in 2022 • Up from 60,828 tCO_2e in 2021

Our targets apply to the sites over which Elders has operational control and are based on our financial year ending 30 September. Full details on our emissions profile, targets and strategy to reduce emissions are set out in our Sustainability Report.

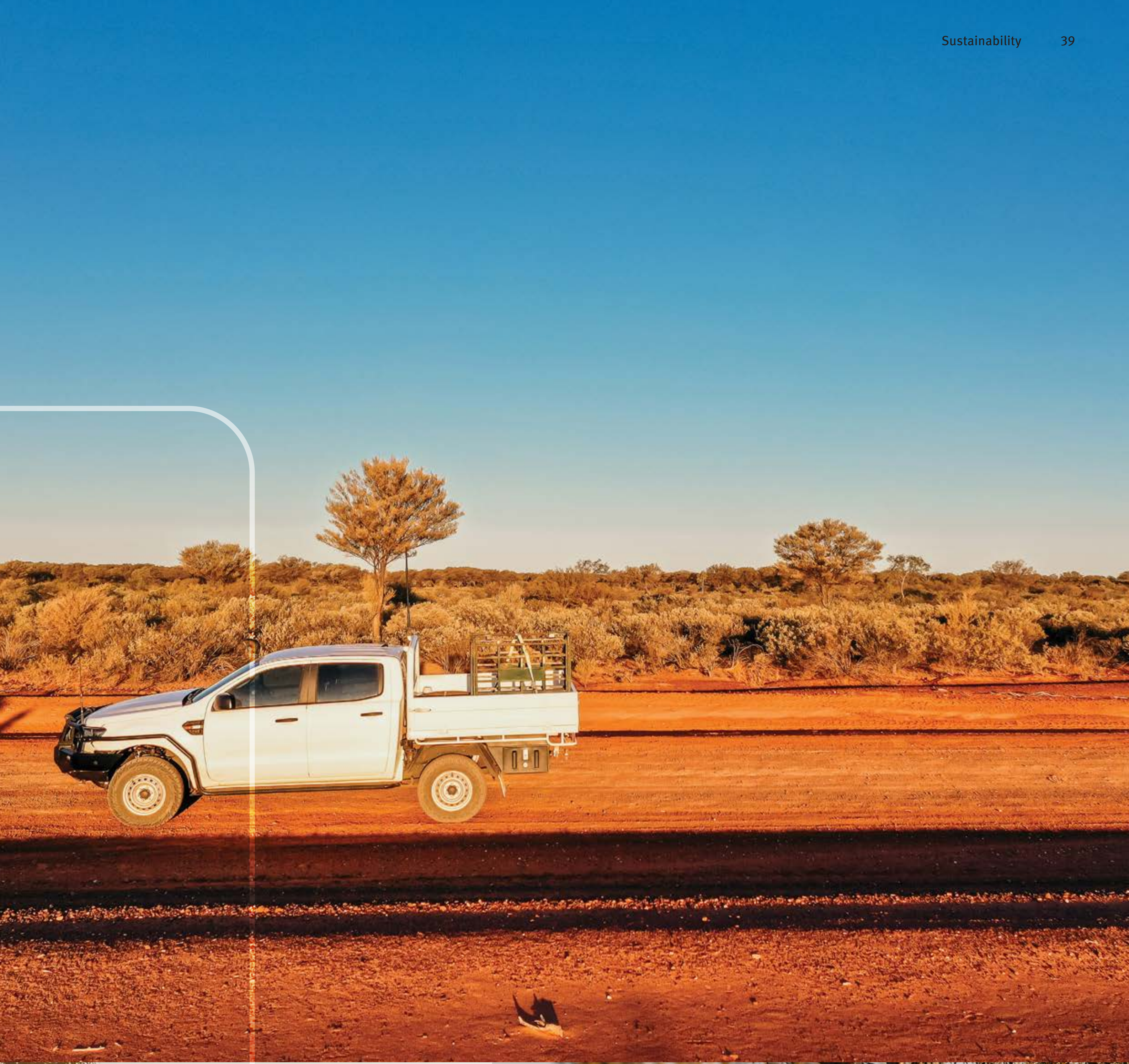
Our strategy to achieve our emissions reduction targets involves investment in renewable energy, technology and innovation to improve energy efficiency and reduce greenhouse gas emissions. We are particularly reliant on innovation to support a greater uptake of electric and hybrid vehicles in our fleet, and a reduction in enteric emissions from our feedlot cattle. In the coming years, we aim to partner with industry on the development and implementation of technology to tackle the carbon footprint of our cattle. We also recognise that carbon offsets may have a role to play. We will further develop our strategy and position on carbon offsets in the coming years and communicate this in future annual and sustainability reports. We will aim to reduce and eliminate our emissions where possible and commercially sensible, without the use of carbon offsets in the first instance.

Our emissions profile[1]

Scope 1 emissions - Source	tCO_2e		Scope 2 emissions - Source	tCO_2e	
Killara Feedlot cattle	44,826	69%	Electricity - Australian sites	0	0%
Fleet transport fuel - diesel	17,450	27%	Electricity - Elders Fine Foods, China	385	1%
Killara Feedlot equipment fuel - diesel and gasoline	1,418	2%			
Other (including fleet transport fuel (gasoline), forklift fuel (LPG) and natural gas)	693	1%			

Total: 64,772 tCO_2e

[1] *Between 1 July 2021 and 30 June 2022.*



Success for Killara with investment in sustainability

A solar farm, an antimicrobial stewardship plan and world-first disease detection trials are just some of the measures Elders Killara is implementing to prioritise sustainable operations.

On the outskirts of Quirindi, New South Wales, lies Killara Feedlot, a 20,000-head beef cattle feedlot operated by Elders.

Killara is committed to supplying high-quality beef products, while operating sustainably. The initiatives in place at Killara are wide-ranging, and include measures based in both animal and environmental welfare and best industry practices.

Andrew Talbot, General Manager of Killara, explained that investing in new technology and adopting sustainable practices is crucial for the long-term health of the feedlot and just good business.

“Prioritising environmental and social factors results in better operations overall,” he said.

“As staff safety and community engagement improve and our environment is better looked after, our cattle become healthier and happier.”

One of the most exciting developments is Killara’s involvement in a world-first trial for the early detection of Bovine Respiratory Disease (BRD). Working alongside industry bodies and international universities, it is hoped the findings from the trial will deliver improvements in drug efficacy and animal health across the globe.

Similarly, autogenous vaccine development, targeting the bacteria unique to BRD at Killara has seen vaccines approved and in use at the feedlot. Such vaccines are not yet commercially available in Australia, placing Killara in a unique position to reduce illness and mortality rates in cattle. Whilst in the early stages, there are positive early signs.

The feedlot has an antimicrobial stewardship plan in place, which is part of the facility’s ambition to reduce antibiotic use in cattle. Killara works closely with cattle suppliers as part of this plan, ensuring cattle are best prepared for feedlot entry, with strong immune response capabilities. The trends in recent years for animal health are positive, with excellent gains being recorded and mortality rates from BRD falling from 1% to 0.5% over the past five years.

There are further plans for milling operations at the feedlot to run predominantly on solar power, which is set to be sourced on-site from a 500-kilowatt solar farm, due for completion in late 2022.

Andrew explained this will reduce Killara’s dependence on electricity from the grid produced by fossil fuels.

“The solar farm is expected to supply most of the electricity used by our mill and potentially export an additional 200MWh of renewable electricity,” he said.

The removal of fossil fuels to power the processing mill at Killara is also underway.

“We are exploring other green energy sources such as hydrogen to power the plant in a clean and sustainable way,” Andrew said.

Other initiatives include the establishment of a centre pivot irrigation system to maximise water use efficiency, and a continued focus on managing nutrient and moisture levels in soil to optimise soil health and productivity. In the coming months, Killara will be focusing on further developing its understanding of its current soil carbon baseline at Killara and its total farm carbon footprint, to identify more opportunities for improvement.

The initiatives at Killara are part of Elders’ wider commitment to sustainability, as outlined in Elders Eight Point Plan.

Mark Allison, Elders’ Managing Director and CEO said he is pleased to see the initiatives at Killara come to life.

“Sustainability is a core objective of Elders as we continue to operate, grow and support our people and communities,” he said.

“The efforts being made by our team at Killara are proof of this; Elders prioritises and celebrates responsible operations.”

Andrew said he is proud of the leadership that Killara is taking regarding sustainability, explaining that the health of the business is much more than just its profitability.

“The balance sheet of the business is now healthier and more financially sustainable which is great news for all of our stakeholders,” he said.

“But the real health of the business is more than the financial returns; it needs to include the health of the environment, the animals and the engagement of the staff, to ensure that those financial returns are sustainable into the future.”

“The real health of the business is more than the financial returns; it needs to include the health of the environment, the animals and the engagement of the staff, to ensure that those financial returns are sustainable into the future.”

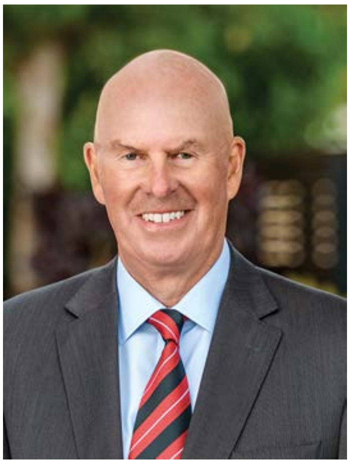
Andrew Talbot
General Manager Killara, Elders



DIRECTORS' REPORT

2022

Directors' Report



Mr Ian Wilton

MSc, FCCA, FCPA, FAICD, CA

Appointed Chair on 11 September 2019 and Non-Executive Director since 2014, Mr Wilton is also Chair (appointed 11 September 2019) of the Work Health and Safety Committee and Nomination and Prudential Committee. Mr Wilton is a member of the Audit, Risk and Compliance Committee (former Chair) and the Remuneration and Human Resources Committee.

Mr Wilton is an experienced non-executive director and former senior executive with extensive knowledge of the agricultural sector. He has held Chief Financial Officer positions with Ridley Corporation Limited, CSR Sugar and GrainCorp Limited. He was President and Chief Executive Officer of GrainCorp Malt.

Mr Wilton is a Non-Executive Director of Namoi Cotton Limited (since June 2020).

Mr Wilton was previously Chair of the advisory board of Mackay's Banana Marketing and Non-Executive Director of Sheep CRC Ltd (Nov 2015 – Sept 2020).

Mr Wilton is a resident of New South Wales.

Mr Mark Charles Allison

BAgrSc, BEcon, GDM, AMP (HBS), FAICD

Mr Allison joined Elders Limited as a Non-Executive Director in December 2009, served as Chairman and Executive Chairman, before being appointed Managing Director and Chief Executive Officer in May 2014.

Mr Allison's agribusiness career of more than 40 years spans technical, manufacturing, supply and distribution roles and business. Previous roles include Managing Director/CEO of GrainGrowers Limited, Jeminex Limited, Farmoz Pty Ltd, Wesfarmers Landmark Limited, Wesfarmers CSBP Limited and CropCare Australasia Pty Ltd and General Manger of Incitec Fertilisers.

Mr Allison is currently Chair of Agribusiness Australia, AuctionsPlus, the Agriculture and Natural Resources End-User Advisory Board of the SmartSat CRC, the Agrifood and Wine Advisory Board of Adelaide University, a Non-Executive Director of GrainGrowers Limited and a member of the Rabobank Food and Agriculture Advisory Board.

Mr Allison oversaw the development and implementation of Elders' Eight Point Plan in 2014, which returned the company to pure play agribusiness and resulted in the first shareholder distribution in nearly a decade. Since 2014, Elders has grown from a market capitalisation of $50m to $1.9b.

Ms Robyn Clubb AM

BEc, CA, F Fin, MAICD

Non-Executive Director since September 2015, Ms Clubb is Chair of the Audit, Risk and Compliance Committee (appointed 11 September 2019) and a member of the Remuneration and Human Resources Committee (former Chair), the Work Health and Safety Committee and the Nomination and Prudential Committee.

Ms Clubb is an experienced Non-Executive Director, a Chartered Accountant and Fellow of the Finance and Securities Institute of Australia. She has over 20 years' experience as a senior executive in the financial services industry, working for organisations including AMP Limited and Citibank Limited.

Ms Clubb is currently a Director of Craig Mostyn Holdings Pty Ltd (since Feb 2017, retiring Dec 2022), Chair of the Australian Wool Exchange Limited (since Aug 2016, retiring Nov 2022), Chair of ProTen Limited (Director since Apr 2019), Non-Executive Director of Essential Energy (since Apr 2018), Chair of FCFA Leasing Limited (Director since Aug 2021) and a Director of Australia Post (since Sept 2022).

Ms Clubb is a resident of New South Wales.

Ms Diana Eilert

BSc (Syd), MCom (UNSW), GAICD, Member of Chief Executive Women

Non-Executive Director since November 2017, Ms Eilert was appointed Chair of the Remuneration and Human Resources Committee on 11 September 2019. She is also a member of the Audit, Risk and Compliance Committee, the Work Health and Safety Committee and the Nomination and Prudential Committee.

With an executive career of over 25 years, Ms Eilert has held senior executive roles with Suncorp, Citibank, IBM and News Limited, during which time she developed experience in operational leadership, strategy, technology, digital disruption with alternate strategies for large incumbent businesses, and customer experience/marketing.

Ms Eilert is currently a Non-Executive Director of Domain Holdings Limited (since Nov 2017) and Keypath Education International Inc (since May 2021). Ms Eilert is also a member of the Australian Competition Tribunal.

Ms Eilert was previously a director of Super Retail Group Limited (Oct 2015 – Jan 2021) and Navitas Limited (July 2014 – July 2019).

Ms Eilert is a resident of New South Wales.

Mr Matthew Quinn

BSc, ACA

Non-Executive Director since February 2020, Mr Quinn is a member of the Audit, Risk and Compliance Committee, Remuneration and Human Resources Committee, Work Health and Safety Committee and Nomination and Prudential Committee.

Mr Quinn holds a BSc in Chemistry and Management Science and is a Chartered Accountant. He also has senior executive experience as Managing Director of Stockland for 13 years.

Mr Quinn has extensive non-executive director experience in the Australian listed company environment. He is currently a director of CSR Limited (since Aug 2013) and Chair of unlisted TSA Management Holdings Limited (since June 2018). Mr Quinn was previously Chair of Class Limited (Director July 2015 – Feb 2022) and a Director of Regis Healthcare Limited (Mar 2018 - Oct 2021).

Mr Quinn is a resident of New South Wales.

Ms Raelene Murphy

BBus, FCA, GAICD

Non-Executive Director since January 2021, Ms Murphy is a member of the Audit, Risk and Compliance Committee, Remuneration and Human Resources Committee, Work Health and Safety Committee and Nomination and Prudential Committee.

Ms Murphy holds a Bachelor of Business (Accounting), is a Fellow of the Institute of Chartered Accountants and a Graduate of the Australian Institute of Company Directors. She also has many years' experience as a senior executive, having previously been the CEO of the Delta Group and Managing Director of 333 Management.

Ms Murphy has strong non-executive director experience in the Australian listed company environment, across a range of industry sectors. Her current ASX non-executive director roles are at Bega Cheese Limited (since June 2015), Integral Diagnostics Limited (since Oct 2017) and Altium Limited (since Sept 2016, retiring Nov 2022) and Tabcorp Holdings Limited (since Aug 2022). Ms Murphy was also previously a non-executive director of Clean Seas Seafood Limited (July 2018 - Oct 2020).

Ms Murphy is a resident of Victoria.

Directors and Secretaries

Elders' Directors in office during the financial year and until the date of this report were:

Non-Executive Directors

- Ian Wilton, Chair
- Robyn Clubb
- Diana Eilert
- Matthew Quinn
- Raelene Murphy

Executive Director

- Mark Charles Allison, Managing Director and Chief Executive Officer

Company Secretaries

- **Peter Gordon Hastings**, *BA, LLB, GDLP, FGIA, Grad Dip Applied Corporate Governance, GAICD* Mr Hastings was appointed Company Secretary in February 2010. He held the position of Group Solicitor with the Elders Group between 1995 and 1999 and again between 2003 and 2010. He has also held the position of General Counsel since February 2010. Peter is also Chair of Walford Anglican School for Girls.

- **Shannon Hope Doecke**, *BAcc, Grad Dip Applied Corporate Governance, MAICD, AGIA* Ms Doecke was appointed as a Company Secretary in July 2020. Ms Doecke has served as the Assistant Company Secretary since April 2019. Ms Doecke previously worked for AustCham Shanghai, between 2014 and 2019, as Governance Manager, then Company Secretary.

Principal Activities

The principal activities of Elders during the year were:

- the provision of retail products and associated services to the rural sector
- the provision of wholesale products to independent rural and regional farm supplies retailers
- the provision of livestock and wool agency services
- the provision of real estate sales agency services (both company-owned and franchised) and property management services
- arrangements for the provision of financial services to rural and regional customers, including a 20% investment in Elders Insurance (Underwriting Agency) Pty Ltd
- the provision of digital and technical services, agricultural market information and investments in the AuctionsPlus and Clear Grain online trading platforms
- feedlotting of cattle

Results and Review of Operations

The consolidated entity recorded a profit for the year, after tax and non-controlling interests, of $162.9 million (2021: profit of $149.8 million). A review of the operations and results of the consolidated entity and its principal businesses during the year is contained in pages 23 to 30.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity that are not otherwise disclosed elsewhere in this annual report.

Impacts of COVID-19

As in FY20 and FY21, Elders' response to COVID-19 has been a "safety first" programme aimed at keeping our employees, customers, contractors and other stakeholders as protected from COVID-19 infection in the workplace as possible. This approach has also focused on the mental health consequences of the pandemic and responses to it on our employees.

A range of measures have been implemented to help manage the risk of COVID-19 infection in our workplaces, and the mental health issues that can be a consequence of COVID-19 and societal restrictions introduced to combat it. Key employees across the country received mental health first aid training and Elders' myWellbeing team continue to roll out communications to increase understanding and awareness around health and wellbeing.

Throughout Elders' network we have, through our COVID-safe plans, worked to minimise the spread of COVID-19. Fortunately the impact to our business has been minimal and contingency plans have enabled Elders to continue to service our customers. Our stores continue to maintain a thorough cleaning regime in line with our COVID-safe plans.

While COVID-19 pandemic conditions appear to be easing in Australia at the date of this report, COVID-19 remains a global pandemic as declared by the World Health Organisation. Elders has considered the impact of COVID-19 when preparing the consolidated financial statements and related note disclosures, and continues to monitor the impact on our employees, demand for Elders' products and services, customers, communities and supply chains.

Events Subsequent to Balance Date

There was no matter or circumstance that has arisen since 30 September 2022 which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may affect the operations of Elders, the results of those operations or the state of affairs of Elders and its controlled entities in subsequent financial periods.

Likely Developments and Future Results

Discussion of other likely developments in the operations of the consolidated entity and the expected results for those operations in future financial years is included on page 31 of this report.

Attendance at Meetings by Directors

Director attendance at scheduled meetings in the 12 months to 30 September 2022 is set out below.

Committee attendance is only recorded where a director is a member of the relevant committee. Although Mr Allison is recorded as a non-member for some committees, he attended all meetings held for each of those committees.

	Board of Directors		Work Health and Safety Committee		Audit, Risk and Compliance Committee		Remuneration and Human Resources Committee		Nomination and Prudential Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
I Wilton	12	12	2	2	5	5	5	5	2	2
M C Allison	12	12	-	-	-	-	-	-	2	2
R Clubb	12	12	2	2	5	5	5	5	2	2
D Eilert	12	12	2	2	5	5	5	5	2	2
M Quinn	11	12	2	2	5	5	5	5	1	2
R Murphy	12	12	2	2	5	5	5	5	2	2

Dividends and Other Equity Distributions

On 11 November 2022, the Directors determined to pay a final dividend of $0.28 per ordinary share, franked at 30%, bringing dividends for FY22 to $0.56 per share. In accordance with a determination made by the Directors, Elders' Dividend Reinvestment Plan remains in operation.

Dividends paid during the year were

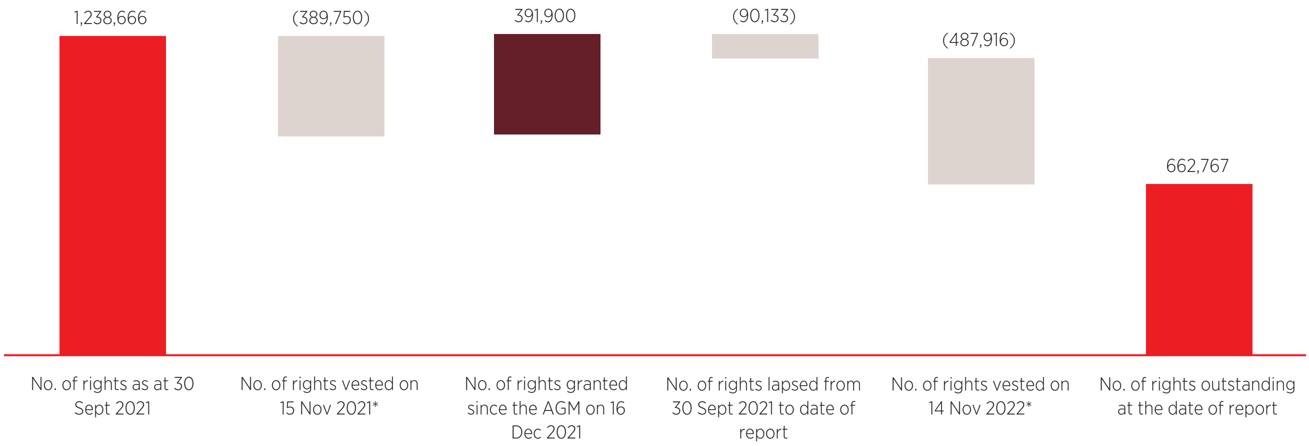
Dividend	Date Determined	Date Paid	Dividend per Share	Franking Rate	Total Dividend
Final Dividend for Half Year Ended 30 September 2021	12 November 2021	17 December 2021	$0.22	20%	$ 34,424,846.28
Interim Dividend for Half Year Ended 31 March 2022	20 May 2022	17 June 2022	$0.28	30%	$ 43,813,440.72

Share Options and Performance Rights

Share options and rights may be granted to company executives under the Long-Term Incentive Plan that is part of Elders' remuneration structure. Information about the Long-Term Incentive Plan can be found in the Remuneration Report on pages 51 to 69 of this Annual Report.

The number of performance rights on issue at 30 September 2022, which were held by 21 Long-Term Incentive Plan participants, is disclosed in note 26 to the Financial Statements. If each of these rights vested, this would represent 0.74% of the Company's current issued ordinary shares.

These performance rights are Elders' only unquoted equity securities and represent the number of performance rights outstanding at the date of this report. The representation below differs from note 26 in the financial statements which does not take into account performance rights that vested after the reporting date. The closing performance rights per note 26 of the financial statements includes the 487,916 rights that vested on 14 November 2022.*



** in accordance with Australian accounting standards*

The performance rights granted to the five most highly remunerated officers as part of their remuneration, between 30 September 2021 and the date of this report, are shown below.

Name of Officer	Number of Rights Granted between 30 September 2021 and 14 November 2022
Mark Charles Allison	102,400
Malcolm Hunt	20,500
Peter Gordon Hastings	18,800
Thomas Benjamin Russo	18,700
Elizabeth Therese Ryan	17,900

Share and Other Equity Issues During the Year

The total number of ordinary shares on issue at the date of this report is 156,476,574.

Elders has historically issued new shares to satisfy allocations under its incentive plans and dividend reinvestment plan. In late 2021, the Board determined that shares allocated for these purposes should be purchased on market. Therefore, there has been no change to the number of ordinary shares on issue between 1 October 2021 and the date of this report.

Restricted Securities and Voluntary Escrow

As at the date of this report, Elders has no restricted securities on offer.

Nonetheless, pursuant to the FY21 short-term incentive (STI) plan, 40% of the STI earned by executives was delivered in shares that are subject to trading restrictions. A total of 86,523 shares were allocated to plan participants under the FY21 STI plan. At the date of this report 43,258 shares allocated under the FY21 STI plan are held by plan participants and remain subject to the plan's trading restrictions. (Further information about the FY21 and FY22 short-term incentive plans is included in the 2022 Remuneration Report, commencing on page 51).

Remuneration of Directors and Senior Executives

Details of the remuneration arrangements in place for Elders' Key Management Personnel are set out in the Remuneration Report commencing on page 51. In compiling this report Elders has met the disclosure requirements prescribed in the Australian accounting standards and Corporations Act 2001.

Directors' Interests

The relevant interests of the Directors in shares and other equity securities of Elders, as at the date of this report, are detailed on page 69 of the Remuneration Report.

Insurance of Officers and Indemnities

The consolidated entity paid an insurance premium in respect of a contract insuring each of the Directors of Elders named earlier in this report and each full time Executive Officer, Director and Secretary of Australian group entities against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The terms of the policy prohibit disclosure of the premiums paid.

As at 30 September 2022, each Director and Officer had entered into a Deed of Access, Insurance and Indemnity which provides:

- that Elders will maintain an insurance policy insuring the Officer against any liability incurred by the Officer in the Officer's capacity as an Officer of Elders or another group entity to the extent allowed by law
- for indemnity against liability as an officer, except to the extent of indemnity under the insurance policy or where prohibited by law
- for access to company documents and records, subject to undertakings as to confidentiality

Environmental Performance Regulation

A number of Elders' operations are subject to environmental legislation. Such legislation is diverse and varies between states, territories, local authorities and various regulators. Compliance with relevant legislation is managed on the ground by our branches and overseen and guided by our internal Safety, Risk and Environment Business Partners. Environmental risks and hazards are managed in accordance with our Resilience Framework. Our performance in relation to environmental management and the various applicable environmental regulations across our various businesses over the reporting period is as follows.

Killara Feedlot

Elders operates Killara Feedlot, a beef cattle feedlot, in Quirindi, New South Wales. Killara is subject to both state and local government environmental legislation, and its operation is conditional on it maintaining its environment protection and water licences.

In accordance with its environment protection licence (EP Licence), Killara is required to undertake a significant number of environmental management activities to ensure that it is managing its waste, dust and odour emissions to minimise pollution of the surrounding community and to avoid groundwater and soil contamination. Failure to manage these emissions can affect the amenity of the local community and contaminate private and public property.

Emissions are monitored internally by Killara, and externally by the New South Wales Environment Protection Authority (NSW EPA) and the National Pollutant Inventory (NPI). Killara submits reports to the NPI detailing emissions of NPI substances (including ammonia, carbon monoxide and oxides of nitrogen) and activities Killara has participated in to reduce these emissions. Killara also submits annual reports to the New South Wales EPA describing (amongst other things) management systems in place to manage soil health and nutrient levels, odour and dust, waste, protection of local waterways and any pollution complaints received in the reporting year. These reports are prepared by an external consultant.

Killara is also subject to licence requirements for water consumption and waste management.

No confirmed breaches of environmental regulations or pollution complaints relating to Killara were reported during the year ended 30 September 2022. Killara's performance on water management and consumption and waste management is detailed on pages 44 and 25 of Elders' 2022 Sustainability Report.

Saleyards

Saleyards are subject to various state, territory and local government environmental requirements, particularly relating to effluent management, dust and noise. These obligations vary from place to place and generally only apply to saleyards above a prescribed size. Elders expects its saleyard operations, irrespective of their size, to abide by the applicable laws and regulations.

No breaches of environmental regulations affecting Elders' saleyards were reported during the year ended 30 September 2022.

Retail and Wholesale Operations

Elders' retail and wholesale operations are subject to state environmental regulations relating to the storage, handling, transport and sale of dangerous goods, which include some of the agricultural chemicals, fertilisers and poisons we supply. Although these regulations are based on nationally recognised standards, the regulatory environment for the transporting, handling, storage, sale and use of such dangerous goods, chemicals and scheduled poisons is complex and subject to regulations imposed by each state and territory. Elders' Safety, Risk and Environment Business Partners monitor compliance with these regulations. In addition, many of Elders' branches and personnel participate in an accreditation, training and audit program operated by AgSafe. These assurance activities are being progressively rolled out to our wholesale operations.

Elders is not aware of any breaches of environmental regulations affecting Elders' retail or wholesale operations that were reported during the year ended 30 September 2022.

Rounding of Amounts

The parent entity is a Group of the kind specified in ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191 issued by the Australian Securities and Investments Commission. In accordance with that class order, amounts in the Financial Report and Directors' Report have been rounded to the nearest thousand dollars unless otherwise stated.

Non-Audit Services

Based on advice received from the Audit, Risk and Compliance Committee, the Directors are satisfied that the provision of non-audit and audit-related services is compatible with the general standard of independence for auditors imposed under the Corporations Act 2001 for the following reasons:

- all non-audit and audit-related services have been reviewed by the Audit, Risk and Compliance Committee to ensure they do not impact on the impartiality or objectivity of the auditor
- the nature and scope of the non-audit services provided means that auditor independence was not compromised

The amount received or due to be received for the provision of non-audit services is disclosed in note 27 of the financial report, Auditors' Remuneration.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 126.

This report, including the Remuneration Report commencing on page 51, is made in accordance with a resolution of Directors.

Ian Wilton
Chair

Mark Allison
Managing Director

14 November 2022


Elders

REMUNERATION REPORT

Remuneration Report

Following is the Remuneration Report for the consolidated entity for the year ended 30 September 2022. The Remuneration Report provides shareholders with an understanding of Elders' remuneration policies and the link between our remuneration approach and our performance, in particular with regard to Elders' Key Management Personnel (KMP).

The remuneration outcomes presented in this report reflect the results of Financial Year 2022, not only the business performance, but also strong alignment with outcomes for our shareholders.

The information provided in this report has been audited, unless otherwise indicated, as required by the Corporations Act 2001 (Cth) and forms part of the Directors' Report.

Remuneration at a Glance

Our Year

Our FY22 underlying EBIT of $232.1 million represents an increase of 39% on FY21.

Excellent seasonal conditions, strong commodity prices and the hard work of the Elders team have driven the strong growth. In addition our well-executed growth strategy, which targets a balance between organic and acquisitive growth, has continued to produce value for shareholders.

KMP Changes

The Board reviewed the KMP for FY22 and determined the following persons are KMP:

- Non- Executive Directors
- Managing Director and Chief Executive Officer
- Chief Financial Officer (CFO)

The following changes were made to the Executive KMP during FY22:

- 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

Remuneration Changes Implemented in FY22

Elders' Reward Framework was reviewed in FY20 and remains relevant to Elders with the only changes:

- **FY22 Short-Term Incentive** (STI) changes to gateways:
  - addition of, for this year only, a greater than prior year EBIT gateway
  - addition of a no significant environmental event gateway
  - removal of ROC hurdle as a gateway, but maintaining ROC as a modifier and a key financial measure in the MD & CEO STI

  Further details are in section 3.1 of this Remuneration Report.

- **FY22 Long-Term Incentive** relative TSR comparator peer group will comprise all companies in the S&P/ASX 200 to align with shareholders expectations. Previously, this peer group included S&P/ASX 200 with the exclusion of companies in the S&P/ASX 100. Further details are in section 3.1 of this Remuneration Report.

Remuneration Changes for FY23

- **FY23 Short-Term Incentive**
  - Changes to gateways of:
    - removal of greater than prior year EBIT
    - EBIT threshold gateway increase to 95% of EBIT budget (from 90%)
  - addition of sustainability measure as a key priority in MD & CEO measures to reflect the focus of Elders on sustainability.

- **Non-Executive Directors Fees**
  NED fees will increase by 3% from 1 January 2023. In addition, with expansion of the oversight responsibilities of the Board Work Health and Safety Committee (which will become the Board Safety and Sustainability Committee, effective 1 January 2023), the Board reviewed and equalised fees paid to the chairs and members of each Committee. From 1 January 2023, the Committee Chair fee is $25,000 and the Member fee is $12,500 for all Committees other than for the Nomination and Prudential Committee which continues to attract no fee for the Chair or a Member.

- **Non-Executive Directors Fee Pool**
  Approval is being sought at the 2022 AGM to increase the Fee Pool by $300,000 from $1,200,000 to $1,500,000. The proposal follows consideration of Board succession planning which identified a need to appoint an additional Non-Executive Director. The Board expects to appoint the new Director in FY23.

Overview of FY22 Remuneration Outcomes

Total Fixed Remuneration (TFR)

The MD & CEO's TFR increased 2% and CFO's TFR increased 1% effective 1 January 2022.

All increases considered market movements, individual performance and benchmarking to relevant peers.

Variable Remuneration

Short-Term Incentives

Elders' Short-Term Incentive pool is aligned with company performance and shareholders' interests and reflects the very strong FY22 EBIT results.

The MD & CEO's FY22 STI outcome was 74.5% of maximum opportunity.

The CFO's FY22 STI outcome was 100% of maximum opportunity as per separation arrangements.

Further details are in section 2.1 of this Remuneration Report.

Long-Term Incentives vesting

The FY20 LTI grant 3 year performance period ended 30 September 2022. 100% of this grant vested based on:

- an absolute TSR outcome of 27.7% which exceeded the stretch target of 14%
- an EPS CAGR outcome of 36.6% which exceeded the stretch target of 10%
- a ROC outcome of 26.2% which exceeded the stretch target of 18%

Further details are in section 2.2 of this Remuneration Report.

Non-Executive Director Fees

The Board reviewed NED fees against market fees and applied an increase of 2% to the Chair fee, member Board fees and Committee fees effective 1 January 2022. Further details are in section 5.2 of this Remuneration Report.

Contents

Key Management Personnel	54
1 Overview of FY22 Executive Remuneration	55
2 Link Between Elders' Financial Performance and FY22 Remuneration Outcomes	56
3 Details of the Executive Remuneration Framework	61
4 Remuneration Governance	64
5 Non-Executive Director Remuneration and Statutory Remuneration	65
6 Key Terms of Executive KMP Employment Contracts and Statutory Remuneration	66
7 Additional Required Disclosures	68

Key Management Personnel

In this report, KMP are determined in accordance with the definition under the Accounting Standard AASB124 Related Party Disclosures as those persons with authority and responsibility for planning, directing, and controlling the activities of Elders during the financial year.

The MD & CEO and Senior Executives considered KMP are referred to collectively as “Executive KMP” in this report.

FY22 Key Management Personnel

Name	Position	Status	Date as KMP (if not a full year)
Non-Executive Directors			
I Wilton	*Chair*	Full year	
R Clubb	*Director*	Full year	
D Eilert	*Director*	Full year	
R Murphy	*Director*	Full year	
M Quinn	*Director*	Full year	
Executive KMP			
M C Allison	*Managing Director and CEO*	Full year	
Former Executive KMP			
T Foster	*Chief Financial Officer*	Part year	Ceased 31 August 2022

Section 1 – Overview of FY22 Executive Remuneration

Elders' remuneration framework is designed to attract, retain and motivate whilst driving Elders' culture and delivering our business strategy, long-term company performance and creation of shareholder value.

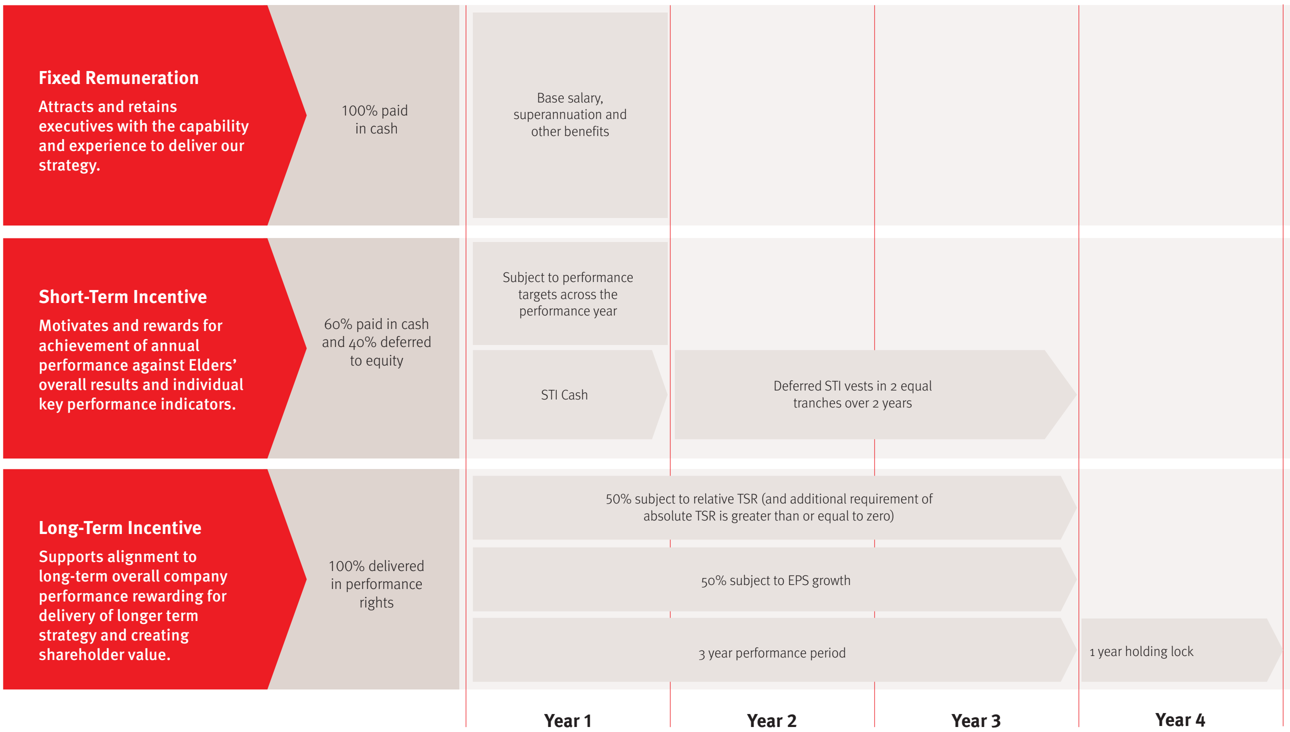
1.1 Remuneration Principles

To drive and support delivery of Elders' strategy and create long-term shareholder value.	**Drive outcomes and provide a balance between motivation, risk and reward.**	**Market competitive to attract and retain key talent.**	**Reward is commensurate with performance. Decisions are objective and consistent.**	**Simple and flexible – allowing for business growth.**	**Reinforces Elders' culture, vision and values.**

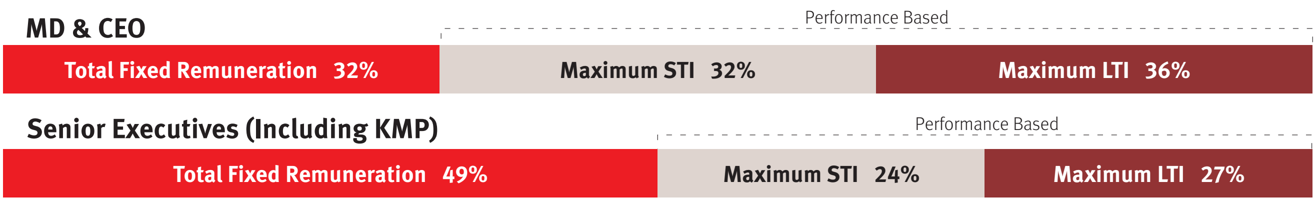
1.2 Remuneration Structure and Mix

Remuneration is structured so a portion of an Executive KMP's and other Senior Executive's reward depends on meeting individual, business unit and Elders' targets and objectives, including maximising returns for shareholders.

Executive KMP and other Senior Executives remuneration elements, structure and delivery



Executive KMP FY22 remuneration mix at maximum



Section 2 – Link Between Elders' Financial Performance and FY22 Remuneration Outcomes

2.1 Overview of FY22 STI Outcomes

Executive KMP FY22 STI performance measures

Category	Performance measure	Weighting	Why was it chosen?	How is it measured?
Gateway	Achievement of threshold performance for underlying EBIT, greater than prior year EBIT outcome, zero fatalities, adherence to Elders Code of Conduct and no significant environmental event	-	Ensures Executive KMP will only be awarded where threshold financial, Code of Conduct, safety and environmental performance has been achieved.	Threshold is based on achievement of: • 90% of the Board approved underlying EBIT budget • greater than prior year EBIT outcome • adherence to Elders Code of Conduct • zero fatalities • no significant environmental event. Below the EBIT threshold no STI is payable to Executive KMP.
Financial measures	Financial and operational performance	60%	Key indicators of Elders' financial performance and aligned to Elders' Eight Point Plan objectives.	Achievement of Board approved budget financial outcomes, including underlying EBIT, Operating Cash Flow and ROC targets.
Strategic measures	Strategic Priorities	20%	The Board believes the strategic priorities of Elders' Eight Point Plan are fundamental key drivers of long-term value creation.	The MD & CEO is measured by the overall key milestones of the Eight Point Plan which is translated into an Annual Operating Plan. Other Executive KMP are measured on achievement of their Business Unit's key milestones in this Plan.
	People and safety	10%	Focusing on our people through diversity and employee engagement is critical to continue to attract and retain the talent needed to deliver our strategy. Safety is about driving significant progress in achieving a "zero harm" workplace.	People is measured through positive movement in the representation of women in management and employee engagement and enablement. Safety is measured through reduction in total recordable injury frequency rate and completion of risk radar actions.
	Customer	10%	Focusing on building and maintaining effective customer relationships is key to a long-term sustainable business.	Measured through the Roy Morgan Trust Survey and customer net promoter score.

MD & CEO FY22 STI outcomes

Key Priority	Measures	Target	Outcome		FY22 Performance Commentary
Financial Measures (60%)	Underlying EBIT	$180m	$232.1m	●	FY22 underlying EBIT was 39% higher than FY21. It substantially exceeded budget and prevailing market expectations at the start of the year and was supported by strong return on capital. Operating cash flow was impacted by investment in working capital to support the growth in business. 83.3% of this key priority was awarded.
	Operating Cashflow (over 12-month period)	$114m	$113.7m	■	
	Return on Capital	22%	26.2%	●	
Strategic Priorities (20%)	Deliver Business Improvement initiatives to improve rural product margin	+1%	between 0% and 1%	■	Product margin growth fell short of target due to dynamic global market conditions. System modernisation project, a key business transformation, is meeting key project milestones and budget. FY22 Sustainability Action Plan is meeting key milestones. 60% of this key priority was awarded.
	Deliver system modernisation project as per milestones and budget	Board Assessed	Exceeded Target	●	
	Achievement of FY22 Sustainability Action Plan	Board Assessed	Target	▲	
People & Safety (10%)	Total recordable injury frequency rate (TRIFR)	<14	12.6	▲	Decrease in TRIFR, strong risk radar outcomes, delivery of one of the four diversity objectives and delivery of senior leadership development and succession planning. 78.5% of this key priority was awarded.
	Completion of annual risk radars across Elders' and completion of risk radar actions	96% 70%	100% 87%	●	
	Positive trend towards four Board endorsed diversity objectives; including working towards 25% of women in management positions across the organisation	20%	17%	■	
	Senior leadership development and succession planning	Board Assessed	Target	▲	
Customer (10%)	Roy Morgan Trust Survey Results for most Trusted Brand in Regional Australia	No. 1	No. 1	●	Elders continues to be the most trusted agribusiness brand among farmers, through the efforts of our employees. Our customer net promoter score fell just short of target. 50% of this key priority was awarded.
	Customer Net Promoter Score (average across year)	50%	48.7%	■	

● Maximum performance achieved ▲ Threshold/Minimum performance achieved ■ Threshold/Minimum performance not met

2.1 Overview of FY22 STI Outcomes continued

Executive KMP FY22 STI outcomes and performance against targets

KMP	Financial Measures (60%)	People and Safety (10%)	Strategic Priorities (20%)		Customer (10%)	Maximum STI Opportunity	Awarded STI as % of Maximum	Forfeited STI as % of Maximum
	Company	Company	Company	Business Unit		$	%	%
M C Allison, MD & CEO	Meets target	Meets target	Meets target	-	Meets target	1,123,200	74.5%	25.5%
Former KMP								
T Foster, CFO	Meets target	Meets target	-	Meets target	Meets target	313,700	100[1]	0

1 *Approved by Board, to award 100% of STI in cash to the former CFO for the full FY22 as part of separation arrangements.*

2.2 Overview of FY22 LTI Outcomes

The FY20 LTI grant, with a performance period of 3 years, concluded 30 September 2022. The testing resulted in 100% vesting.

Finalised LTI – FY20 grant

2.2 Overview of FY22 LTI Outcomes % of Total Grant Performance Measures		Outcome of Testing
Tranche 1 – Total Shareholder Return (TSR)		
50%	Based on Elders' average annual compound TSR over the three year performance period 1 October 2019 ending on 30 September 2022. TSR rights were subject to a target goal and a stretch goal. The percentage of TSR rights that vest were determined as follows:	Elders' absolute TSR over the performance period was 27.7%. **Resulting in 100% vesting of this tranche.** *Notes regarding calculation:* The starting price to calculate the Compound Average Growth Rate was Elders' 5 trading day VWAP up to and including 30 September 2019 of $6.27 and the closing share price of Elders' 5 trading day VWAP as at 30 September 2022 of $11.887. Dividends paid over the performance period were $1.01 per share. An external consultant (PFS Consulting) was engaged to calculate the TSR outcome.

Absolute TSR over the performance period	% of Rights that vest
Less than 10%	Nil
Equals 10%	50%
Greater than 10% but less than 14%	50-100%, on a straight-line sliding scale
Equal to or greater than 14%	100%

Absolute TSR was measured using opening and closing share prices determined as follows:
- the opening share price value of $6.27
- the closing share price value based on the 5 trading day Volume Weighted Average Price (VWAP) up to and including the last day of the performance period
- dividends paid in the performance period

Tranche 2 – Earnings per Share Growth		
25%	EPS rights vest subject to achievement of Target or above EPS Compound Annual Growth Rate (CAGR) over the performance period as follows:	Elders' EPS growth over the performance period was 36.6%. **Resulting in 100% vesting of this tranche.** As communicated in FY20, EPS for the purposes of LTI will be calculated using the weighted average shares as the denominator and underlying NPAT[3] as numerator. The EPS outcome for FY22 was determined as follows:

EPS CAGR over the performance period	% of Rights that vest
Less than 7%	Nil
Equals 7%	50%
Greater than 7% but less than 10%	50-100%, on a straight-line sliding scale
Equal to or greater than 10%	100%

	FY19	FY20	FY21	**FY22**
Weighted avg. no. of shares[1] (000)	121,006	154,094	156,305	156,477
Underlying NPAT ($ million)	63.6	109.0[2]	151.1	209.7[3]
EPS (cents)	52.6	70.7[2]	96.7	134.1[3]
CAGR				36.6%

2.2 Overview of FY22 LTI Outcomes

% of Total Grant	Performance Measures	Outcome of Testing	
	Reconciliation of statutory profit to underlying profit used to calculate EPS for this LTI grant FY22		
		Statutory Profit ($ million)	**162.9**
		• *Basic EPS (cents) – Statutory Profit*	*104.1*
		Adjustment for non-underlying items ($ million)	**(10.7)**
		Underlying NPAT ($ million)	**152.2**
		• *Basic EPS (cents) - Underlying NPAT*	*97.3*
		Adjustment for tax expense	57.5
		Adjusted NPAT ($ million)[3]	**209.7**
		• *Basic EPS (cents) - Adjusted NPAT*	*134.1*
		Weighted average shares (millions of shares)	**156.5**
		Reconciliation of tax expense adjustment	
		Statutory tax expense	**67.7**
		Add back of tax expense relating to entity outside the tax consolidated group	(6.6)
		Add back of non-underlying tax expense	(3.6)
		Adjustment for tax expense	**57.5**
		For a reconciliation between underlying and NPAT please see the Operating and Financial Review section of the Annual Report. The weighted average shares are displayed in note 4 of the Financial Statements.	
Tranche 3 – Return on Capital (ROC)			
25%	ROC rights vest in full if ROC was greater than or equal to 18% for the financial year ending 30 September 2022.	Elders' return on capital as at 30 September 2022 was 26.2%. **Resulting in 100% vesting of this tranche.** ROC = Underlying EBIT/Average Net Operating Assets Average Net Operating Assets = Working Capital, PP&E, Investments, Intangibles, Tax Balances Recognised on Acquisitions and Provisions (Excludes Elders Brand Name)	
Additional Vesting Condition			
In addition to the performance conditions above, the performance rights will only vest if the share price on the vesting date is greater than or equal to the 5 trading day VWAP up to and including 30 September 2019, being a day prior to the start of the performance period.		The VWAP as at 30 September 2019 was $6.27 therefore it is expected, based on the share price as at the date of this Report, that the vesting condition will be met (vesting will occur no later than 30 November 2022).	

1 Shares exclude dilutive performance rights which have not yet vested. For FY22 , no rights were deemed to be dilutive refer to note 4 of the finanical statements.

2 Pre-AASB 16 Leases, the FY20 EPS outcome applying AASB 16 Leases is 69.9c.

3 As approved by the Board, the underlying NPAT component of the EPS calculation was adjusted for certain tax charges recognised during the year. This is to present the underlying NPAT on a comparable basis to align tax treatment across the periods. The Board utilised its discretion on the treatment of tax.

One fully paid share in Elders will be allocated for each vested performance right. The total number of vested performance rights under the FY20 grant is 487,916. In addition, 41,455 additional shares will be allocated at time of vesting for the value of dividends not received on the vested rights during the performance period. Individual vesting outcomes are outlined in section 7.

2.3 Summary of FY22 Executive KMP Outcomes

This table presents actual remuneration paid or payable, or vested for the Executive KMP in respect of FY22. The information is voluntary, unaudited, different from and additional to that required by Australian accounting standards and statutory requirements, which is provided in section 6.2.

Executive KMP Remuneration outcomes for FY22 (unaudited and non-IFRS)

		Base salary	Total STI[1]	Values of Shares Vested[2]	Super-annuation	Other[3]	Termination benefits	Total
		$	$	$	$	$	$	$
M C Allison	*MD & CEO*	1,093,695	836,971	1,847,474	23,999	-	-	3,802,139
Former KMP								
T Foster[4]	*CFO*	573,850	313,700	-	23,999	50,570	301,053	1,263,172
Total		**1,667,545**	**1,150,671**	**1,847,474**	**47,998**	**50,570**	**301,053**	**5,065,311**

1 STI cash and deferral component that will be paid for performance in FY22.

2 Value of the FY19 LTI grant that vested in the FY22 year.

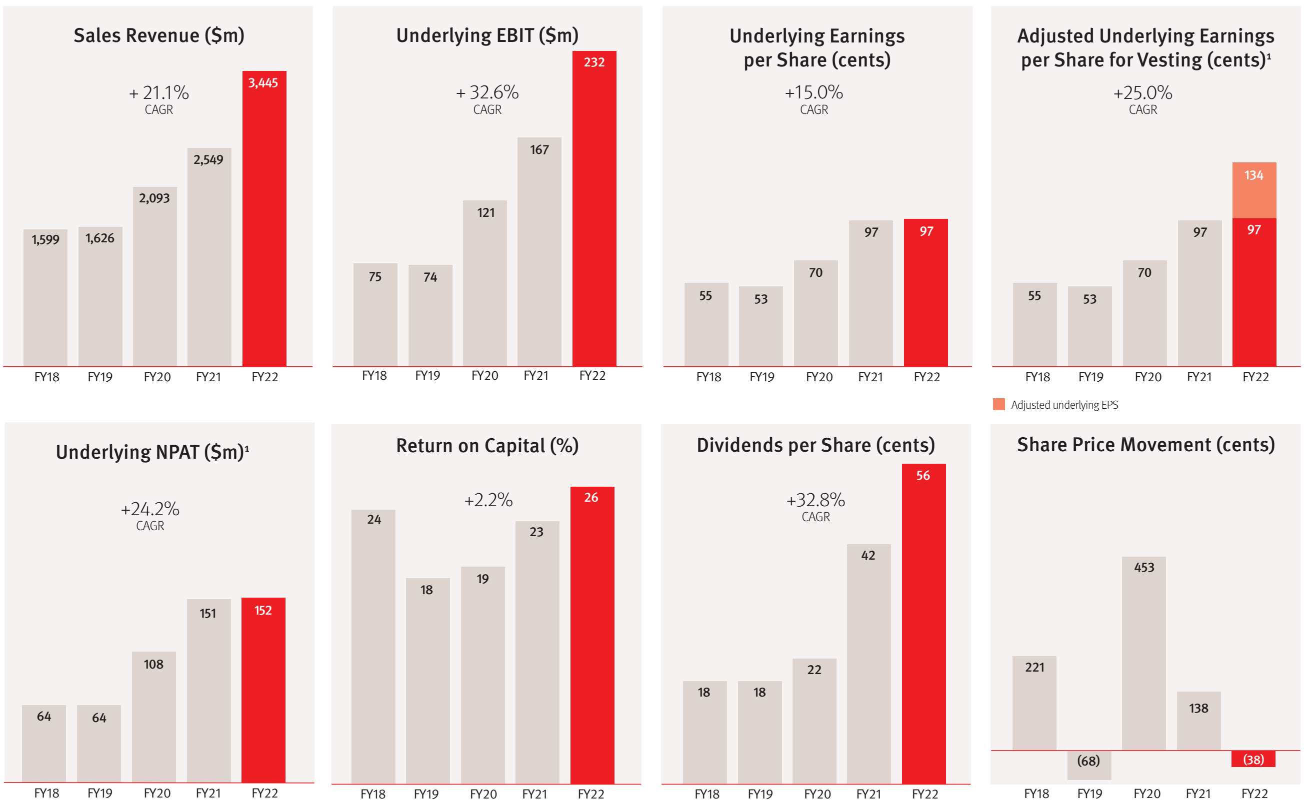
3 Second payment of sign on bonus paid to T Foster and relocation assistance.

4 T Foster's base salary and superannuation was disclosed up to cessation of employment on 31 August 2022.

2.4 Historical Five Year Performance

Highlights Elders' key financial performance over the past five years and link to the Senior Executive KMPs' STI and LTI remuneration outcomes.

Elders' CAGR Performance FY18 to FY22[1]



1 As approved by the Board, the underlying NPAT component of the EPS calculation was adjusted for certain tax charges recognised during the year. This is to present the underlying NPAT on a comparable basis to align tax treatment across the periods. The Board utilised its discretion on the treatment of tax.

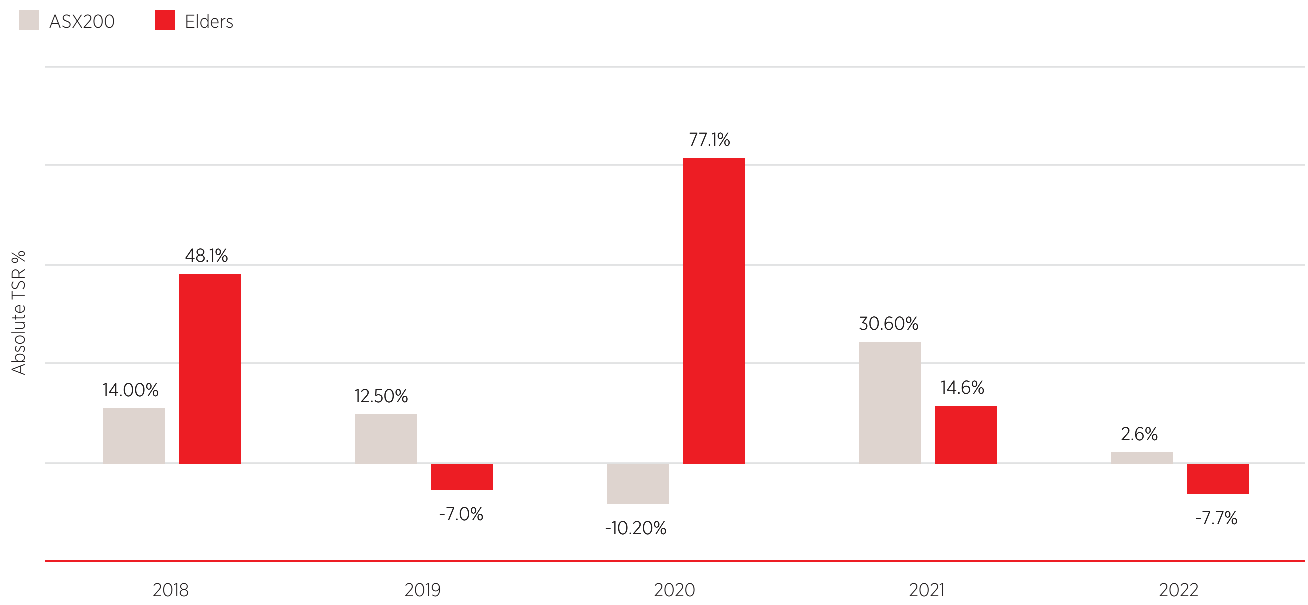
Elders' Remuneration Outcomes

Remuneration outcomes	**2018**	**2019**	**2020**	**2021**	**2022**
STI – average % received of maximum opportunity	81%	0%	94%	95%	87%
LTI – vesting %	100%	75%	75%	100%	100%

2.4 Historical Five Year Performance continued

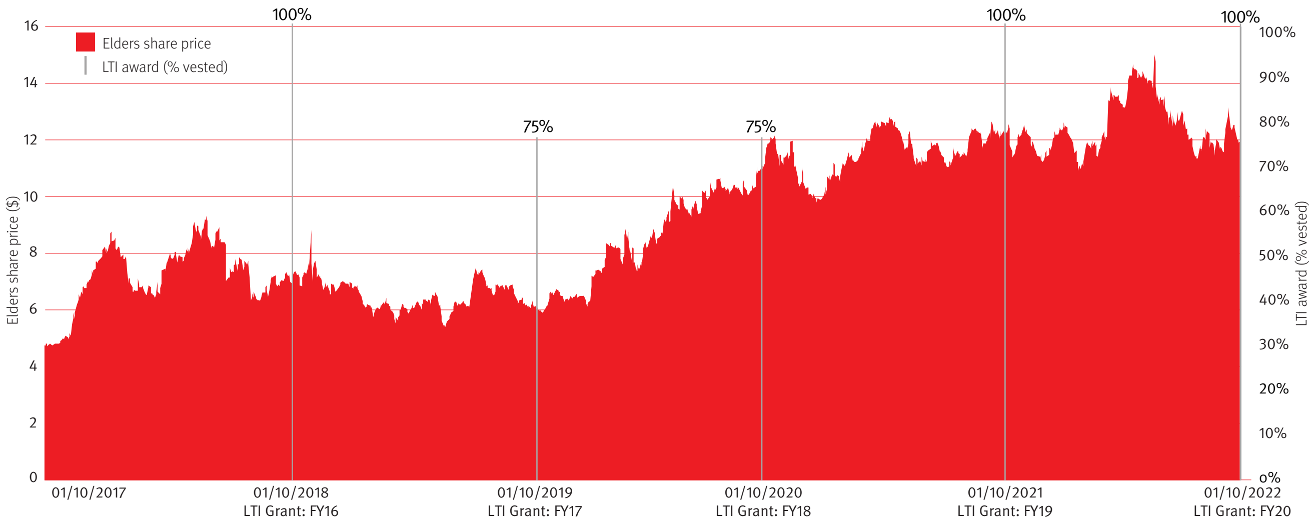
This chart shows Elders' annual TSR performance over the last five years against the S&P/ASX 200 Accumulation Index. Elders' LTI Plans for FY18, FY19 and FY20 include an absolute TSR performance condition. Full vesting of the TSR tranche (50% of total grant for FY18 and FY19, and 33.3% of FY20) was achieved for grants under the FY18, FY19 and FY20 LTI Offers.

Absolute TSR %



This chart compares Elders' total LTI vesting results for grants in FY16-20 to Elders' share price during the same period.

LTI Plan performance outcomes relative to Elders' share price



Section 3 – Details of the Executive Remuneration Framework

3.1 Current Short-Term and Long-Term Incentive Plan Structures

Current STI Structure FY22

	MD & CEO	Senior Executives
Performance Period	Annual aligned with financial year – 1 October 2021 to 30 September 2022	
Maximum STI Opportunity as % of TFR	100% of TFR	50% of TFR
Performance Measure(s)	**Gateway**: Underlying EBIT (90% of Target), greater than prior year EBIT, zero fatalities, adherence to Elders Code of Conduct and no significant environmental events are achieved. Once the gateway has been achieved, individual STI for the Executive KMPs are awarded based on achievement of individual KPIs which contain a balance of challenging financial and operational targets and are aligned to business strategy. Refer to section 2.1 for further details on Executive KMP FY22 STI performance measures.	
Equity Deferral	40% of any STI earned by Executive KMP is delivered in locked Elders shares with half released at the end of year one and the balance released at the end of year two. These shares are held in trust subject to trading restrictions and are contingent on the Executive KMP remaining employed at the end of each period. During the restriction periods, the shares are subject to forfeiture if the Executive KMP resigns or is terminated for cause, unless the Board determines otherwise. No further performance conditions apply and shares fully vest to the participant at the end of the restriction period if the continued service requirement is met. As the shares are awarded in lieu of cash and relate to an incentive that has already been earned, during the restriction period Executive KMP are entitled to all dividend and voting entitlements applying to the shares held in trust in their name.	
Exercise of Discretion	The MD & CEO may recommend discretionary incentive payments to Senior Executives for approval by the Board. The Board has overriding discretion in determining an Executive KMP's individual STI outcome and may take into account factors such as any material risk events identified and the impact and accountability of the Executive in those events, and any other special circumstances (e.g. acquisitions and divestments). The Board has discretion to reduce or deny individual STI outcomes in relation to any significant breach of Elders' Code of Conduct, One Elders values or significant environmental events.	
Clawback	Elders may recover amounts paid where the STI was calculated on financial results due to: • a material non-compliance with any financial reporting requirement; or • misconduct of any employees, contractors or advisers; and as a result of which the actual metrics and outcomes used to determine the STI were incorrect, and as such a lower payment would have been made based on the restated results.	

3.1 Current Short-Term and Long-Term Incentive Plan Structures continued

Current LTI Plans Structure

	FY21		FY22	
Performance Period (3 years)	1 October 2020 to 30 September 2023		1 October 2021 to 30 September 2024	
Maximum LTI Opportunity % of TFR	MD & CEO – 110%, Senior Executives – 55%			
Grant Date	17-Dec-20	MD & CEO	16-Dec-21	MD & CEO
	12-Mar-21	other participants	22-Dec-21	other participants
As at 30 September 2022	101,000 Rights	MD & CEO	102,400 Rights	MD & CEO
No. of Rights Outstanding and no. of Participants	235,667 Rights	18 other participants	223,700 Rights	19 other participants
Grant Methodology	Performance rights allocated under this plan are determined using "face value methodology" being the 5 trading day VWAP at the day prior to the start of the Performance Period (i.e. 30 September).			
Performance Conditions	The performance rights are split into two tranches.			
	Tranche 1	Relative TSR		50% weighting
	Tranche 2	EPS Growth		50% weighting

Performance Measures and Vesting

Tranche 1 – Relative TSR Against Comparator Companies Performance Rights

50% of rights vest subject to Elders' TSR performance relative to the TSR performance of the Comparator Companies over the Performance Period (subject to Elders' absolute TSR over the Performance Period being greater than or equal to zero).

Elders' TSR Percentile Rank	% of Tranche that Vest
50th Percentile	50%
75th Percentile or above	100%

FY21:

- *less than Target no rights vest*
- *if greater than Target but less than Stretch is achieved, 50-100% of rights vest on a straight line sliding scale*

The Comparator Companies for the purposes of this tranche comprises of the companies in the S&P/ASX 200 index excluding the companies in the S&P/ASX 100 as as the start of the Performance Period.

FY22:

- *less than Target no rights vest*
- *if greater than Target but less than Stretch is achieved, 50-100% of rights vest on a straight line sliding scale*

The Comparator Companies for the purposes of this tranche comprises of the companies in the S&P/ASX 200.

Tranche 2 – EPS Growth Performance Rights

50% of rights vest in full if EPS CAGR is greater than or equal to Target for the performance period. The starting EPS value is EPS as at 30 September prior to the commencement of the performance period.

	EPS CAGR	% of Tranche that Vest
Target	7.5%	50%
Stretch	10%	100%

- *less than Target no rights vest*
- *if greater than Target but less than Stretch is achieved, 50-100% of rights vest on a straight line sliding scale*

	FY21	FY22

3.1 Current Short-Term and Long-Term Incentive Plan Structures continued

Current LTI Plans Structure

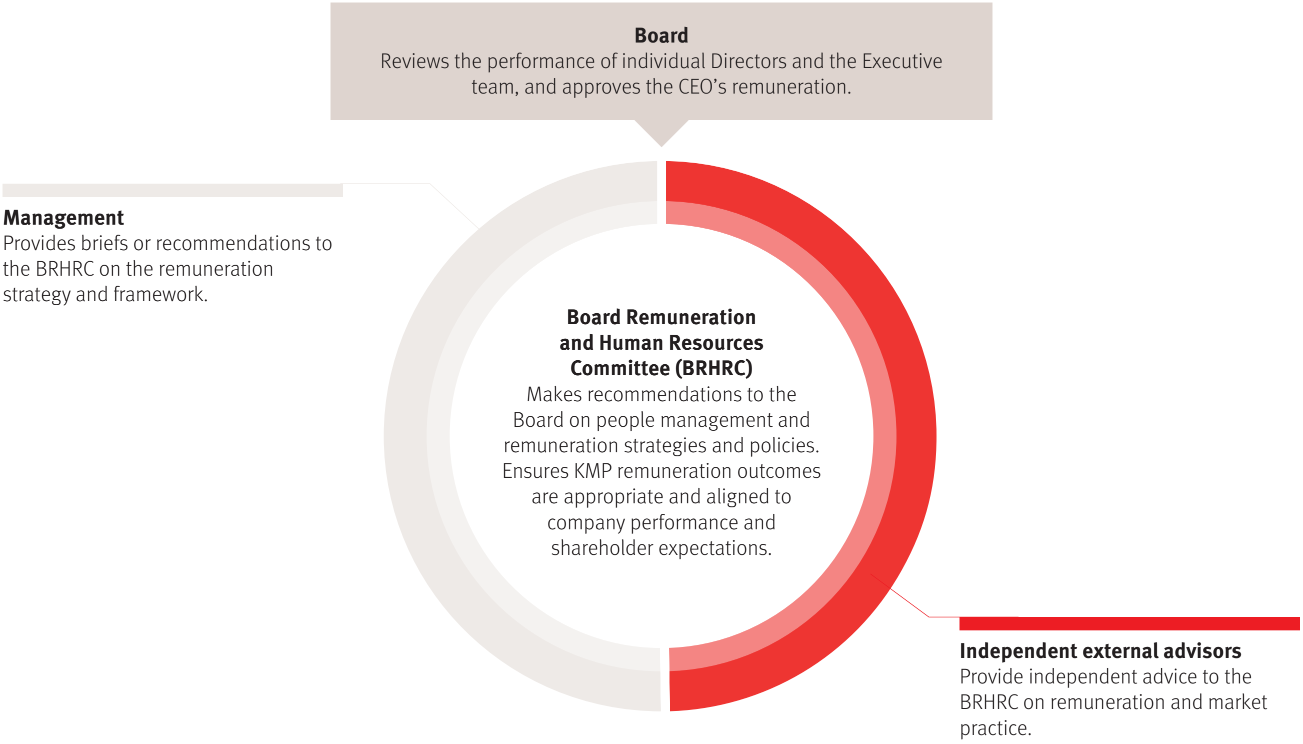
Holding Lock	A 12 month holding lock on shares awarded under the LTI. A participant is entitled to receive dividends and other distributions and exercise full voting rights.
Performance Testing	Testing of the performance conditions will occur once the results for the relevant performance period have been audited and approved by the Board. There will be no re-testing of performance.
Clawback	The Board may determine that any unvested rights will lapse or be forfeited, and/or the participant must pay or repay as a debt, proceeds from shares allocated in certain circumstances such as, but not limited to, fraud, gross misconduct, breach of duties or obligations.
Dividends	No compensation for the value of dividends not received.
Treatment of Unvested Rights on Cessation of Employment	The Board has overriding discretion over the treatment of unvested performance rights when a participant ceases employment. On cessation of employment the Board may, amongst other options, allow the participant to retain a pro-rated number of rights based on the portion of the performance period the participant has worked or to lapse all rights.
Dealing in Securities	Participants are prohibited from taking out derivatives over performance rights. In addition, after vesting of performance rights, all dealings in shares issued to a participant are regulated by Elders' Securities Dealing Policy which requires, amongst other things, that dealings only take place during open periods specified by Elders.
Change of Control	In the event of a transaction, event or state of affairs that, in the Board's opinion, is likely to result in a change of control of the Company, the Board may, in its absolute discretion, determine that all or a specified number of a participant's unvested performance rights and/or options vest or cease to be subject to restrictions. If the Board does not make a determination, participants will retain all of their incentive securities and the incentive securities will continue to be subject to the original terms of the grant.
Corporate Actions/Reconstructions	Prior to allocation of shares to a participant upon vesting of performance rights or exercise of options (as the case may be), the Board may make any adjustments it considers appropriate to the terms of a performance right and/or option granted to a participant in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action or capital reconstruction.
Board Discretion	The Board may exercise its discretion to make adjustments it considers appropriate in light of the purpose and intent of the Plan and the performance conditions. This may include making adjustments to ensure that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant. The Board uses a number of principles to assess whether to make an adjustment, including: • maintaining the desired level of stretch for targets • maintaining the integrity and intention of the reward • aligning outcomes with general market and shareholder expectations • consistent treatment across remuneration elements and performance period • preserving the success and intent of transactions or other actions that have materially benefitted the company If discretion is to be exercised, it may be a result of events such as: • acquisitions and acquisition costs • divestments • changes to tax treatments • legislative or accounting standard changes • capital reconstructions or corporate actions • internal reorganisation of the business and/or group assets • events affecting comparator companies including, but not limited to, takeovers, mergers or de-mergers that might occur during the Performance Period • events, circumstances or significant items outside of the control of management or which are not reflective of management performance
Future Considerations	From FY22 onwards, Elders has resolved to include items of tax expense and/or benefit in Underlying NPAT. As Elders has recognised all tax losses on balance sheet in FY21, the Underlying tax expense will no longer be offset by an income tax benefit as a result of tax losses recognition. The Board will seek to exercise its discretion on the EPS outcomes of future LTI vesting by adjusting the tax expense across the Performance Period to ensure comparability across the performance period. The performance measures will be as intended as the Board originally set. Shareholders will be provided with a reconciliation.

Section 4 – Remuneration Governance

The Board Remuneration and Human Resources Committee operates in accordance with the guidance set out in the 4th Edition of the ASX Corporate Governance Council Principles and Recommendations.

Further information on the role and responsibilities of the Committee is set out in the Corporate Governance Statement, which along with the Committee's Charter, is publishedon the Elders Investor Centre[1].

The Committee is comprised entirely of independent Non-Executive Directors.



4.1 Independent remuneration advice

The Committee is briefed by management, however, the Committee makes all decisions free of the influence of management.

Further to the management briefings, to assist in its decision-making, the Committee may, from time to time, seek independent advice from remuneration advisors, and in so doing will directly engage with the advisor without management involvement.

In the year ending 30 September 2022, the Committee has not sought independent advice from remuneration advisors, therefore no remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by remuneration advisors.

[1] *Elders' 2022 Corporate Governance Statement can be found online at investors.elderslimited.com/investor-centre*

Section 5 – Non-Executive Director Remuneration and Statutory Remuneration

5.1 Remuneration Framework and Policy

Non-Executive Directors are remunerated by way of fees in the form of cash and superannuation.

NEDs do not participate in Elders' cash or equity incentive plans and do not receive retirement benefits other than superannuation contributions disclosed in this report.

NED fees are reviewed by the Board on an annual basis, taking into consideration the accountability and time commitment of each director, supported, where appropriate and necessary, by information from external remuneration advisors.

The Board believes Elders' NEDs should own securities in Elders to further align their interests with the interests of other shareholders. Elders' Minimum Shareholding Policy was updated effective 1 October 2020 and now requires NEDs to hold at least 100% of NED Base fees (including superannuation) within three years from appointment. Details of NEDs' shareholdings in Elders can be found in section 7.

5.2 Non-Executive Director Fees in FY22

Total fees for the financial year ended 30 September 2022 remain within the aggregate fee limit of $1,200,000 per annum, (including superannuation guarantee), approved by the Board following Elders' 2013 Annual General Meeting. Approval is being sought at the AGM to increase the NED 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, which identified a need to appoint an additional Non-Executive Director. The Board expects to appoint the new Director in FY23.

The Board reviewed the NED fees during FY22 and applied a 2% increase to all Chair and member fees. Previous reporting of NED fees excluded superannuation, for FY22 superannuation is included.

Non-Executive Director fee

	FY22 fee including superannuation[1]	
	Chair	Member
	$	$
Board	298,968[2]	131,274
Audit, Risk and Compliance Committee	33,660	17,952
Work Health and Safety Committee	Nil	Nil
Remuneration and Human Resources Committee	22,440	10,200
Nomination and Prudential Committee	Nil	Nil

1 Showing fees effective 1 January 2022. NED Board fees previously presented excluding superannuation.

2 The Chair of the Board does not receive additional Committee fees.

Non-Executive Director remuneration

		Short-term payments		Post-employment	Total
		Base Board fee	Board Committee fees	Superannuation	
		$	$	$	$
I Wilton	2022	273,619	-	23,999	297,618
	2021	262,500	-	22,163	284,663
R Clubb	2022	118,620	40,554	16,117	175,291
	2021	115,750	40,000	14,992	170,742
D Eilert	2022	118,620	36,498	15,706	170,824
	2021	115,750	36,000	14,608	166,358
R Murphy[1]	2022	118,620	26,360	14,680	159,660
	2021	78,929	17,540	9,343	105,812
M Quinn	2022	118,620	26,360	14,680	159,660
	2021	115,750	26,000	13,645	155,395
Total	2022	748,099	129,772	85,182	963,053
	2021	688,679	119,540	74,751	882,969

1 R Murphy commenced as Non-Executive Director on 28 January 2021.

Section 6 – Key Terms of Executive KMP Employment Contracts and Statutory Remuneration

6.1 Contractual Arrangements of Executive KMP

Contractual arrangements

Component	MD & CEO	Senior Executives
Contract Duration	Ongoing until terminated by either party	
Notice (without cause) initiated by:		
Elders	12 months	6 months
Individual	6 months	3 months
	Payment in lieu of notice may be made equivalent to the remuneration the MD & CEO and Senior Executive would have received over the notice period. Payment may be awarded under a Short-Term or Long-Term Incentive Plan in accordance with plan rules.	
Notice for Serious Misconduct	Elders may terminate immediately. No payment in lieu of notice or other termination payments are payable under the employment agreement.	
Redundancy	Not applicable	Due to genuine redundancy, as defined by the Fair Work Act 2010, the Senior Executive is entitled to a retrenchment payment in accordance with Elders' policy. This payment is also subject to the rules and limitations specified in the Corporations Act 2001 (Cth) and Corporations Regulations.
Change of Control	Not specifically referenced in contract.	In the event of a Change of Control or Disposal of Business resulting in a material diminution in the roles and responsibility of the Senior Executive, the Senior Executive may terminate their contract on three months' notice.

6.2 Executive KMP Statutory Remuneration

Executive KMP remuneration

		Short-term payments				Post-employment	Share-based payments[1]		Long-term payments	Termination benefits[2]	Total	% performance related[3]
		Base salary	Cash STI	Annual Leave	Other[4]	Super-annuation	Deferred STI rights	LTI Performance rights	Long service leave[5]			
		$	$	$	$	$	$	$	$	$	$	%
M C Allison	2022	1,093,695	502,183	(63,655)	-	23,999	310,075	619,801	(219,140)	-	2,266,958	63%
	2021	1,015,969	605,280	87,795	-	22,163	170,611	692,980	71,103	-	2,665,901	55%
Former KMP[6]												
J H Cornish	2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2021	151,577	-	52,685	412	7,231	-	(169,908)	198,910	459,006	699,913	-24%
R I Davey	2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2021	390,096	204,000	158,365	-	22,163	-	109,472	248,509	261,588	1,394,193	22%
T Foster[7]	2022	573,850	313,700[8]	32,726	50,570	23,999	-	81,695	-	301,053	1,377,593	29%
	2021	183,934	98,430[9]	4,455	18,265	11,316	-	-	-	-	316,400	31%
M Hunt[10]	2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2021	223,155	71,036	4,434	17,662	13,432	20,021	83,894[11]	15,836	-	449,470	39%
R L Norton	2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2021	41,570	-	35,195	2,830	14,463	-	-	-	249,419	343,477	0%
Total	2022	1,667,545	815,883	(30,929)	50,570	47,998	310,075	701,496	(219,140)	301,053	3,644,551	
	2021	2,006,301	978,746	342,929	39,169	90,768	190,632	716,438	534,358	970,013	5,869,354	

1 *The amortisation of the fair value of the FY21 equity based STI was fully recognised in FY21. The 2021 comparative value has been restated to reflect the appropriate amortisation of the STI component over the appropriate vesting period. Additionally, the vesting period for the FY21 LTI granted to M C Allison & M Hunt did not include the 12 month holding lock period which is a vesting condition in relation to the KMPs' service requirement. The 2021 comparative values have been restated to include the additional 12 month holding lock period as part of the vesting and amortisation period. This has resulted in a total decrease of $332,956.*

2 *Comprised of redundancy payments under Elders' redundancy policy and/or payments in lieu of notice and comply with Part 2D.2 of the Corporations Act 2001 (Cth).*

3 *Performance related remuneration consists of cash STI and share based payments (including deferred STI) as a percentage of total remuneration.*

4 *Includes car parking (M Hunt, J Cornish, R Norton), living away from home allowance (J Cornish), company leased vehicles (M Hunt, R Norton) and sign on bonus and relocation assistance (T Foster).*

5 *Former KMP data is statutory leave entitlements paid on separation.*

6 *Former KMP reflect the changes in restructure of Elders executive during the period.*

7 *T Foster's data for 2021 pro-rata from commencement with Elders, 31 May 2021. Data for 2022 base salary was disclosed up to cessation of employment with Elders, 31 August 2022.*

8 *For FY22 T Foster's STI will be paid 100% cash.*

9 *For FY21 T Foster's STI was paid 100% cash.*

10 *M Hunt's data pro-rata from date of commencement in EGM National & VIC/RIV role, 8 March 2021. For FY22 the role was not considered as a KMP as determined by the Board.*

11 *In FY21, M Hunt was appointed as a KMP effective 8 March 2021 in which the LTI expense was not apportioned to the period where he was a KMP. The 2021 comparative value has been restated to reflect the appropriate apportioned expense of the FY21 LTI component to the period he was a KMP, resulting in a decrease of $70,859 .*

Section 7 – Additional Required Disclosures

Details of Executive KMP current LTI grants and STI restricted shares

	Type	Grant date[1]	Balance at start of period	Granted	Vesting date	Vested[2]		Lapsed		Balance[3]	Expensed at end of period	Fair Value at grant date[4]	Rights maximum value yet to vest[5]
			No.	No.		No.	%	No.	%	No.	$	$	$
M C Allison	LTI	13-Dec-18	146,000	-	Nov-21	146,000	100	-	-	-	-	-	-
	LTI	12-Dec-19	166,000[6]	-	Nov-22	-	-	-	-	166,000	264,493	793,480	-
	LTI	17-Dec-20	101,000	-	Nov-23	-	-	-	-	101,000	163,984	683,265	355,298
	LTI	16-Dec-21	-	102,400	Nov-24	-	-	-	-	102,400	191,324	797,184	605,860
	LTI Total		413,000	102,400		146,000		-		369,400	619,801	2,273,929	961,158
	STI	22-Dec-21	-	16,727	Sep-22	-	-	-	-	16,727	102,369	204,738	-
	STI	22-Dec-21	-	16,726	Sep-23	-	-	-	-	16,726	68,242	204,726	68,242
	STI Total		-	33,453		-	-	-		33,453	170,611	409,464	68,242

Former KMP

	Type	Grant date	Balance at start of period	Granted	Vesting date	Vested No.	Vested %	Lapsed No.	Lapsed %	Balance No.	Expensed $	Fair Value $	Rights maximum value yet to vest $
T Foster[7]	LTI	22-Dec-21	-	28,600	Nov-24	-		19,067	67	9,533	81,695	245,102	-

1 The grant dates are aligned to the requirements under the Accounting Standards.

2 The exercise price for the rights was nil.

3 The balance represents 100% of unvested rights as of 30 September 2022.

4 Fair value is used to calculate the value of performance rights when granted. The fair value at Grant Date is independently determined using Monte Carlo simulation techniques which take into account the exercise price, the term of the rights, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option for TSR tranche. A discounted cash flow model was used for the fair value of the EPS tranche. Fair value utilised for FY22 LTI Grant, tranche 1, MD & CEO \$5.13, Senior Executive \$5.99 and Tranche 2, MD & CEO \$10.44 and Senior Executive \$11.15 (for more information see note 26 financial statements).

Fair value is used to calculate the value of restricted shares for the STI Plan. Fair value utilised for FY21 restricted shares is \$12.24 per share.

5 The maximum value of the performance rights yet to vest has been determined as the fair value amount at grant date that is yet to be expensed. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

6 For the FY20 LTI grant expected to vest November 2022, additional shares of 14,104 will be allocated to the Executive KMP at the time of vesting for the value of dividends not received during the performance period on the vested rights.

7 No LTI grants were made to T Foster in FY21 as commencement with Elders was 1 May 2021. T Foster ceased employment on 31 August 2022, as per the LTI Plan Rules a portion of T Foster rights has continued on foot, based on the percentage of performance period completed for each grant.

Executive KMP shareholding

	Shares held at start of year 1 October 2021	Shares acquired during the year as part of remuneration	Shares acquired during the year through the vesting of LTI	Other shares acquired (disposed of) during the year	Balance of shares held at end of financial period[1]
M C Allison	800,000	33,453[2]	155,293		988,746
Former KMP					
T Foster	19	386[3]	-	-	405
Total	800,019	33,839	155,293	-	989,151

1 Balance of shares helds at end of financial period for former KMP is the date of cessation of employment.

2 Represents the deferred component of FY21 STI in restricted shares.

3 Reflects shares acquired through the Deferred Employee Share Plan for FY22.

Non-Executive Directors shareholding

	Shares held at start of year 1 October 2021	Shares acquired during the year as part of remuneration	Other shares acquired (disposed of) during the year	Balance of shares held at end of financial period
I Wilton	131,193	-	-	131,193
R Clubb	12,400	-	1,600	14,000
D Eilert	13,769	-	-	13,769
M Quinn	15,597	-	5,742	21,339
R Murphy	4,000	-	2,500	6,500
Total	176,959	-	9,842	186,801

Note: No other changes occurred during the year. None of the shares in the two tables above are held by the Non-Executive Directors or Executive KMP. Elders takes its obligations to prevent insider trading very seriously. In conformity with that approach, Directors take a conservative view of when they can deal in Elders shares (even when trading windows are open), seeking to avoid both real and perceived trading on inside information. This approach limits the opportunities for Non-Executive Directors to acquire Elders' shares.

Other equity schemes in which one or more KMP participate

	Description	Eligibility Criteria	Number of participants as at		Number of outstanding shares as at	
			30 Sept 2021	30 Sept 2022	30 Sept 2021	30 Sept 2022
Deferred Employee Share Plan (DESP)[1]	This plan enables participants to salary sacrifice remuneration up to $5,000 to acquire restricted shares. Tax can be deferred up to 15 years. Elders makes no contribution to this plan other than funding the costs of administration. There are no further performance or service conditions once shares are purchased.	All permanent employees	241	200	170,881	186,443

1 T Foster participated in 2021 and 2022 and held 405 shares under this Plan accumulated in FY21 and FY22.

7.1 Other transactions and loans with KMP

There are no loans to KMP outstanding in the current or prior year.

From time to time, sales and purchases occur during the year between subsidiaries in the Group and entities that certain directors of Elders have direct or indirect control over. These transactions are conducted on the same terms and conditions as those entered into by other Elders' employees or customers on an arm's length basis and are trivial or domestic in nature.

Executive Management

Mark Allison

Managing Director & Chief Executive Officer
BAgrSc, BEcon, GDM, FAICD, AMP (HBS)

Mr Allison joined Elders Limited as a Non-Executive Director in December 2009, served as Chairman and Executive Chairman, before being appointed Managing Director and Chief Executive Officer in May 2014.

Mr Allison's agribusiness career of more than 40 years spans technical, manufacturing, supply and distribution roles and business. Previous roles include Managing Director/CEO of GrainGrowers Limited, Jeminex Limited, Farmoz Pty Ltd, Wesfarmers Landmark Limited, Wesfarmers CSBP Limited and CropCare Australasia Pty Ltd and General Manger of Incitec Fertilisers.

Mr Allison is currently Chair of Agribusiness Australia, AuctionsPlus, the Agriculture and Natural Resources End-User Advisory Board of the SmartSat CRC, the Agrifood and Wine Advisory Board of Adelaide University, a Non-Executive Director of GrainGrowers Limited and a member of the Rabobank Food and Agriculture Advisory Board.

Mr Allison oversaw the development and implementation of Elders' Eight Point Plan in 2014, which returned the company to pure play agribusiness and resulted in the first shareholder distribution in nearly a decade. Since 2014, Elders has grown from a market capitalisation of $50m to $1.9b.

Paul Rossiter

Acting Chief Financial Officer
BAcc, CPA, FINSIA

Paul was appointed to the role of Acting Chief Financial Officer in August 2022, after serving the business since 2004. Paul has been Group Treasurer since 2012.

Prior to joining Elders, Paul worked for employers in the finance sector including Credit Suisse in Sydney and Morgan Stanley in London. Paul is a Certified Practising Accountant, with a Bachelor of Accountancy from the University of South Australia, and a Fellow of the Financial Services Institute of Australasia (FINSIA). Paul is an experienced finance, accounting and risk management professional in the fields of banking, financial markets and agriculture.

Tom Russo

Executive General Manager National & Victoria, Riverina
LLB (Hons), BA, Grad Dip LP, Dip Prop Serv (Agency Mgt)

Tom was appointed Executive General Manager Network in 2022, prior to which he has held several other roles within the Elders group.

Most recently, Tom was Executive General Manager Real Estate, Brand & Communications. During his tenure in that role the gross margin contribution of the real estate product more than doubled and he has established a strategic marketing and communications function which has custody of the most trusted agribusiness brand in rural Australia.

Tom has established himself as a leading transaction adviser in the farmland investment space and is a trusted adviser to many of Elders' largest clients.

Tom previously played a pivotal role in devising and implementing the turnaround strategy for Elders, including executing a number of large and complex divestment initiatives.

Prior to Elders, Tom was the Chief Executive of a specialist international law firm and practiced as a corporate lawyer with a focus on mergers and acquisitions, corporate finance, complex contractual projects, corporate governance and intellectual property.

Peter Hastings

Company Secretary & General Counsel
BA, LLB, GDLP, FGIA, Grad Dip Applied Corporate Governance, GAICD

Peter was appointed Elders' Company Secretary and General Counsel in 2010. He has responsibility for the Company's legal, compliance, company secretarial, risk and insurance functions.

Peter was an integral member of the Elders' team that worked hard to protect shareholder interests through many years of financial distress and which, subsequently, successfully implemented stabilisation, and now growth, strategies. Peter has three decades of experience gained in legal and governance roles with Elders, other inhouse legal positions and in private and government legal practice.

Viv Da Ros

Chief Information Officer
MBA (Manchester), MPM, GAICD

Viv was appointed to the position of CIO in 2021 and is responsible for leading the technology/business transformation program at Elders – a multiyear change program that will see the introduction of modern technologies to simplify and enhance interactions with our customer base through traditional and digital channels. In addition to his CIO remit, Thomas Elder Institute (TEI) and Thomas Elder Consulting (TEC) also report into Viv.

With the emergence of the ag-tech space, there are many implications and opportunities for Elders and our customers. Moving the TEI and TEC services into the CIO portfolio allows us to take a broader view of this space and incorporate viable opportunities into our technology roadmap.

Viv's 30 years of experience includes senior leadership positions in Australia, Asia and Europe, predominantly in the retail sector with the AS Watson Group, Tesco, KPMG and Dairy Farm International. More recently Viv spent four years running the technology and digital functions for Caltex Australia, based out of Sydney.

Olivia Richardson

Executive General Manager People, Culture & Safety
BMgmt (Hons), GAICD

Olivia was appointed General Manager People and Culture in 2018, with the Safety function included in her portfolio from 1 October 2020.

Olivia's priorities include maintaining an engaged and enabled workforce, investment in learning and development programs, creating a diverse and inclusive workforce, building on the pride in the pink shirt and driving a zero harm workplace. Having been with Elders for 13 years, she is well acquainted with Elders people, appreciating that they are loyal and committed to doing the best for their communities.

Notable achievements include refreshing the learning and development framework to ensure people are equipped with the relevant skills and technical expertise to do their job; and the refresh of our Employee Value Proposition aimed at promoting Elders as a great place to work to drive retention and attraction of high calibre staff.

Prior to Elders, Olivia has worked across Human Resources in FMCG, Financial Services and Telecommunications throughout Australia, the UK and Europe.

Kiim Lim

Executive General Manager Business Development
BCom, CPA , GAICD

Kiim was appointed to the role in 2018.

She has successfully led the completion and integration of many acquisitions underpinning the growth of Elders, including Australian Independent Rural Retailers (AIRR), Titan AG, Livestock and Wool in Transit delivery warranty and various retail, agency and real estate bolt-ons.

Her focus is to ensure long term sustainable growth through the acquisition of high quality businesses in strategic areas throughout the network and through the supply chain.

Recently, she also led the divestment of Elders' investment in StockCo and negotiated a long term distribution agreement with StockCo's new owners. Kiim commenced with Elders in March 2006, and has held various roles within the finance team.

Prior to Elders, Kiim worked with PwC in Malaysia and Adelaide.

Jeremy Cowan

Executive General Manager Rural Products
BCom

A senior supply chain and commercial professional, Jeremy was appointed to his role with Elders commencing in October 2022.

He comes to Elders with an extensive track record of line manager excellence and change management delivery, and deep expertise in end-to-end supply chain, encompassing, manufacturing, procurement strategy, end to end planning and category management.

He has held multiple executive management team roles in multinational branded product businesses in the FMCG and consumer healthcare sectors, in Australia and the United States.

Jeremy is currently based in regional Australia and possesses direct insight into how regions and the Elders network operate. This will assist him in his role of supporting our business growth and backward integration strategy, along with the further integration of our rural products businesses.

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Opportunities abound for agriculture's next generation

As the agriculture industry expands to feed and clothe a growing global population, doors are opening for the next generation of agricultural professionals interested in new ways to contribute to the sector with fresh perspectives and diverse skills and backgrounds.

With fond memories of helping her dad on their mixed farming property, West Australian Georgia Adams says that farming seemed like a dream job to her – one that has since become a reality after taking on a role in livestock production with Elders' Williams branch in Western Australia.

After a short stint in Farm Supplies, Georgia quickly realised that livestock production was her passion, and that helping producers to improve their productivity was an ambition that had impacts far beyond the farms she was working on.

"The honest day's work, the drive and determination of the people in the industry, as well as the challenge it posed, really motivated me to get involved and work to offer value to producers," said Georgia.

"There is an enormous amount of pressure placed on agriculture to increase production to meet the demands of a growing global population. Australian growers are already efficient producers, but this will need to improve to meet such growing demand.

"We need to take a systems approach to improving productivity – considering the production, environmental and social issues that surround food production."

With demand for quality Australian product only growing, a desire to help contribute to Australia's food supply chain requires a broad range of emerging skills and insights.

"There are so many new branches in the industry opening due to the need for new innovations, so it appeals to a wider audience more now than it did in decades gone by," said Georgia.

"The generation coming through offers an understanding of new technologies such as robotics, IT, and engineering related to agriculture. This understanding will aid in the utilisation of new technologies and improved traditional practices.

"The opportunities available to those in the industry are incredible and only expanding; I believe that females are participating in greater numbers in agriculture as a result."

This swing toward a younger and more diverse industry is being supported by the Elders Early Careers Program, which this year saw an 8% increase in applicants. As one way to bring in new talent to the sector, the program has expanded its intake from 30 network-only based roles, like the Graduate Agronomy Program and Livestock Trainee Program, to up to 50 roles and a whole new corporate stream, offering opportunities in the areas of marketing and communications, human resources and information technology.

One employee benefitting from the program is Olivia O'Brien who joined the Livestock Trainee Program in 2021 and is forging a successful career in livestock production with Elders' Hamilton branch.

"The program enables trainees to gain first-hand experience in different regions with different climates and challenges, as well as seeing how our livestock people interact with their grazier clients to help improve their operations," she said.

Similarly, Amy Canty, a graduate agronomist in Cowra from the 2022 intake, said her role is challenging just as it is rewarding, which is why the sector is so appealing.

"Farming practices will always change. With research and innovation comes change, and that's exciting to me," she said.

"As a young person entering the industry, I can see so much room for growth, but at the same time I love the traditional side. This is the career path for me, and I can't wait to see where it takes me."

Heading north, at just 23, Eliza Connors joined Elders Rockhampton in a state-wide stud stock role. Now with the business for two years, Eliza said the traditions of the livestock industry combined with the exciting opportunities offered as it adapts and grows, are some of the reasons she is passionate about the sector, suggesting that the male farming stereotype is outdated.

"Yes, many of the auctioneers you might see are men, but working in the industry there are so many women calling the shots as breeders, managers, journalists, or technical support staff at the sale."

Eliza says growing her career in the pink shirt has been transformative.

"I find it impossible to not feel a thrill as years of careful management and breeding are put to the open market and you watch the success unfold for clients," she said.

"You kind of get the feeling that this is the industry for you, then it's all about finding your own path to a career that can fit your interests."

Whether in livestock or agronomy, Georgia Adams' assertion about opportunities rings true: "The rate of change in agriculture demands a lot of the next generation but the opportunities are limitless."

“The generation coming through offers an understanding of new technologies such as robotics, IT, and engineering related to agriculture. This understanding will aid in the utilisation of new technologies and improved traditional practices.

Georgia Adams
Livestock Production Advisor, Elders Williams

FINANCIAL REPORT
2022

Elders Limited Annual Financial Report

30 September 2022

Consolidated Statement of Comprehensive Income	**79**
Consolidated Statement of Financial Position	**80**
Consolidated Statement of Cash Flows	**81**
Consolidated Statement of Changes in Equity	**82**
Notes to the Consolidated Financial Statements	**83**
About this report	83
Group Performance	
1 Segment Information	86
2 Revenue and Expenses	88
3 Income Tax	89
4 Earnings Per Share	91
Working Capital	
5 Receivables	92
6 Livestock	93
7 Inventory	94
8 Trade and Other Payables	95
Capital Employed	
9 Property, Plant and Equipment	96
10 Leases	98
11 Intangibles	100
12 Equity Accounted Investments	102
13 Provisions	103
Net Debt	
14 Cash Flow Statement Reconciliation	105
15 Interest Bearing Loans and Borrowings	106
Risk Management	
16 Financial Instruments	107
Equity	
17 Contributed Equity	112
18 Reserves	113
19 Dividends	114
Group Structure	
20 Investments in Controlled Entities	115
21 Parent Entity	119
22 Business Combinations – Changes in the Composition of the Entity	120
Other Notes	
23 Expenditure Commitments	121
24 Contingent Liabilities	122
25 Related Party Disclosures	122
26 Share Based Payment Plans	123
27 Auditor's Remuneration	124
28 Key Management Personnel	124
29 Subsequent Events	124
Directors' Declaration	**125**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2022

		2022	2021
	Note	**$000**	**$000**
Sales revenue	2	3,445,254	2,548,924
Cost of sales		(2,805,343)	(2,030,501)
Gross profit		639,911	518,423
Equity accounted profits	12	12,725	10,897
Distribution expenses		(333,221)	(287,090)
Administrative expenses		(87,334)	(75,767)
Finance costs	2	(8,571)	(8,755)
Other items of income/(expense)	2	14,227	-
Profit before income tax expense		237,737	157,708
Income tax expense	3	(67,727)	(3,924)
Net profit for the period		170,010	153,784
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(84)	343
Net gains on cash flow hedges		(357)	932
Other comprehensive profit/(loss) for the period, net of tax		(441)	1,275
Total comprehensive income for the period		169,569	155,059
Profit for the period is attributable to:			
Non-controlling interest		7,144	4,007
Owners of the parent		162,866	149,777
Net profit for the period		170,010	153,784
Total comprehensive income for the period is attributable to:			
Non-controlling interest		7,144	4,007
Owners of the parent		162,425	151,052
Total comprehensive income for the period		169,569	155,059
Reported operations			
Basic earnings per share (cents per share)	4	104.1¢	95.8¢
Diluted earnings per share (cents per share)	4	104.1¢	95.5¢

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note	2022 $000	2021 $000
Current assets			
Cash and cash equivalents	14	17,840	48,063
Trade and other receivables	5	819,504	734,769
Livestock	6	73,371	56,237
Inventory	7	484,482	321,683
Total current assets		1,395,197	1,160,752
Non current assets			
Other financial assets		1,269	1,269
Equity accounted investments	12	47,547	57,936
Property, plant and equipment	9	46,953	36,018
Right-of-use assets	10	119,304	105,739
Intangibles	11	364,320	332,643
Deferred tax assets	3	45,406	102,673
Total non current assets		624,799	636,278
Total assets		2,019,996	1,797,030
Current liabilities			
Trade and other payables	8	736,373	648,294
Interest bearing loans and borrowings	15	179,210	154,265
Lease liabilities	10	32,716	37,972
Current tax payable	3	5,869	974
Provisions	13	94,348	81,870
Total current liabilities		1,048,516	923,375
Non current liabilities			
Other payables	8	16,059	19,204
Lease liabilities	10	90,827	72,705
Provisions	13	3,877	3,154
Total non current liabilities		110,763	95,063
Total liabilities		1,159,279	1,018,438
Net assets		860,717	778,592
Equity			
Contributed equity	17	1,646,630	1,651,006
Reserves	18	(27,705)	(26,887)
Retained earnings		(764,066)	(848,694)
Total parent entity equity interest		854,859	775,425
Non-controlling interests		5,858	3,167
Total equity		860,717	778,592

The accompanying notes form an integral part of this consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2022

	Note	2022 $000	2021 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,885,381	10,638,812
Payments to suppliers and employees (inclusive of GST)		(12,769,549)	(10,495,672)
Dividends received		11,806	9,584
Interest and other finance costs paid		(7,941)	(7,727)
Income tax (paid)		(6,036)	(2,840)
Net operating cash flows	14	113,661	142,157
Cash flows from investing activities			
Payments for property, plant and equipment		(16,361)	(6,378)
Payments for equity accounted investments		(123)	(150)
Payments for intangibles		(4,235)	-
Payments for acquisitions through business combinations, net of cash acquired	22	(53,965)	(28,028)
Proceeds from sale of property, plant and equipment		716	911
Acquisition of intangible assets		(4,568)	(1,845)
Proceeds from sale of equity accounted investments		33,400	-
Net investing cash flows		(45,136)	(35,490)
Cash flows from financing activities			
Purchase of shares		(9,584)	-
(Repayment)/proceeds of borrowings		24,945	(29,426)
Payments of lease liabilities		(35,908)	(29,286)
Dividends paid		(73,748)	(48,468)
Partnership profit distributions/dividends paid		(4,453)	(2,165)
Net financing cash flows		(98,748)	(109,345)
Net increase/(decrease) in cash held		(30,223)	(2,678)
Cash at the beginning of the financial period		48,063	50,741
Cash at the end of the financial period	14	17,840	48,063

The accompanying notes form an integral part of this consolidated statement of cash flows.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

	Issued capital	Reserves	Retained earnings	Non-controlling interest	Total equity
	$000	$000	$000	$000	$000
As at 1 October 2021	1,651,006	(26,887)	(848,694)	3,167	778,592
Profit for the period	-	-	162,866	7,144	170,010
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations	-	(84)	-	-	(84)
Cash flow hedge and fair value of derivatives, net of tax	-	(357)	-	-	(357)
Total comprehensive income/(loss) for the period	-	(441)	162,866	7,144	169,569
Transactions with owners in their capacity as owners:					
Put option revaluation	-	(2,234)	-	-	(2,234)
Dividends paid	-	-	(74,855)	-	(74,855)
Dividend reinvestment plan	3,383	-	(3,383)	-	-
Deferred performance shares	112	-	-	-	112
Partnership profit distributions/dividends paid	-	-	-	(4,453)	(4,453)
Cost of share based payments	-	3,570	-	-	3,570
Reallocation of equity	1,713	(1,713)	-	-	-
Shares purchased	(9,584)	-	-	-	(9,584)
As at 30 September 2022	1,646,630	(27,705)	(764,066)	5,858	860,717
As at 1 October 2020	1,645,561	(27,670)	(946,890)	1,325	672,326
Profit for the period	-	-	149,777	4,007	153,784
Other comprehensive income/(loss):					
Foreign currency translation differences for foreign operations	-	343	-	-	343
Cash flow hedge and fair value of derivatives, net of tax	-	932	-	-	932
Total comprehensive income/(loss) for the period	-	1,275	149,777	4,007	155,059
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	(49,061)	-	(49,061)
Dividend reinvestment plan	2,520	-	(2,520)	-	-
Partnership profit distributions/dividends paid	-	-	-	(2,165)	(2,165)
Cost of share based payments	-	2,433	-	-	2,433
Reallocation of equity	2,925	(2,925)	-	-	-
As at 30 September 2021	1,651,006	(26,887)	(848,694)	3,167	778,592

The accompanying notes form an integral part of this consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

ABOUT THIS REPORT

Corporate information

The consolidated financial report of Elders Limited for the year ended 30 September 2022 was authorised for issue on 14 November 2022 by the Directors. Elders Limited (the Parent) is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report. References in this consolidated financial report to 'Elders' are to Elders Limited and each of its controlled entities unless the context requires otherwise.

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian accounting standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value, and biological assets that are measured at fair value less costs to sell.

The financial report is presented in Australian dollars and under the ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Both the functional and presentation currency of Elders and its Australian subsidiaries is Australian Dollars (AUD). Subsidiaries incorporated in countries other than Australia, which have a functional currency other than Australian Dollars, are translated to the presentation currency.

Transactions in foreign currencies are initially recorded by subsidiaries at their respective functional currency rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The financial report has been prepared on a going concern basis.

Comparative information which relates to prior periods is restated to be comparable with current year disclosures.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Elders Limited and its subsidiaries as at 30 September 2022. Control is achieved when Elders is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When Elders has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee.

Elders re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date Elders gains control until the date Elders ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of Elders and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Elders' accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of Elders are eliminated in full on consolidation.

Significant accounting judgements, estimates and assumptions

The preparation of Elders' consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial result or the financial position reported in future periods. Judgements, estimates and assumptions which are material to the financial report are found in the following notes:

Note 7	Accounting for rebates
Note 9	Impairment of non-financial assets other than brand names and goodwill
Note 10	Accounting for leases
Note 11	Impairment of brand names and goodwill

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

ABOUT THIS REPORT

Impacts of Climate Change

Elders has incorporated climate change risk and the necessary measures to meet its emissions reduction targets. While the effects of climate change risk and the implementation of the emissions reduction targets do not change the significant estimates, judgements and assumptions used in the preparation of the consolidated financial statements, it has increased the accounting estimation uncertainty and resulted in application of further judgement within those identified areas. Elders has used accounting estimates based on forecasts developed on market information available at balance date.

Elders has reviewed the following material accounting judgements, estimates and assumptions within the accounting policies that have potential to be impacted by climate change risk and the implementation of Elders' emissions reduction targets:

Impairment testing

Cash flow projections used in the impairment testing process are based upon financial budgets approved by the Board, external forecasts of market growth rates and expected operating margins and capital expenditure, including projected expenditure required to meet the Elders' emissions reduction targets.

Capital expenditure and research and development

Elders' research and development and capital expenditures are aligned to Elders' strategy focusing on new and alternative technologies and products, in line with Elders' emissions reduction targets, impacting either capital expenditure or the Income Statement.

Taxes

Climate-related matters have been considered in the assessment of the future taxable profits on which the recognition of deferred tax assets are based. Business plans used for the recognition of deferred tax assets have been aligned with those used in the impairment testing process taking into account Elders' emissions reduction targets.

Provisions and contingent liabilities

Elders' provisions and contingent liabilities for the 2022 financial year have taken into consideration Elders' current climate-related risk assessments.

Insurance

The change in climate may result in more regular and intense climate events which can have a significant impact on Elders' production with business interruption, accident or damages. This may increase Elders' insurance costs due to higher amounts at stake or Elders' costs with more frequent uninsurable events.

Changes to Accounting Policies

(i) New and Revised Accounting Standards and Interpretations

A number of new amendments to standards and interpretations became operative for the financial year ended 30 September 2022. None of these have materially impacted Elders and its policies.

(ii) Accounting Standards and Interpretations issued but not yet effective

Elders has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Elders has assessed the upcoming standards, interpretations or amendments and concluded there is no material impact expected from the adoption of these new standards, interpretations or amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

ABOUT THIS REPORT

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of Elders. They include the applicable accounting policies applied and significant estimates and judgements made. Specific accounting policies are disclosed in their respective notes to the financial statements.

The notes are organised into the following sections:

Group Performance	Provides additional information regarding financial statement lines that are most relevant to explaining Elders' performance during the period.
Working Capital	Provides additional information regarding financial statement lines that are most relevant to explaining the assets used to generate Elders' trading performance during the period and liabilities incurred as a result.
Capital Employed	Provides additional information regarding financial statement lines that are most relevant to explaining the capital investment made that allows Elders to generate its operating result during the period and liabilities incurred as a result.
Net Debt	Provides additional information regarding financial statement lines that are most relevant to explaining Elders' net debt position and borrowings for the period.
Risk Management	Provides information relating to Elders' exposure to various financial risks, its impact on the financial position and performance of Elders and how these risks are managed.
Equity	Provides additional information regarding financial statement lines that are most relevant to explaining the equity position of Elders at the end of the period, including the dividends declared and/or paid during the period.
Group Structure	Summarises how the group structure affects the financial position and performance of Elders as a whole.
Other Notes	Includes other notes that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP PERFORMANCE – NOTE 1: SEGMENT INFORMATION

Identification of reportable segments

Elders has identified its operating segments to be Branch Network, Wholesale Products, Feed and Processing Services and Corporate Services and Other Costs. These operating segments are the basis on which internal reports are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining allocation of resources. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer on at least a monthly basis. Elders operates predominantly within Australia. All other geographical operations are not material to the financial statements.

Type of product and service

- Branch Network includes the provision of a range of products and services through a common distribution channel, including agricultural retail products, agency and real estate services and financial services.
- Wholesale Products includes the AIRR business based in Shepparton, Victoria, supported by a network of warehouses to supply independent retail stores throughout Australia.
- Feed and Processing Services includes Killara feedlot, a beef cattle feedlot near Tamworth in New South Wales. In China, Elders imports, processes and distributes premium Australian meat.
- Corporate Services and Other Costs segment includes the general investment activities not associated with the other business segments and the administrative corporate office activities, including centrally held costs not allocated to the other segments.

Accounting policies and intersegment transactions

The accounting policies used by Elders in reporting segments internally are the same as those contained in the financial statements. Segment results have been determined on a consolidated basis and represent the earnings before corporate net financing costs and income tax expense.

	Branch Network	Wholesale Products	Feed and Processing Services	Corporate Services and Other Costs	Total
	$000	$000	$000	$000	$000
2022					
Sale of goods and biological assets	2,432,147	400,258	202,443	1,433	3,036,281
Debtor interest associated with sales	10,052	-	-	-	10,052
Interest revenue from related party advances	1,492	-	-	-	1,492
Commission revenue	397,429	-	-	-	397,429
Sales revenue	2,841,120	400,258	202,443	1,433	3,445,254
Equity accounted profits	12,725	-	-	-	12,725
Earnings before interest, tax, depreciation and amortisation	328,002	46,012	2,576	(83,042)	293,548
Depreciation and amortisation	(4,792)	(4,443)	(1,838)	(723)	(11,796)
Depreciation on right-of-use assets	(28,282)	(4,283)	(583)	(2,297)	(35,445)
Segment result	294,928	37,286	156	(86,062)	246,308
Interest expense					(5,226)
Unwinding discount expense in regards to liabilities					(630)
Interest on lease liabilities					(2,715)
Finance costs					(8,571)
Profit before income tax benefit/(expense)					237,737
Segment assets	1,397,501	338,188	105,500	178,807	2,019,996
Segment liabilities	679,887	109,369	5,606	364,417	1,159,279
Net assets	717,614	228,819	99,894	(185,610)	860,717
Carrying value of equity accounted investments	47,547	-	-	-	47,547
Acquisition of non current assets (cash outflow)	75,327	-	2,197	1,728	79,252
Non cash income/(expense) other than depreciation and amortisation	(284)	-	288	(132,802)	(132,798)
Profit/(loss) on sale of non current assets	22,376	-	-	-	22,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP PERFORMANCE – NOTE 1: SEGMENT INFORMATION

	Branch Network	Wholesale Products	Feed and Processing Services	Corporate Services and Other Costs	Total
	$000	$000	$000	$000	$000
2021					
Sale of goods and biological assets	1,689,152	328,642	161,991	1,160	2,180,945
Debtor interest associated with sales	7,552	-	-	-	7,552
Interest revenue from related party advances	2,585	-	-	-	2,585
Commission revenue	357,842	-	-	-	357,842
Sales revenue	2,057,131	328,642	161,991	1,160	2,548,924
Equity accounted profits	10,897	-	-	-	10,897
Earnings before interest, tax, depreciation and amortisation	234,039	39,023	5,462	(71,136)	207,388
Depreciation and amortisation	(3,725)	(4,355)	(1,423)	(897)	(10,400)
Depreciation on right-of-use assets	(24,674)	(3,274)	(66)	(2,511)	(30,525)
Segment result	205,640	31,394	3,973	(74,544)	166,463
Interest expense					(5,355)
Unwinding discount expense in regards to liabilities					(1,028)
Interest on lease liabilities					(2,372)
Finance costs					(8,755)
Profit before income tax benefit/(expense)					157,708
Segment assets	1,157,142	302,488	87,668	249,732	1,797,030
Segment liabilities	608,714	87,687	12,291	309,746	1,018,438
Net assets	548,428	214,801	75,377	(60,014)	778,592
Carrying value of equity accounted investments	57,936	-	-	-	57,936
Acquisition of non current assets (cash outflow)	32,476	-	2,197	1,728	36,401
Non cash income/(expense) other than depreciation and amortisation	(5,075)	-	58	(45,039)	(50,056)
Profit/(loss) on sale of non current assets	423	-	-	-	423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP PERFORMANCE – NOTE 2: REVENUE AND EXPENSES

	Note	2022 $000	2021 $000
Sales revenue			
Sale of goods and biological assets		3,036,281	2,180,945
Debtor interest associated with sales		10,052	7,552
Interest revenue from related party advances	25	1,492	2,585
Commission revenue		397,429	357,842
Total sales revenue		3,445,254	2,548,924
Other items of income/(expense)			
Sale of equity accounted investment		21,956	-
Impairment of foreign operation		(6,982)	-
Other costs		(747)	-
Total other items of income/(expense)		14,227	-
Finance costs			
Interest expense		(5,226)	(5,355)
Unwinding discount expense in regards to liabilities		(630)	(1,028)
Interest on lease liabilities		(2,715)	(2,372)
Total finance costs		(8,571)	(8,755)
Specific expenses: depreciation and amortisation			
Depreciation and amortisation		(11,796)	(10,400)
Depreciation on right-of-use assets		(35,445)	(30,525)
Total depreciation and amortisation		(47,241)	(40,925)
Specific expenses: employee benefit expense			
Salaries, wages and incentives		(222,267)	(190,702)
Superannuation and other employee costs		(43,865)	(37,928)
Share based payments		(3,570)	(2,433)
Total employee benefit expense		(269,702)	(231,063)
Operating lease expenditure		(2,011)	(1,766)

Accounting Policy

Elders recognises revenue as or when each performance obligation from contracts with customers are satisfied and considers whether there are separate elements of each transaction to which a portion of the transaction price needs to be allocated. The majority of Elders' revenue is recognised at a point in time and attributable to the sale of retail products, wholesale products, provision of agency services and real estate services, with the exception being certain financial services revenue which is recognised over a period of time. There were no significant judgements in revenue recognition. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods and biological assets

Revenue from the sale of goods predominantly relates to sale of agricultural retail products and wholesale products, and is recognised at the point in time when control has been transferred to the customer, generally through the execution of a sales agreement at point of sale or when the delivery of goods has occurred.

(ii) Commission revenue

Commission revenue is derived from the rendering of agency services, real estate services and financial services and is generally recognised at the point in time when the service is provided. In some cases, Elders will enter into contracts with customers that contain multiple performance obligations and revenue will be recognised as each of these is satisfied. The transaction price is allocated to each performance obligation accordingly.

(iii) Interest revenue

Interest income predominantly relates to revenue derived from trade receivables related to the sale of agricultural retail products and is recognised as it accrues using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP PERFORMANCE – NOTE 3: INCOME TAX

Significant Accounting Judgements, Estimates and Assumptions

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable the future taxable profit will be available to utilise those temporary differences. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

(a) Major components of income tax expense are:

	2022	2021
	$000	**$000**
Income statement		
Current income tax expense	(70,982)	(52,098)
Adjustments in respect of current income tax of previous years	596	360
Deferred income tax benefit	2,659	47,814
Income tax expense reported in the statement of comprehensive income	(67,727)	(3,924)

(b) Reconciliation of income tax expense applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at Elders' effective income tax rate is as follows:

Total accounting profit before tax	**237,737**	**157,708**
Income tax expense at 30% (2021: 30%)	(71,321)	(47,312)
Adjustments in respect of current income tax of previous years	596	360
Share of equity accounted profits	3,825	3,269
Non-assessable profits/(losses)	4,148	(419)
Recognition of previously unrecognised losses	-	42,461
Impairment expense	(3,604)	
Other	(1,371)	(2,283)
Income tax expense as reported in the statement of comprehensive income	(67,727)	(3,924)
Current tax payable	5,869	974

Capital losses not recognised as an asset

Elders held $103.5 million of capital losses (2021: $109.5 million) measured at 30% of gross value for which no deferred tax asset was recognised in the consolidated statement of financial position. The capital losses are available indefinitely for offset against future capital profits subject to continuing to meet relevant statutory tests.

Tax losses carried forward at the end of the year

Value of tax losses carried forward (net)	49,928	109,946

Tax Consolidation

Elders and its 100% owned Australian resident subsidiaries are in a tax consolidated group. Elders Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Tax Transparency Report

Elders has prepared a voluntary tax transparency report which is available to view online or to download from the Elders' website at elders.com.au. The report sets out relevant tax information for Elders and its controlled entities for the year ended 30 September 2022. The tax transparency report has not been audited and does not form part of the Financial Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP PERFORMANCE – NOTE 3: INCOME TAX

(c) Major components of deferred income tax:

	Statement of Financial Position		Movement	
	2022	2021	2022	2021
	$000	$000	$000	$000
Deferred income tax assets				
Losses available to offset against future taxable income	49,928	109,946	(60,018)	(6,167)
Provision for employee entitlements	29,106	24,431	4,675	5,242
Other provisions	5,350	4,342	1,008	844
Capitalised expenses	3,817	3,187	630	(376)
Lease liabilities	36,962	32,992	3,970	1,658
Other	838	1,129	(291)	493
Gross deferred income tax assets	126,001	176,027	(50,026)	1,694
Deferred income tax liabilities				
Inventory	(2,121)	(1,601)	(520)	94
Intangibles	(36,760)	(37,202)	442	878
Right-of-use assets	(35,780)	(32,269)	(3,511)	(2,015)
Other	(5,934)	(2,282)	(3,651)	(1,745)
Gross deferred income tax liabilities	(80,595)	(73,354)	(7,240)	(2,788)
Net deferred tax asset	45,406	102,673		
Movement in net deferred tax asset			(57,266)	(1,094)
Deferred income tax benefit recognised in the statement of comprehensive income			(2,659)	47,814
Utilisation of booked tax losses			59,450	(48,628)
Deferred income tax assets/(liabilities) recognised for acquisitions of businesses (principally related to acquired intangibles)			627	120
Deferred income tax (expense)/benefit recognised in equity			(152)	(400)
			57,266	(1,094)

Accounting Policy

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

Deferred income tax is recognised on temporary differences. Deferred income tax assets are recognised for taxable temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset if there is a legally enforceable right to offset and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and when the deferred tax balances relate to income taxes levied by the same tax authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP PERFORMANCE – NOTE 4: EARNINGS PER SHARE

	2022	2021
Weighted average number of ordinary shares ('000) used in calculating basic EPS	156,477	156,305
Dilutive performance rights ('000)	-	579
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	156,477	156,884

In previous periods rights issued under the LTIP scheme were considered dilutive as it was anticipated that shares would be issued. Given the policy change to purchasing shares on the market, rather than issuing shares, no dilution from performance rights in the current period is recognised.

The following reflects the net profit/(loss) and share data used in the calculations of earnings per share (EPS):

	2022	2021
	$000	$000
Reported operations		
Basic and dilutive		
Net profit attributable to members (after tax)	162,866	149,777
Reported operations earnings per share:		
Basic earnings per share (cents per share)	104.1¢	95.8¢
Diluted earnings per share (cents per share)	104.1¢	95.5¢

Accounting Policy

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

WORKING CAPITAL – NOTE 5: RECEIVABLES

	2022	2021
	$000	$000
Current		
Trade debtors	795,489	695,274
Loss allowance	(7,034)	(9,257)
	788,455	686,017
Amounts receivable from equity accounted investments	2,515	17,520
Livestock deferred receivables	8,856	16,276
Prepayments	8,328	3,909
Other receivables	11,350	11,047
Total current receivables	819,504	734,769

Included in trade debtors is $107.3 million (2021: $93.9 million) which is subject to credit insurance with various terms and conditions.

Trade debtors are generally on 30 to 90 day terms with the exception of Livestock debtors which are on 10 day terms. In some instances, deferred terms in excess of 90 days are offered, where Elders also receives extended creditor terms.

In line with AASB 9, trade debtors are reviewed in accordance with the simplified approach to measuring expected credit losses based on the payment profile of sales over a period of five years and the corresponding historical credit losses experienced within this period, which is reassessed annually. The historical loss rates are adjusted to reflect current and forward-looking information (including agricultural specific macroeconomic factors) affecting the ability of the customers to settle the debtors. Elders' assessment of trade receivables and loss allowances was determined as follows:

	Current	1-30 days past due	31-60 days past due	61-90 days past due	+91 days past due	Total
	$000	$000	$000	$000	$000	$000
2022						
Expected loss rate	‹ 1%	‹ 1%	‹ 1%	‹ 1%	44%	
Gross carrying amount	675,925	84,908	11,666	8,206	14,784	795,489
Loss allowance	406	127	35	1	6,465	7,034
2021						
Expected loss rate	‹ 1%	‹ 1%	‹ 2%	‹ 1%	56%	
Gross carrying amount	597,142	72,683	9,345	2,918	13,186	695,274
Loss allowance	1,483	218	182	6	7,368	9,257

Reconciliation of loss allowances for trade debtors at beginning and end of period:

	2022	2021
	$000	$000
Opening loss allowance	9,257	8,245
Increase/(decrease) in loss allowance recognised in profit or loss	(1,226)	2,172
Trade debtors written off	(997)	(1,254)
Increase in loss allowance through acquisitions	-	94
Closing loss allowance	7,034	9,257

Related party receivables

For terms and conditions of related party receivables, including from equity accounted investments, refer to note 25.

Fair value and credit risk

Due to the short term nature of trade and other current receivables, their carrying value is assumed to approximate their fair value. For other receivables the carrying amount is not materially different to their fair values. The maximum exposure to credit risk is the fair value of each class of receivables. Details regarding credit risk exposure are disclosed in note 16.

Foreign exchange and interest rate risk

Details regarding the foreign exchange and interest rate risk exposure are disclosed in note 16, including those relating to derivative related balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

WORKING CAPITAL – NOTE 5: RECEIVABLES

Accounting Policy

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method, less expected credit losses. To measure the expected credit losses, trade receivables have been grouped on days past due.

The expected credit loss rates are based on payment profile over a historical period and the credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Livestock deferred receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method. All balances hold a maturity of less than 12 months. Interest on livestock deferred receivables is recognised as it accrues using the effective interest rate method.

WORKING CAPITAL – NOTE 6: LIVESTOCK

	2022	2021
	$000	$000
Current		
Total livestock	73,371	56,237

Reconciliation of fair value of livestock at beginning and end of period:

	2022	2021
Opening fair value	56,237	44,734
Purchases	168,395	131,925
Cost of sales	(152,315)	(120,480)
Fair value increment/(decrement)	1,054	58
Closing fair value	73,371	56,237

At balance date 22,789 head of cattle (2021: 22,265) are included in livestock. This represents cattle held in Australia for feedlotting purposes.

Elders is exposed to a number of risks related to its livestock:

Regulatory and environmental risks

Elders is subject to laws and regulations and has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and ensure systems in place are adequate to manage those risks.

Supply and demand risk

Elders is exposed to financial risk in respect of livestock activity. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase and ultimately receiving cash from the sale to third parties. Elders is exposed to risks arising from fluctuations in price and sales volumes, and product substitution. Where possible, Elders manages these risks by aligning volumes with market supply and demand, and through the sale of livestock on forward contracts.

Other risks

Elders' livestock are exposed to the risk of damage from disease and other natural forces. Elders has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry pest and disease surveys.

Accounting Policy

Elders holds biological assets in the form of livestock. Livestock is measured at fair value internally as there is no observable market for them. Where there are unobservable inputs for an asset or liability, these are classified as Level 3 Price Inputs. The value is based on the estimated exit price per kilogram and the value changes for the weight of each animal as it progresses through the feedlot program. The key factors affecting the value of each animal are price/kg, days on feed and the feed conversion ratio. The market value increments or decrements are recorded in profit and loss.

Significant changes in any of the significant unobservable valuation inputs for feedlot cattle in isolation would result in significantly higher or lower fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

WORKING CAPITAL – NOTE 7: INVENTORY

Significant Accounting Judgements, Estimates and Assumptions

Accounting for rebates

Elders receives rebates associated with the purchase of retail goods from suppliers. These vary in nature and include price and volume rebates. Rebates received, in line with the relevant contractual arrangements, are recognised as a reduction to cost of sales when the sale of the particular product occurs. Inventory on hand is recognised net of rebates.

Elders pays rebates associated with the sales of wholesale goods to suppliers. These vary in nature and include price and volume rebates. Rebates paid, in line with the relevant contractual arrangements, are recognised as a reduction to sales revenue when the sale of the particular product occurs.

	2022	2021
	$000	$000
Current		
Retail and Wholesale	484,801	315,180
Other	5,357	9,750
Provision for obsolescene	(5,676)	(3,247)
Total inventory	484,482	321,683

Inventory write-downs recognised as an expense totalled $2.4 million (2021: $4.2 million).

Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to individual items of inventory predominately on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Supplier rebates received are recognised as a reduction in the cost of inventory and are recorded as a reduction in cost of sales when the inventory is sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

WORKING CAPITAL – NOTE 8: TRADE AND OTHER PAYABLES

	2022	2021
	$000	$000
Current		
Trade creditors	617,044	546,997
Payables associated with supplier financing arrangements	47,114	26,050
Other creditors and accruals	70,590	73,541
Payables to associated companies	1,625	1,706
	736,373	648,294
Non current		
Other creditors and accruals	16,059	19,204
Total trade and other payables	752,432	667,498

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 16, including those relating to derivative forward contracts.

Accounting Policy

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. The carrying amount of trade and other payables are assumed to be the same as their fair values. They represent liabilities for goods and services provided to Elders prior to the end of the financial year that remain unpaid and arise when Elders becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within supplier terms.

Financial guarantees

Financial guarantee contracts issued by Elders are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation. Information regarding financial guarantees is set out in note 24.

Payables associated with supplier financing arrangements

To manage the cash flow conversion cycle on some products procured and to ensure that suppliers receive payment in a time period that suits their business model, Elders offers some suppliers the opportunity to use supplier financing arrangements. Elders evaluates supplier financing arrangements against a number of indicators to assess if the balance continues to hold the characteristics of a payable or is required to be reclassified as borrowings. These indicators include whether the payment terms exceed customary payment terms within the industry of typically less than 90 days. During the course of the year and as at 30 September 2022, none of the balances subject to supplier financing arrangements met the characteristics to be reclassified as borrowings and the balances remained in other payables. Balances associated with supplier financing arrangements are unsecured. In the statement of cash flows supplier financing is classified within cash flows from operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Significant Accounting Judgements, Estimates and Assumptions

Impairment of non-financial assets other than brand names and goodwill

Elders assesses impairment of all assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include product performance, technology, climate, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. It is Elders' policy to conduct bi-annual internal reviews of asset values, which are used as sources of information to assess for indicators of impairment. Assets have been tested for impairment in accordance with the accounting policies, including the determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

		Freehold land	Buildings	Leasehold improvements	Plant and equipment (owned)	Assets under construction	Total
	Note	$000	$000	$000	$000	$000	$000
2022							
Carrying amount at beginning of period		3,484	11,778	4,396	15,757	603	36,018
Additions		90	748	1,697	5,818	8,008	16,361
Additions through business combinations	22	-	-	36	1,415	-	1,451
Disposals		(5)	-	(31)	(273)	-	(309)
Depreciation expense		-	(1,102)	(1,027)	(3,715)	-	(5,844)
Impairment/ writedown expense				-	(766)	-	(766)
Exchange fluctuations		-	-	(2)	24	-	22
Transfers from assets under construction		-	32	7	17	(56)	-
Other transfers within PPE		-	-	-	20	-	20
Carrying amount at end of period		3,569	11,456	5,076	18,297	8,555	46,953
Cost		3,569	21,022	15,231	45,197	8,555	93,574
Accumulated depreciation and impairment		-	(9,566)	(10,155)	(26,900)	-	(46,621)
		3,569	11,456	5,076	18,297	8,555	46,953
2021							
Carrying amount at beginning of period		3,516	11,419	4,502	12,473	358	32,268
Additions		10	1,128	547	4,096	597	6,378
Additions through business combinations		-	-	92	2,787	-	2,879
Disposals		(42)	(29)	(7)	(410)	-	(488)
Depreciation expense		-	(740)	(851)	(3,438)	-	(5,029)
Exchange fluctuations		-	-	-	10	-	10
Transfers from assets under construction		-	-	113	239	(352)	-
Carrying amount at end of period		3,484	11,778	4,396	15,757	603	36,018
Cost		3,484	20,242	13,536	39,251	603	77,116
Accumulated depreciation and impairment		-	(8,464)	(9,140)	(23,494)	-	(41,098)
		3,484	11,778	4,396	15,757	603	36,018

All property, plant and equipment is pledged as security, refer to note 15 for interest bearing loans and borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, Elders recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repairs and maintenance are recognised in profit or loss as incurred.

Property, plant and equipment, excluding freehold land and assets under construction, are depreciated over the estimated useful economic life of specific assets as follows:

	Life	Method
Buildings	50 years	Straight line
Leasehold improvements	Lease term	Straight line
Plant and equipment – owned	3 to 10 years	Straight line
Network infrastructure	5 to 25 years	Straight line

The useful lives are consistent with those of the prior period. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 10: LEASES

Significant Accounting Judgements, Estimates and Assumptions

Accounting for leases

In determining the lease term, Elders considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Elders holds leases of operational importance (e.g. rural cornerstone property leases) which are expected to be extended for the maximum available lease term. Leases of this nature have been assessed using the extended lease term. For all other leases, the lease term excluding extension and termination options has been applied. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of Elders.

Where Elders is a lessee:

(a) Amounts recognised in the consolidated statement of financial position

Reconciliation of carrying amounts of right-of-use assets at beginning and end of period:

	Properties	Motor vehicles	Other	Total
	$000	$000	$000	$000
2022				
Carrying amount at beginning of period	89,786	15,419	534	105,739
Additions	10,268	9,382	-	19,650
Depreciation expense	(22,760)	(12,430)	(255)	(35,445)
Lease modifications and reassessments	21,778	7,582	-	29,360
Carrying amount at end of period	99,072	19,953	279	119,304
2021				
Carrying amount at beginning of period	86,722	13,343	737	100,802
Additions	12,099	5,436	-	17,535
Depreciation expense	(19,942)	(10,380)	(203)	(30,525)
Lease modifications and reassessments	10,907	7,020	-	17,927
Carrying amount at end of period	89,786	15,419	534	105,739

Reconciliation of carrying amounts of lease liabilities at beginning and end of period:

	2022	2021
	$000	$000
Carrying amount at beginning of period	110,677	104,501
Additions	19,650	17,535
Interest expense	2,715	2,372
Lease modifications and reassessments	29,124	17,927
Repayments of principal and interest	(38,623)	(31,658)
Carrying amount at end of period	123,543	110,677
Lease liabilities of which are:		
• Current lease liabilities	32,716	37,972
• Non current lease liabilities	90,827	72,705
	123,543	110,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 10: LEASES

Accounting Policy

Elders leases various offices, warehouses, retail stores and motor vehicles. Rental contracts are typically made for an average period of three years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose on any banking covenants, however leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option

Lease payments are discounted using Elders incremental borrowing rate, being the rate Elders would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Elders is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise of IT equipment and office equipment. Elders does not have any short term leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in Elders' property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of the extension and termination options held are exercisable only by Elders and not by the respective lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 11: INTANGIBLES

Significant Accounting Judgements, Estimates and Assumptions

Impairment of brand names and goodwill

Elders assesses impairment of assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include product performance, technology, climate, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. It is Elders' policy to conduct bi-annual internal reviews for indicators of impairment. If indicators exist, assets are tested for impairment through determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

Elders determines whether the brand names and goodwill are impaired or whether it is appropriate to reverse any previous impairments on an annual basis. This requires an estimation of the recoverable amount of the associated cash-generating units, using a value in use discounted cash flow methodology, to which the brand names or goodwill is allocated.

Reconciliation of carrying amounts at beginning and end of period:

Non current	Goodwill	Rent rolls & loan books	Brand names	Distribution rights	Customer intangibles	Software Assets in progress	Other	Total
	$000	$000	$000	$000	$000	$000	$000	$000
2022								
Carrying amount at beginning of period	175,151	9,325	80,240	23,000	40,979	-	3,948	332,643
Additions	786	4,407	-	-	-	4,235	182	9,610
Additions through business combinations	23,181	3,949	753	-	-	-	-	27,883
Amortisation	-	(1,756)	-	-	(3,594)	-	(602)	(5,952)
Other	136	-	-	-	-	-	-	136
Carrying amount at end of period	199,254	15,925	80,993	23,000	37,385	4,235	3,528	364,320
Cost	199,254	22,455	80,993	23,000	47,620	4,235	5,127	382,684
Accumulated amortisation and impairment	-	(6,530)	-	-	(10,235)	-	(1,599)	(18,364)
	199,254	15,925	80,993	23,000	37,385	4,235	3,528	364,320
2021								
Carrying amount at beginning of period	146,952	8,214	79,162	23,000	44,476	-	4,443	306,247
Additions	305	1,540	-	-	-	-	415	2,260
Additions through business combinations	27,894	865	1,078	-	-	-	-	29,837
Amortisation	-	(1,294)	-	-	(3,497)	-	(580)	(5,371)
Impairment	-	-	-	-	-	-	(330)	(330)
Carrying amount at end of period	175,151	9,325	80,240	23,000	40,979	-	3,948	332,643
Cost	175,151	14,098	80,240	23,000	47,621	-	5,085	345,195
Accumulated amortisation and impairment	-	(4,773)	-	-	(6,642)	-	(1,137)	(12,552)
	175,151	9,325	80,240	23,000	40,979	-	3,948	332,643

For impairment testing purposes, all intangibles except for the Elders' Brand Name have been allocated to the Branch Network and Wholesale Products cash generating units as applicable. For Branch Network, $125.0 million (2021: $119.4 million) of goodwill, $12.8 million (2021: $12.0 million) of brand names and $23.0 million (2021: $23.0 million) of distribution rights were allocated for impairment testing. For Wholesale Products, $74.3 million (2021: $74.3 million) of goodwill and $7.6 million (2021: $7.6 million) of brand names were allocated for impairment testing. The Elders' Brand Name has not been allocated to individual cash generating units but rather assessed against all cash generating units expected to benefit from it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 11: INTANGIBLES

The recoverable amount of cash generating units has been determined based on a value in use calculation using cash flow projections approved by management that covers a period of 5 years. Future cash flows are based on budgets and forecasts taking into account current market conditions and known future business events that will impact cash flows. The discount rate applied to the cash flow projections is 10.0% pre-tax (2021: 10.0% pre- tax) which has been determined based on a weighted average cost of capital calculation which incorporates the specific risks relating to the cash generating units identified. The estimated recoverable amount of each of the CGU's is greater than the carrying values at 30 September 2022. Carrying values are not sensitive to a reasonable change in discount rate of +/- 2% and significant headroom remains.

The calculation of value in use for cash generating units was based on the following key assumptions:

Gross margin

Gross margin is expected to increase in financial year 2023 due to:

- increased earnings from geographical expansion through acquisitions and footprint growth
- higher earnings from continued organic growth focus across our product and service portfolio
- additional growth through the continued expansion of the backward integration strategy

Selling, general and administrative expenses

Ongoing emphasis on cost control will be offset by investment directly linked to margin improvement and control enhancement, including implementation of remuneration models which drive performance and growth.

Growth rate estimates

Cash flows are based on the 2023 budget. No growth rate for years 2 to 5 or perpetuity has been incorporated in the discounted cash flow.

Discount rates

Discount rates reflect management's estimate of the time value of money and the specific risk not already reflected in the cash flows.

Accounting Policy

(i) Brand Names

The brand name intangibles are deemed to have an indefinite useful life and are not amortised. The brand name value represents the value attributed to brands when acquired through business combinations and is carried at cost less accumulated impairment losses. The brand names have been determined to have an indefinite useful life due to there being no foreseeable limit to the period over which they are expected to generate net cash inflows, given the strength and durability of the brands and the level of marketing support. The brands have been in the rural and regional Australian market for many years, and the nature of the industry Elders operates in is such that brand obsolescence is not common, if appropriately supported by advertising and marketing spend.

Expenditure incurred in developing, maintaining or enhancing the brand names is expensed in the year that it occurred.

(ii) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indicator of impairment.

(iii) Rent rolls and loan books

Rent rolls and loan books have been acquired and are carried at cost less accumulated amortisation and impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives of 10 years and tested for impairment whenever there is an indicator of impairment.

(iv) Distribution rights

Amount relates to a livestock and wool delivery guarantee distribution right. After initial recognition, distribution rights are measured at cost less any accumulated impairment losses. These intangible assets have been assigned an indefinite life and are subject to impairment testing on an annual basis or whenever there is an indicator of impairment.

(v) Customer intangibles

Customer intangibles relates to wholesale and member relationships recognised as part of the AIRR acquisition and are carried at cost less accumulated amortisation and impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives of 10 to 15 years and tested for impairment whenever there is an indicator present.

(vi) Software assets

Software assets relates to internally generated software and associated assets that form part of the System Modernisation program and are carried at cost until project milestones are completed. When a project milestone is completed, the asset is ready for use and amortised over the asset's useful life of 10 years in line with Elders' policy for core IT systems.

(vii) Other

Other intangibles mainly relate to software and development of IT infrastructure and are carried at cost less accumulated amortisation and impairment losses. Software and IT intangible assets have been determined to have finite useful lives and are amortised over their useful lives of 5 years and tested for impairment whenever there is an indicator of impairment. Other intangibles also include indefinite life assets.

The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate and is thus accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 12: EQUITY ACCOUNTED INVESTMENTS

	Balance date	Ownership interest	
		2022	2021
		%	%
Auctions Plus Pty Ltd	30-Jun	50	50
Elders Insurance (Underwriting Agency) Pty Ltd	31-Dec	20	20
StockCo Holdings Pty Ltd	30-Jun	-	30
Clear Grain Pty Ltd	30-Jun	30	30
Agcrest Holdings Pty Ltd	30-Jun	33	33
Agcrest Land Holdings Pty Ltd	30-Jun	33	33
Elders Financial Planning Pty Ltd	30-Sep	-	49

	Consolidated entity investment		Contribution to net profit		Dividends received	
	2022	2021	2022	2021	2022	2021
	$000	$000	$000	$000	$000	$000
Auctions Plus Pty Ltd	2,507	2,637	1,486	1,954	1,617	1,491
Elders Insurance (Underwriting Agency) Pty Ltd	42,982	42,653	10,195	8,449	9,889	7,913
StockCo Holdings Pty Ltd	-	10,916	516	89	-	-
Clear Grain Pty Ltd	2,020	1,580	740	405	300	180
Agcrest Holdings Pty Ltd	38	100	(212)	-	-	-
Agcrest Land Holdings Pty Ltd	-	50	-	-	-	-
Equity accounted investments	47,547	57,936	12,725	10,897	11,806	9,584

All equity accounted investments are Australian resident companies. Summary financial information for equity accounted investees is as follows:

	Profit/(loss) after income tax	Assets	Liabilities
	$000	$000	$000
2022			
Auctions Plus Pty Ltd	2,972	7,636	(2,508)
Elders Insurance (Underwriting Agency) Pty Ltd	51,095	109,708	(98,645)
StockCo Holdings Pty Ltd	1,719	-	-
Clear Grain Pty Ltd	2,466	7,747	(4,810)
Agcrest Holdings Pty Ltd	(642)	896	(4)
Total	57,610	125,987	(105,967)
2021			
Auctions Plus Pty Ltd	3,907	8,415	3,140
Elders Insurance (Underwriting Agency) Pty Ltd	42,247	97,610	88,000
StockCo Holdings Pty Ltd	298	294,274	292,838
Clear Grain Pty Ltd	1,350	5,178	3,827
Total	47,802	405,477	387,805

Accounting Policy

Elders' equity accounted investments are accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. Equity accounted investments are entities over which Elders has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, equity accounted investments are carried in the consolidated financial statements at cost plus post acquisition changes in Elders' share of net assets of the investment. Goodwill relating to the investment is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects Elders' share of the results of operations of the equity accounted investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 13: PROVISIONS

Reconciliation of carrying amounts at beginning and end of period:

	Employee benefits	Restructuring provisions	Make good	Other	Total
	$000	$000	$000	$000	$000
2022					
As at beginning of period	81,582	484	996	1,962	85,024
Arising during year	62,731	1,559	-	2,675	66,965
Utilised	(52,514)	(10)	(32)	(1,190)	(53,746)
Unused amounts reversed	-	-	(581)	(53)	(634)
Provisions arising from entities acquired	616	-	-	-	616
	92,415	2,033	383	3,394	98,225
Disclosed as:					
Current	88,538	2,033	383	3,394	94,348
Non current	3,877	-	-	-	3,877
Total	92,415	2,033	383	3,394	98,225
2021					
As at beginning of period	64,148	1,193	694	2,181	68,216
Arising during year	38,953	-	675	339	39,967
Utilised	(23,422)	(709)	(199)	(433)	(24,763)
Unused amounts reversed	-	-	(174)	(125)	(299)
Discount rate adjustment	426	-	-	-	426
Provisions arising from entities acquired	1,477	-	-	-	1,477
	81,582	484	996	1,962	85,024
Disclosed as:					
Current	78,428	484	996	1,962	81,870
Non current	3,154	-	-	-	3,154
Total	81,582	484	996	1,962	85,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

CAPITAL EMPLOYED – NOTE 13: PROVISIONS

Accounting Policy

Provisions are recognised when Elders has a present obligation (legal or constructive) as a result of a past event, which makes it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When Elders expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. The non-current portion of this liability relates to the entitlement that Elders does not expect employees to take within 12 months of the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Incentives

Includes corporate, network and other incentives. These are accrued throughout the reporting period, according to performance based measures.

Restructuring provisions

Provisions are only recognised when general recognition criteria provisions are fulfilled. Additionally, Elders needs to follow a detailed formal plan about the business or part of the business concerned, the location and the number of employees affected, a detailed estimate of the associated costs, and appropriate time line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

Make Good (Restoration)

Where Elders has entered into leasing arrangements that require the leased asset to be returned at the end of the lease term in its original condition, an estimate is made of the costs of restoration or dismantling of any improvements and a provision is raised.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of complying with the contract. Before a provision is established, Elders recognises any impairment loss on the assets associated with that contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

NET DEBT – NOTE 14: CASH FLOW STATEMENT RECONCILIATION

(a) Reconciliation of net profit after tax to net cash flows from operations

	2022	2021
	$000	$000
Profit after income tax expense	170,010	153,784
Adjustments for non cash items:		
Depreciation and amortisation	47,241	40,925
Unwinding of discount in regards to payables	630	1,028
Equity accounted profits	(12,725)	(10,897)
Dividends from equity accounted investments	11,806	9,584
Other fair value adjustments	(1,054)	(58)
Impairments	766	330
Doubtful debts	(1,226)	2,172
Employee entitlements	62,731	39,379
Other provisions	3,599	715
Other write downs	2,429	4,216
Net profit on sale of non-current assets	(22,376)	(423)
Net tax movements	62,272	1,154
Other non cash items	3,570	2,433
Total non cash items	157,663	90,558
Total after non cash items	327,673	244,342
• (Increase)/decrease in receivables and other assets	(99,163)	(142,404)
• (Increase)/decrease in inventories	(165,228)	(59,087)
• Increase/(decrease) in payables and provisions	50,379	99,306
Net cash flows from operating activities	113,661	142,157

(b) Cash and cash equivalents

Cash at bank and in hand	17,840	48,063

(c) Net debt reconciliation

Cash and cash equivalents	17,840	48,063
Borrowings - repayment within one year	(179,210)	(154,265)
Borrowings - repayment after one year	-	-
Lease liabilities	(123,543)	(110,677)
Net debt	(284,914)	(216,879)
Cash and liquid investments	17,840	48,063
Gross debt - fixed interest rates	(123,543)	(110,677)
Gross debt - variable interest rates	(179,210)	(154,265)
Net debt	(284,914)	(216,879)

Non-cash investing and financing activities disclosed in other notes are:
- acquisition of right-of-use assets – note 10
- shares issued a part of purchase consideration of a business combination – note 22
- dividend distributions through the issue of shares under the dividend reinvestment plan – note 19
- shares issued to eligible executives under Elders Long-Term Incentive Plan – note 26

At balance date, Elders held $46.3 million (2021: $52.6 million) of client monies in trust which are off balance sheet. The funds are held on behalf of clients in the Real Estate business and Elders is bound by the relevant legislation in each state in relation to controls and governance over the funds.

Accounting Policy

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash deposits as defined above, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

NET DEBT – NOTE 15: INTEREST BEARING LOANS AND BORROWINGS

	2022	2021
	$000	$000
Current		
Unsecured loans	4,230	4,265
Trade receivables and other working capital funding	174,980	150,000
	179,210	154,265

Elders has complied with all applicable bank covenants throughout the reporting period.

Elders also has an ancillary facility in relation to contingent funding, such as bank guarantees. As at 30 September 2022, $10.1 million had been issued (2021: $6.7 million).

Assets pledged as security

Secured loans are secured by various fixed and floating charges over all the assets of Elders' (either directly or indirectly). Trade receivables and other working capital funding is secured over the underlying debtors. This facility expires in December 2023.

Fair value

The carrying value of interest bearing liabilities approximates fair value.

Accounting Policy

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless Elders has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

RISK MANAGEMENT – NOTE 16: FINANCIAL INSTRUMENTS

Elders' principal financial instruments comprise cash, receivables, payables, interest bearing loans and borrowings, and derivatives.

Risk exposures and responses

Elders manages its exposure to key financial risks, including interest rate and currency risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of financial targets while protecting future financial security. The main risks arising from Elders' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Elders uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

(a) Interest rate risk

Elders' exposure to market interest rates relates primarily to short-term debt obligations. The level of debt is disclosed in note 15. At 30 September 2022 there was nil value of secured loans hedged under a floating to fixed arrangement (2021: nil), meaning at balance date, Elders had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2022	2021
	$000	$000
Financial assets		
Cash and cash equivalents	17,840	48,063
Financial liabilities		
Interest bearing loans and liabilities	(179,210)	(154,265)
Net exposure	(161,370)	(106,202)

Elders constantly analyses its interest rate exposure so as to manage its cash flow volatility arising from interest rate changes. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At balance dates, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Post tax profit/equity		
Higher/(lower)		
+ 100 basis points	(1,614)	(1,062)
- 100 basis points	1,614	1,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

RISK MANAGEMENT – NOTE 16: FINANCIAL INSTRUMENTS

(b) Liquidity risk

Liquidity risk arises from Elders' financial liabilities and the subsequent ability to meet our obligations to repay financial liabilities as and when they fall due. Elders' objective is to maintain a balance between continuity of funding and flexibility through the use of committed available lines of credit. Elders manages its liquidity risk by monitoring the total cash inflows and outflows expected on a daily basis. Elders has established comprehensive risk reporting covering its business units that reflect expectations of management of the expected settlement of financial assets and liabilities. Elders has not identified or experienced additional liquidity risk as a result of COVID-19. As at 30 September 2022, Elders has $290.0 million of undrawn facilities (2021: $293.0 million).

(i) Non derivative financial assets and liabilities

The following liquidity risk disclosures reflect all contractually fixed pay-offs, repayments and interest resulting from the recognised financial liabilities and financial guarantees as of 30 September 2022. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which Elders can be required to pay. When committed to make amounts available in instalments, each instalment is allocated to the earliest period in which Elders is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called. The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	> 1 years
	$000	$000	$000	$000	$000
2022					
Non derivative financial assets:					
Trade and other receivables	826,538	826,538	826,538	-	-
	826,538	826,538	826,538	-	-
Non derivative financial liabilities:					
Interest bearing loans and borrowings	(179,210)	(179,210)	(179,210)	-	-
Lease liabilities	(123,543)	(126,281)	(15,280)	(15,280)	(95,721)
Trade and other payables	(752,433)	(752,433)	(734,081)	(2,312)	(16,040)
	(1,055,187)	(1,057,925)	(928,571)	(17,592)	(111,761)
Net inflow/(outflow)	(228,649)	(231,387)	(102,033)	(17,592)	(111,761)
2021					
Non derivative financial assets:					
Trade and other receivables	744,026	744,026	744,026	-	-
	744,026	744,026	744,026	-	-
Non derivative financial liabilities:					
Interest bearing loans and borrowings	(154,265)	(154,265)	(154,265)	-	-
Lease liabilities	(110,677)	(116,506)	(19,178)	(19,178)	(78,150)
Trade and other payables	(667,498)	(667,498)	(640,612)	(7,682)	(19,204)
	(932,440)	(944,978)	(820,764)	(26,860)	(97,354)
Net inflow/(outflow)	(188,414)	(200,952)	(76,738)	(26,860)	(97,354)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

RISK MANAGEMENT – NOTE 16: FINANCIAL INSTRUMENTS

(ii) Derivative financial instruments

Due to the unique characteristics and inherent risks of derivative instruments, Elders separately monitors liquidity risk arising from transacting in derivative instruments. Net settled derivatives comprise interest rate hedges. Net settled derivatives held by Elders at balance date were nil (2021: nil).

(c) Credit risk

Credit risk arises from Elders' financial assets, which comprise cash and cash equivalents, trade and other receivables, and derivative instruments. Elders' exposures to credit risk arise from potential default of the counterparty, with the maximum exposure equal to the carrying amount of the financial assets. The ageing of trade and other receivables at balance date is reported at note 5. The credit risk associated with cash and derivatives is located primarily in Australia.

Trade receivables are reviewed in accordance with the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure expected losses, trade receivables have been grouped on days past due. Expected credit losses are based on the payment profile of sales over a period of 5 years and the historical default experience within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Elders minimises concentrations of credit risk by undertaking transactions with a large number of debtors in various locations. The credit risk amounts do not take into account the value of any collateral or security. The creditworthiness of counterparties is regularly monitored and subject to defined credit policies, procedures, limits and insurance positions. The amounts disclosed do not reflect expected losses and are shown gross of provisions. The maximum exposure to credit risk at the reporting date was:

	2022	**2021**
	$000	**$000**
Cash and cash equivalents	17,840	48,063
Trade and other receivables	819,505	734,769
	837,345	782,832
Location of credit risk		
Australia	833,679	785,604
Asia	3,447	6,210
Other	219	275
Total	837,345	792,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

RISK MANAGEMENT – NOTE 16: FINANCIAL INSTRUMENTS

(d) Foreign currency risk

Elders is exposed to movements in the exchange rates of a number of currencies. These are primarily generated from the following activities:

- purchase and sale contracts written in foreign currency
- receivables and payables denominated in foreign currencies
- commodity cash prices that are partially determined by movements in exchange rates

Foreign exchange risk is managed within Board approved limits using forward foreign exchange and foreign currency contracts. Where possible, exposures are netted off against each other to minimise the cost of hedging. Hedge accounting is applied effective 1 October 2020. Elders uses cash flow financial instruments to offset foreign currency exposures on purchases of AgChem products from international suppliers, denominated in US Dollars. The cash flow financial instruments are not speculative investments. As at 30 September 2022, Elders held designated cash flow hedges with a notional value of $103.8 million with a fair value asset of $5.3 million (2021: $3.3 million fair value asset). The maturity dates for designated cash flow hedges ranges from October 2022 to February 2023.

As at 30 September 2022, Elders had the following AUD exposures to foreign currencies that were not designated in cash flow financial instruments:

	2022	2021
	$000	**$000**
Financial assets		
Cash and cash equivalents – CNY	1,873	1,864
Cash and cash equivalents – IDR	464	669
Cash and cash equivalents – other	223	275
Receivables – CNY	471	3,378
Receivables – IDR	639	299
	3,670	6,485
Financial liabilities		
Payables – CNY	(2,527)	(941)
Payables – IDR	(240)	(240)
Interest bearing loans and borrowings – CNY	-	(4,265)
	(2,767)	(5,446)
Net exposure	903	1,039

Given the foreign currency balances included in the statement of financial position at balance date, if the Australian dollar at that date strengthened by 10% with all other variables held constant, then the impact on post tax profit/(loss) arising on the balance sheet exposure would be as follows:

Post tax profit		
Higher/(lower)		
CNY	18	(4)
IDR	(86)	(73)
Other	(22)	(28)

A 10% weakening of the Australian dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables are held constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

RISK MANAGEMENT – NOTE 16: FINANCIAL INSTRUMENTS

Accounting Policy

Elders uses forward currency contracts to hedge risks associated with foreign currency rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Derivative assets and liabilities are classified as non current in the statement of financial position when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit and loss.

Elders applies the hedge accounting principles contained within AASB 9 Financial Instruments. For all effective cash flow hedges entered into, Elders recognises the movements in fair value of the derivative financial instruments in equity and only recognises the cumulative difference in the statement of comprehensive income when the hedged item is recognised. Amounts accumulated in equity are included within the initial cost of the asset where the hedged item subsequently results in the recognition of a non-financial asset such as inventory. Any ineffective portion of a cash flow hedge is recognised immediately in the profit and loss. Hedge effectiveness is determined at the inception of the hedge relationship, and prospectively assessed to ensure economic relationships remain between the hedging instrument and hedged item.

Elders documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. Elders also documents its risk management objective and strategy for undertaking its hedge transactions.

(e) Financial assets and liabilities measured at fair value

Elders use various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets
- Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

All forward exchange derivative contracts were measured at fair value using the level 2 method. Fair value of derivative instruments approximates the carrying value. The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The fair value of financial instruments as well as the method used to estimate the fair values are summarised in the table below:

	2022			2021		
	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)
	$000	$000	$000	$000	$000	$000
Financial assets and liabilities						
Foreign currency derivatives	-	5,264	-	-	3,292	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

EQUITY – NOTE 17: CONTRIBUTED EQUITY

	2022	2021
	$000	$000
Issued and paid up capital		
156,476,574 ordinary shares (September 2021: 156,476,574)	1,646,630	1,651,006

The movement in the dollar balance of share capital is a result of:

- $9.6 million of treasury shares purchased
- ($3.4) million of dividends where the shareholders have participated in the dividend reinvestment plan
- ($1.8) million of shares transferred from treasury upon vesting of performance rights in accordance with Elders' Long-Term Incentive Plan

Elders considers both capital and net debt as relevant components of funding, and hence, part of its capital management. When managing capital and net debt, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Treasury Shares

Treasury shares are shares in Elders Limited that are held for the purpose of allocating shares under the Elders Executive Long-Term Incentive (LTI) and Short-Term incentive (STI) plans (see note 26 for further information).

Shares issued are recognised on a first-in-first-out basis. There were no treasury shares acquired in FY21.

	Number of Shares	$000
Opening balance 1 October 2021	-	-
Acquisition of shares (average price $13.96 per share)	686,315	9,584
Allocation of deferred shares under executive performance schemes	(414,554)	(5,789)
Allocation of dividend reinvestment plan shares	(271,761)	(3,795)
Balance 30 September 2022	-	-

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are included in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

EQUITY

EQUITY – NOTE 18: RESERVES

Reconciliation of carrying amounts at beginning and end of period:

	Business combination reserve	Employee equity benefits reserve	Hedge reserve	Foreign currency translation reserve	Total
	$000	$000	$000	$000	$000
2022					
Carrying amount at beginning of period	(27,495)	4,819	932	(5,143)	(26,887)
Exchange differences on translation of foreign operations	-	-	-	(84)	(84)
Fair value movement in cash flow hedge	-	-	6,757		6,757
Reclassified to inventory	-	-	(7,265)	-	(7,265)
Less deferred tax impact	-	-	152	-	152
Cost of share based payments	-	3,570	-	-	3,570
Transfer to issued capital		(1,713)	-	-	(1,713)
Revaluation of put option	(2,235)	-	-	-	(2,235)
Carrying amount at end of period	(29,730)	6,676	576	(5,227)	(27,705)
2021					
Carrying amount at beginning of period	(27,495)	5,311	-	(5,486)	(27,670)
Exchange differences on translation of foreign operations	-	-	-	343	343
Fair value movement in cash flow hedge	-	-	3,292	-	3,292
Reclassified to inventory	-	-	(1,960)	-	(1,960)
Less deferred tax impact	-	-	(400)	-	(400)
Cost of share based payments	-	2,433	-	-	2,433
Transfer to issued capital	-	(2,925)	-	-	(2,925)
Carrying amount at end of period	(27,495)	4,819	932	(5,143)	(26,887)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

EQUITY – NOTE 18: RESERVES

Nature and purpose of reserves

(i) Business combination reserve

This reserve is used to record the differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

Under agreements entered into with a number of non-controlling interests, the non-controlling shareholders have put options over their interests. These options are exercisable in accordance with the terms of each agreement. The potential liability for Elders under the put options is based on expectations of the exercise price and timing, discounted to present value using Elders' incremental borrowing rate. The recognition of the put options is reflected in the business combination reserve and as a financial liability within current liabilities.

(ii) Employee equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees, including key management personnel as part of their remuneration.

(iii) Hedge reserve

The hedge reserve is used to record the effective portion of gains or losses on derivative financial instruments. Amounts are subsequently included within the initial cost of the asset where the hedged item subsequently results in the recognition of a non-financial asset such as inventory or profit and loss as appropriate.

(iv) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, including exchange differences arising from loans which are deemed to be net investments in a foreign operation.

Accounting Policy

The results of subsidiaries incorporated in countries other than Australia, are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in overseas subsidiaries are taken to the foreign currency translation reserve. If such a subsidiary was disposed of, the proportionate share of exchange differences would be transferred out of equity and recognised in profit or loss.

EQUITY – NOTE 19: DIVIDENDS

On 17 December 2021, Elders paid a partially franked (20%) final dividend of 22 cents per share. This distribution totalled $33.9 million (December 2020: $20.3 million). The cash outflow was $32.5 million (December 2020: $19.2 million), with the difference reinvested by shareholders under dividend reinvestment plan.

On 17 June 2022, Elders paid a partially franked (30%) interim dividend of 28 cents per share. This distribution totalled $43.2 million (June 2021: $30.7 million). The cash flow was $41.2 million (June 2021: $29.3 million), with the difference reinvested by shareholders under dividend reinvestment plan.

	2022	2021
	$000	**$000**
Subsidiary equity dividends on ordinary shares:		
Dividends paid to non-controlling interests during the year	4,453	2,165
Franking credits available to the parent for subsequent financial years based on tax rate of 30% (2021: 30%)	11,007	10,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP STRUCTURE – NOTE 20: INVESTMENTS IN CONTROLLED ENTITIES

(a) Schedule of controlled entities

	Country of Incorporation		% Held by Group	
			2022	2021
Ace Ohlsson Pty Limited	Australia	(a)	100	100
Agsure Pty Ltd	Australia	(a)	100	100
AI Asia Pacific Operations Holding Limited	Hong Kong SAR	(c)	100	100
Air International Asia Pacific Operations Pty Ltd	Australia	(d)	100	100
AIRR Apparent Pty Ltd	Australia	(a)	100	100
AIRR Belmark Pty Ltd	Australia	(a)	100	100
AIRR Holdings Limited	Australia	(a)	100	100
AIRR iO Pty Ltd	Australia	(a)	100	100
APO Administration Limited	Hong Kong SAR		100	100
APT Projects Pty Ltd	Australia	(d)	100	100
Aqa Oysters Pty Ltd (in liq)	Australia	(d) (f)	77	77
Ashwick (Vic) No 102 Pty Ltd	Australia	(d)	100	100
Australian Independent Rural Retailers Pty Ltd	Australia	(a)	100	100
B & W Rural Pty Ltd	Australia		76	76
BWK Holdings Pty Ltd (in liq)	Australia	(d) (f)	100	100
Chemseed Australia Pty Ltd	Australia	(d)	100	100
Eastern Rural Pty Ltd	Australia	(d)	100	100
Elders Automotive Group Pty Ltd	Australia	(d)	100	100
Elders Burnett Moore WA Pty Ltd	Australia	(d)	100	100
Elders China Trading Company	China		100	100
Elders Communications Pty Ltd (in liq)	Australia	(d) (f)	100	100
Elders Finance Pty Ltd	Australia	(a)	100	100
Elders Fine Foods (Shanghai) Company	China		100	100
Elders Fine Foods Vietnam Company Limited	Vietnam	(e)	-	100
Elders Forestry Finance Pty Ltd	Australia	(d)	100	100
Elders Forestry Management Pty Ltd	Australia	(d)	100	100
Elders Forestry Pty Ltd	Australia	(d)	100	100
Elders Global Wool Holdings Pty Ltd (in liq)	Australia	(d) (f)	100	100
Elders Home Loans Pty Ltd	Australia	(d)	100	100
Elders Management Services Pty Ltd	Australia	(d)	100	100
Elders PT Indonesia	Indonesia		100	100
Elders Real Estate (Tasmania) Pty Ltd	Australia	(d)	100	100
Elders Real Estate (WA) Pty Ltd	Australia	(d)	100	100
Elders Rural Services Australia Limited	Australia		100	100
Elders Rural Services Limited	Australia	(a)	100	100
Elders Telecommunications Infrastructure Pty Ltd (in liq)	Australia	(d) (f)	100	100
Family Hospitals Pty Ltd	Australia	(d)	100	100
ITC Timberlands Pty Ltd	Australia	(d)	100	100
JS Brooksbank & Co Australasia Ltd	New Zealand	(e)	-	100
JSB New Zealand Limited	New Zealand	(e)	-	100
Keratin Holdings Pty Ltd	Australia	(d)	100	100
Killara Feedlot Pty Ltd	Australia	(a)	100	100
Manor Hill Pty Ltd	Australia	(d)	100	100
New Ashwick Pty Ltd (in liq)	Australia	(d) (f)	100	100
Northern Rural Supplies Pty Ltd	Australia	(d)	100	100
Prels Pty Ltd	Australia	(d)	100	100
Prestige Property Holdings Pty Ltd	Australia	(d)	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP STRUCTURE – NOTE 20: INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation		% Held by Group	
			2022	2021
Primac Exports Pty Ltd	Australia	(d)	100	100
Primac Pty Ltd	Australia	(d)	100	100
Redray Enterprises Pty Ltd	Australia	(d)	100	100
Robian Holdings Pty Ltd	Australia	(b) (d)	100	-
SDEA Nominees Pty Ltd	Australia	(a)	100	100
Sunfam Pty Ltd	Australia	(d)	100	100
The Hunter River Company Pty Ltd	Australia	(a)	100	100
Titan Ag Pty Ltd	Australia	(a)	100	100
Ultrasound Australia Pty Ltd	Australia	(a)	100	100
Victorian Producers Co-operative Company Pty Ltd	Australia	(d)	100	100
YP Agricultural Services Pty Ltd (Formerly Elders Victorian Feedlot Pty Ltd)	Australia	(d)	100	100

- The parties that comprise the Closed Group are denoted by (a)
- Entities acquired or registered during the period are denoted by (b)
- Entities exempted from audit requirements due to overseas legislation or non-corporate status are denoted by (c)
- Entities classified by the Corporations Act as small proprietary companies relieved from audit requirements are denoted by (d)
- Entities denoted by (e) were disposed of, deregistered or liquidated during the year
- Entities denoted by (f) entered members voluntary liquidation during the year

Accounting Policy

The results of subsidiaries incorporated in countries other than Australia, are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP STRUCTURE – NOTE 20: INVESTMENTS IN CONTROLLED ENTITIES

(b) Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 29 September 2016, relief has been granted to these controlled entities of Elders Limited from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports. As a condition of the Class Order, Elders Limited, and the controlled entities subject to the Class Order, entered into a Deed of Cross Guarantee (Deed). The effect of the Deed is that Elders Limited has guaranteed to pay any deficiency in the event of the winding up of any member of the Closed Group, and each member of the Closed Group has given a guarantee to pay any deficiency, in the event that Elders Limited or any other member of the Closed Group is wound up.

Certain members of the Closed Group, in addition to certain controlled entities, are guarantors in connection with the consolidated entity's borrowings facilities disclosed at note 15. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising Elders Limited and the controlled entities which are a party to the Deed, after elimination of all transactions between parties to the Deed, for the year ended 30 September 2022 is set out as follows. The prior period has been adjusted to ensure comparability:

	2022	2021
	$000	$000
Statement of comprehensive income of the Closed Group		
Sales revenue	1,425,122	848,747
Cost of sales	(1,202,050)	(725,678)
Gross profit	223,072	123,069
Other revenue	197,476	75,000
Distribution expenses	(52,970)	(48,795)
Administrative expenses	(14,831)	(11,417)
Other items of income/(expense)	-	-
Finance costs	(1,865)	(2,658)
Profit/(loss) before income tax benefit/(expense)	350,882	135,199
Income tax benefit/(expense)	(59,459)	(6,592)
Profit/(loss) after income tax benefit/(expense)	291,423	128,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP STRUCTURE – NOTE 20: INVESTMENTS IN CONTROLLED ENTITIES

	2022	2021
	$000	$000
Consolidated statement of financial position of the Closed Group		
Current assets		
Cash and cash equivalents	26,154	6,867
Trade and other receivables	332,259	216,623
Livestock	73,721	55,556
Inventory	135,845	174,447
Total current assets	567,980	453,493
Non current assets		
Other financial assets	274,179	274,179
Property, plant and equipment	20,721	18,361
Right-of-use assets	21,326	13,625
Intangibles	161,338	136,584
Deferred tax assets	49,703	108,854
Total non current assets	527,267	551,603
Total assets	1,095,247	1,005,096
Current liabilities		
Trade and other payables	591,952	678,204
Lease liabilities	6,712	4,097
Current tax payable	-	-
Provisions	8,990	6,334
Total current liabilities	607,654	688,635
Non current liabilities		
Lease liabilities	13,424	7,935
Total non current liabilities	13,424	7,935
Total liabilities	621,078	696,570
Net assets	474,169	308,526
Equity		
Contributed equity	1,646,630	1,651,006
Reserves	6,163	4,819
Retained earnings	(1,178,625)	(1,347,299)
Total equity	474,169	308,526

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP STRUCTURE – NOTE 21: PARENT ENTITY

Information relating to the parent entity of the Group, Elders Limited:

	2022	2021
	$000	**$000**
Results:		
Net profit for the period after income tax expense	151,869	54,647
Total comprehensive income	151,869	54,647
Financial position:		
Current assets	209,215	79,431
Non current assets	228,880	288,335
Total assets	438,095	367,766
Current liabilities	1,684	1,958
Non current liabilities	-	-
Total liabilities	1,684	1,958
Net assets	436,411	365,808
Issued capital	1,646,630	1,651,006
Retained earnings	(1,189,821)	(1,341,690)
Profit reserve	(26,561)	51,673
Employee equity reserve	6,163	4,819
Total equity	436,411	365,808

The prior period has been adjusted to ensure comparability.

Guarantees

As disclosed in note 20, the parent entity has entered into a Deed of Cross Guarantee with certain controlled entities. The effect of this Deed is that Elders Limited and each of these controlled entities has guaranteed to pay any deficiency of any of the companies party to the Deed in the event of any of those companies being wound up.

The parent entity is a party to various guarantees and indemnities pursuant to bank facilities extended to the Group as disclosed in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP STRUCTURE – NOTE 22: BUSINESS COMBINATIONS – CHANGES IN THE COMPOSITION OF THE ENTITY

(a) Acquisitions

(i) Current period acquisitions

During the current period, Elders acquired a number of small to medium retail and real estate businesses for a total consideration of $39.2 million, including $10.4 million of deferred consideration. These transactions resulted in the recognition of $23.2 million of goodwill.

(ii) Prior period acquisitions

In the prior period, Elders acquired a number of small to medium retail and agency businesses for a total consideration of $49.0 million, including $28.6 million of deferred consideration. These transactions resulted in the recognition of $27.9 million of goodwill.

	2022	2021
	$000	$000
Purchase consideration		
Cash paid	28,849	20,352
Deferred consideration	10,383	28,645
Total purchase consideration	39,232	48,997
The total assets and liabilities recognised as a result of acquisitions are:		
Cash and cash equivalents	206	8,324
Trade and other receivables	-	3,805
Inventory	11,671	10,882
Property, plant and equipment	1,451	2,879
Rent roll	4,014	865
Brand name	753	1,078
Trade and other payables	(800)	(5,381)
Provisions	(616)	(1,465)
Deferred tax assets/(liabilities)	(627)	116
Net identifiable assets acquired	16,051	21,103
Goodwill on acquisition	23,181	27,894
	39,232	48,997

Payments for acquisitions through business combinations, net of cash acquired

The cash outflow for payments for acquisitions through business combinations, net of cash acquired of $54.0 million (2021: $28.0 million) represents cash paid, net of cash acquired in respect of businesses acquired during the period of $28.6 million (2021: $12.0) and payments of deferred consideration relating to acquisitions from prior periods of $23.7 million (2021: $16.0 million).

At 30 September 2022, Elders has $31.3 million (2021: $36.8 million) of deferred consideration amounts related to acquisitions which are included in current and non current other creditors and accruals in note 8.

(b) Disposals

There were no disposals during the current or prior period other than for equity accounted investments (refer to note 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

GROUP STRUCTURE – NOTE 22: BUSINESS COMBINATIONS – CHANGES IN THE COMPOSITION OF THE ENTITY

Accounting Policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, Elders elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When Elders acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of AASB 9, it is measured in accordance with the appropriate AASB standard.

OTHER NOTES – NOTE 23: EXPENDITURE COMMITMENTS

(a) Operating lease commitments – Elders as a lessee

As a result of the application of AASB 16, Elders' expenditure commitments relating to leases have been recognised as lease liabilities with an associated right-of-use asset and are presented in note 10 , except for low value leases. Elders' operating lease commitments for low value leases are presented below.

	2022	2021
	$000	$000
Operating lease commitments:		
• Within one year	1,221	1,316
• After one year but not later than five years	1,464	1,372
• After more than five years	-	-
Total minimum lease payments	2,685	2,688

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2022	2021
	$000	$000
Capital expenditure commitments:		
• Within one year	27,217	-
• After one year but not later than five years	-	-
• After more than five years	-	-
Total minimum payments	27,217	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

OTHER NOTES – NOTE 24: CONTINGENT LIABILITIES

There are potential legal matters that occur in the ordinary course of business that are being considered by Elders' legal advisors. Based on the current information available, the following applies:

Unquantifiable contingent liabilities

- Elders has contingent obligations in respect of real property let or sub-let by subsidiaries of Elders.
- Elders has contingent obligations in respect of real property sub-let to the purchaser of Elders' former Sandalwood estate.
- Elders has contingent obligations in respect of an agency agreement which carries a minimum fulfilment clause. This agreement expires December 2022.
- Benefits are payable under service agreements with employees of Elders under certain circumstances such as achievement of prescribed performance hurdles, occurrence of certain events or termination of employment for reasons other than serious misconduct.
- Subsidiaries of Elders have, from time to time in the ordinary course, provided parent company guarantees in respect of certain contractual obligations of their subsidiaries. The contingent exposure under those guarantees on a consolidated basis is no greater than the exposure of the subsidiary having the principal contractual obligation.
- Subsidiaries of Elders have from time to time provided warranties and indemnities in connection with the disposal of assets. The Directors are not aware at the present time of any material exposures under the warranties of indemnities.
- Various legal claims for damages resulting from the use of products or services of Elders, and from the contracts entered into or alleged to have been entered into by Elders, are in existence for which no provision has been raised as it is not currently probable that these claims will succeed or it is not practical to estimate the potential effect of these claims. The Directors are of the view that none of these claims based on the net exposure is likely to be material.

Other guarantees

As disclosed in note 20, the parent entity has entered into a Deed of Cross Guarantee with certain controlled entities. The effect of this Deed is that Elders Limited and each of these controlled entities has guaranteed to pay any deficiency of any of the companies party to the Deed in the event of any of those companies being wound up.

The parent entity and certain subsidiaries of Elders are parties to various guarantees and indemnities pursuant to bank facilities extended to Elders.

OTHER NOTES – NOTE 25: RELATED PARTY DISCLOSURES

The ultimate controlling entity of the Group is Elders Limited.

From time to time, Directors of Elders, or third parties of which a Director of Elders is also a Director, engage in transactions with Elders or entities in which Elders has an investment. These transactions are immaterial and generally in the nature of the acquisition of goods or services from Elders or an entity in which Elders has an investment or the supply of services to Elders or an entity in which Elders has an investment. Such transactions are on arm's length commercial terms and procedures are in place to manage any actual or potential conflicts of interest.

As part of sharing office space with branches within the Branch Network segment, Elders incurred costs on behalf of Elders Insurance (Underwriting Agency) Pty Ltd and recharged these at arm's length.

During the year, Elders sold its 30% equity stake in StockCo holdings. In the prior period Elders received a net repayment of $5.0 million on its advance to StockCo Holdings Pty Ltd. As at balance date, Elders has no receivable from StockCo Holdings Pty Ltd (2021: $15.1 million) and recognised interest revenue of $1.5 million (2021: $2.6 million) during the period. Elders also received trail and exclusivity fees of $1.1 million (2021: $1.5 million).

During the year, the Managing Director of AIRR Holdings Limited ceased employment at Elders. During the year, Elders assumed property lease contracts and made lease payments (comprising principal and interest) totalling $3.2 million (2021: $2.8 million) to related entities of the former Managing Director of AIRR Holdings Limited. As at balance date, there is no related party relationship, such transactions were on arm's length commercial terms and procedures are in place to manage any actual or potential conflicts of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

OTHER NOTES – NOTE 26: SHARE BASED PAYMENT PLANS

Long-Term Incentive Performance Rights

Performance rights were granted to eligible executives with a three year performance period and split into tranches, each carrying a different performance condition. Upon vesting of performance rights one fully paid share in Elders will be allocated for each performance right.

Set out below are a summary of rights granted under the plans:

	Grant Date	Vesting date	Balance at start of period	Granted	Vested	Lapsed	Balance at end of period
MD & CEO Grant	13-Dec-18	Nov-21	146,000	-	146,000	-	-
Senior Executive Grant	15-Feb-19	Nov-21	243,750	-	243,750	-	-
MD & CEO Grant	12-Dec-19	Nov-22	166,000	-	-	-	166,000
Senior Executive Grant	21-Feb-20	Nov-22	321,916	-	-	-	321,916
MD & CEO Grant	17-Dec-20	Nov-23	101,000	-	-	-	101,000
Senior Executive Grant	12-Mar-21	Nov-23	260,000	-	-	24,333	235,667
MD & CEO Grant	16-Dec-21	Nov-24	-	102,400	-	-	102,400
Senior Executive Grant	22-Dec-21	Nov-24	-	289,500	-	65,800	223,700
Total			1,238,666	391,900	389,750	90,133	1,150,683

During the period, long-term incentive performance rights expense of $3,059,225 (2021: $2,432,638) was recognised.

For long-term incentive performance rights vesting in November 2022, additional shares of 41,455 (November 2021: 42,518) will be allocated under the MD & CEO Grant and Senior Executive Grant at the time of vesting for the value of dividends paid but not received on the vested rights during the performance period.

Performance rights were granted to eligible executives with a three year performance period and split into tranches, each carrying a different performance condition. Upon vesting of performance rights one fully paid share in Elders will be allocated for each performance right.

The fair value at grant date of the long-term incentive performance rights issued during the year was:

	MD & CEO Grant	Senior Executive Grant
	$	$
2022		
Relative TSR against Comparator Companies Performance Rights	5.13	5.99
EPS Growth Performance Rights	10.44	11.15
2021		
Relative TSR against Comparator Companies Performance Rights	4.30	6.51
EPS Growth Performance Rights	9.23	11.27

Key inputs in calculating the fair value of the long-term incentive performance rights issued during the year include:

- Share price at valuation date: $11.54 for the MD & CEO Grant (2021: $9.89) and $12.24 for the Senior Executive Grant (2021: $11.89)
- Risk free rate: 1.0% for the MD & CEO Grant (2021: 0.1%) and 0.8% for the Senior Executive Grant (2021: 0.1%)
- Volatility: 30% for the MD & CEO Grant (2021: 39%) and 30% for the Senior Executive Grant (2021: 38%)
- Dividend yield: 3.6% for the MD & CEO Grant (2021: 2.5%) and 3.4% for the Senior Executive Grant (2021: 2.1%)

The weighted average remaining life of the long-term incentive performance rights outstanding at the end of the financial year was 1.0 years. (2021: 1.1 years).

Performance rights associated with the 2019 Long-Term Incentive Plan vested during the period. As a result, a total of 389,750 shares were issued to relevant participants.

Short term incentive restricted shares

Restricted shares are issued to employees are part of the short term incentive plan. During the period, a total expense of $0.5 million was recognised in relation to this.

A total of 86,523 restricted shares were allocated to the plan participants and remain unvested at the end of the year.

The weighted average fair value at the grant date is $12.24 (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

OTHER NOTES – NOTE 27: AUDITOR'S REMUNERATION

	2022	2021
	$	$
Amounts received or due and receivable by the auditor PricewaterhouseCoopers for:		
• auditing or review of financial statements	788,300	699,000
• other non-audit services	10,695	11,500
• fee paid to subcontractors of the auditor	-	1,668
Total	798,995	712,168

OTHER NOTES – NOTE 28: KEY MANAGEMENT PERSONNEL

Remuneration of Directors and other Key Management Personnel

For information on the Remuneration Policy, Structure and the relationship between remuneration payment and performance please refer to the Remuneration Report.

	2022	2021
	$	$
Short-term	2,503,069	3,367,145
Long-term	(219,140)	534,358
Post employment	47,998	90,768
Termination benefits	301,053	970,013
Share based payments	1,011,571	907,070
Total	3,644,551	5,869,354

For details of Key Management Personnel, see section 6.2 of the Remuneration Report.

OTHER NOTES – NOTE 29: SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 30 September 2022 which are not otherwise dealt with in this report or in the consolidated financial statements that have significantly affected or may significantly affect the operations of Elders, the results of those operations or the state of affairs of Elders in subsequent financial periods.

DIRECTORS' DECLARATION

For the year ended 30 September 2022

In accordance with a resolution of the Directors of Elders Limited, the Directors declare:

1. In the opinion of the Directors:
   (a) the financial statements and notes of Elders Limited for the financial year ended 30 September 2022 are in accordance with the *Corporations Act 2001*, including:
      (i) Giving a true and fair view of its financial position as at 30 September 2022 and of its performance for the year ended on that date; and
      (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in the basis of preparation
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the C*orporations Act 2001* for the year ended 30 September 2022.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 20 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board,

Ian Wilton	**Mark C Allison**
Chair	Managing Director and CEO

Adelaide
14 November 2022

Auditor's Independence Declaration

As lead auditor for the audit of Elders Limited for the year ended 30 September 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Elders Limited and the entities it controlled during the period.

M. T. Lojszczyk
Partner
PricewaterhouseCoopers

Adelaide
14 November 2022

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Independent auditor's report

To the members of Elders Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Elders Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 September 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

For the purpose of our audit, we used overall Group materiality of $11.8 million, which represents approximately 5% of the Group's profit before tax.

We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.

We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Our audit work focused on the Australian operations' financial information given their financial significance to the Group.

We performed further audit procedures at a Group level, including procedures over the consolidation of the Group's businesses and the preparation of the financial and remuneration reports.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Accounting for supplier rebates ***(Refer to note 7)*** Elders receive rebates on purchases of retail goods for resale from suppliers. These rebates are varied in nature and include price and volume rebates. In accordance with Australian Accounting Standards, rebates should only be recognised as a reduction in cost of sales when the associated performance conditions have been met. This requires a detailed understanding by the Group of the various contractual arrangements. We considered the accounting for supplier rebates to be a key audit matter because: ● supplier rebates recognised during the year are material to the financial statements; ● supplier arrangements are complex in nature and vary between suppliers; and judgement is involved by the Group to determine the amount of rebates that should be recognised in the cost of sales and the amount that should be deferred to inventory.	We performed the following procedures: ● for a sample of rebates recognised as a reduction to cost of sales, we: ○ agreed terms to supplier credit notes or individual supplier agreements and recalculated the amount of the rebate; and ○ checked if the rebate amount was only recognised as a reduction in cost of sales when a sale of the relevant product had occurred. ● for a sample of rebates receivable at balance date, we: ○ agreed the Group's calculation of the rebate receivable to the terms in the relevant supplier agreement; and ○ agreed the key components of rebates receivable, including rebate accruals and amounts received over the course of the year, to relevant underlying evidence. ● to assess the accuracy of rebates being deferred in inventory as at balance date we: ○ obtained a listing of retail stock on hand and for a sample of items, traced the rebate percentage back to supplier agreements. We also recalculated the rebate amount deferred against inventory; and ○ for a sample of rebates receivable, checked that when the related inventory was still on hand at balance date, the rebate amount had been appropriately deducted from inventory.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Existence and valuation of Inventory
(Refer to note 7)
At 30 September 2022, the Group held inventory balances of $484.4 million, as disclosed in Note 7 Inventories.
Inventories are valued at the lower of cost and net realisable value ('NRV'). Costs are assigned to individual items of inventory predominately on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.
We considered this a key audit matter due the judgement required by the Group in estimating the net realisable value and the provision for obsolescence in relation to the inventory.
In addition, the distribution of the Group's inventory across a large number of locations may result in an increased risk in relation to existence.
</td><td>
We performed the following procedures amongst others:

developed an understanding of the Group's process for the procurement and accounting for inventory.
tested the operating effectiveness of selected controls on a sample basis in relation to the inventory process.
for a sample of inventory items, we reperformed the calculation of weighted average cost using the Group's methodology.
attended stocktakes at selected locations and performed the following procedures, amongst others:

observed the Group's processes and controls during the stocktakes,
selected a sample of inventory items from the Group's inventory records and compared the quantity recorded to the actual amount counted during the stock takes.

for a sample of inventory items, traced the inventory quantity counted during the stocktakes to the Group's inventory records.
for a sample of inventory purchases and sales made between the stocktake date and balance sheet date, we checked the inventory movements to the relevant supporting documentation.
for a sample of inventory items sold after the year end, we compared the selling price net of estimated selling costs to the cost of the inventory items at the balance date.
assessed the reasonableness of the financial report disclosures against the requirements of Australian Accounting Standards.

</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2022, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Our opinion on the remuneration report

We have audited the remuneration report included in pages 51 to 69 of the directors' report for the year ended 30 September 2022.

In our opinion, the remuneration report of Elders Limited for the year ended 30 September 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

M. T. Lojszczyk
Partner

Adelaide
14 November 2022

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ASX Additional Information

a) Distribution of Ordinary Shares as at 1 November 2022

Holdings Ranges	Total Units	Percentage FPO	Holders
1-1,000	4,085,521	2.610%	11,593
1,001-5,000	11,956,321	7.640%	5,097
5,001-10,000	6,109,987	3.900%	836
10,001-100,000	16,717,848	10.680%	684
100,001-9,999,999,999	117,606,897	75.160%	56
Totals	**156,476,574**	**100.000%**	**18,266**
The number of holders holding less than a marketable parcel			856

Distribution of Unquoted Equity Securities at 1 November 2022

As noted on page 47 of the Directors' Report, performance rights are the only unquoted equity securities on issue as at the date of this report.

Holdings Ranges	Total Units	Percentage Unquoted Equity Securities	Holders
1-1,000	0	0.000%	0
1,001-5,000	0	0.000%	0
5,001-10,000	25,833	2.250%	3
10,001-100,000	755,450	65.650%	17
100,001-9,999,999,999	369,400	32.100%	1
Totals	**1,150,683**	**100.00%**	**21**

All unvested performance rights on issue were acquired under an employee incentive plan

b) Voting Rights

All ordinary shares carry one vote per share without restriction. Unvested performance rights carry no voting rights.

c) Stock Exchange Quotation

Elders has one class of quoted securities, being the ordinary shares (ELD) which is listed on the Australia Securities Exchange. The Home Exchange is Sydney.

d) Twenty Largest Shareholders as at 1 November 2022

The twenty largest holders of Elders Ordinary Shares were as follows:	No. of shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	39,849,051	25.466%
CITICORP NOMINEES PTY LIMITED	24,591,302	15.716%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	21,988,779	14.052%
NATIONAL NOMINEES LIMITED	10,581,904	6.763%
BNP PARIBAS NOMS PTY LTD <DRP>	5,771,758	3.689%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,969,217	1.258%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,378,606	0.881%
MR MARK CHARLES ALLISON	955,293	0.611%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	869,223	0.555%
VENN MILNER SUPERANNUATION P/L	800,000	0.511%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	643,411	0.411%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	383,657	0.245%
PACIFIC AGRIFOODS INVESTMENTS PTY LTD	335,456	0.214%
SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	314,620	0.201%
MR KWOK CHING CHOW & MS PIK YUN PEGGY CHAN	310,000	0.198%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	300,323	0.192%
CERTANE CT PTY LTD <ELD DEF A/C>	289,134	0.185%
G HARVEY NOMINEES PTY LIMITED <HARVEY 1995 DISCRETION A/C>	278,000	0.178%
PJ & JL ROBERTS PTY LTD <THE PETER ROBERTS FAMILY >	271,020	0.173%
LEUTENEGGER INVESTMENTS PTY LTD <LEUTENEGGER S/F A/C>	261,081	0.167%
Total Securities of Top 20 Holdings	**112,141,835**	**71.667%**

The number of shares held by substantial shareholders in the Company, as disclosed in substantial holding notices given to the Company as at 1 November 2022.

Shareholder	No. of shares	Percentage of shares held at date of notice	Date of notice
Vanguard Group	7,839,970	5.010%	19 October 2022

e) Corporate Governance Statement

Elders' 2022 Corporate Governance Statement can be found online at investors.elderslimited.com/investor-centre/?page=annual-reports

Shareholder Information

Share Registry

Boardroom Pty Limited Level 8, 210 George Street, Sydney, NSW, 2000
1300 737 760
+61 (0)2 9279 0664
enquiries@ boardroomlimited.com.au
boardroomlimited.com.au

Enquiries

Shareholders with enquiries about their shareholdings should contact the Company's share registry, Boardroom, on the above contact details.

Online shareholder information

Shareholders can obtain information about their holdings or view their account instructions online.

For identification and security purposes, you will need to know your Reference Number (HIN/SRN), Surname/Company Name and Post/Country Code to access. This service is accessible via the Investor Centre on the Company's website or direct via the Boardroom website at investorserve.com.au.

Tax and dividend/ interest payments

Elders is obliged to deduct tax from dividend/interest payments (which are not fully franked) to holders registered in Australia who have not quoted their Tax File Number (TFN) to the Company. Shareholders who have not already quoted their TFN can do so by contacting Boardroom.

Change of address

Issuer Sponsored Shareholders who have changed their address should advise Boardroom in writing. Written notification can be emailed or posted to Boardroom at the address shown adjacent and must include both old and new addresses and the Securityholder Reference Number (SRN) of the holding.

Alternatively, holders can amend their details on-line via Boardroom's website. Shareholders who have broker sponsored holdings should contact their broker to update these details.

Annual Report mailing list

Shareholders who wish to vary their Annual Report mailing arrangements should advise Boardroom online or in writing.

Electronic versions of the report are available to all via the Company's website. Annual Reports will be mailed to all shareholders who have elected to be placed on the mailing list for this document.

Investor information

Information about the Company is available from a number of sources:

Website:
elders.com.au

Subscribe:
Shareholders can nominate to receive company information electronically via the Investor Centre on the Company's website.

Additionally, shareholders may elect to receive official company information through InvestorServe on Boardroom's website.

Publications:
The Annual Report is the major printed source of company information. Other publications include the half-yearly report, Sustainability Report, Corporate Governance Statement, company press releases and investor presentations.

All publications can be obtained either through the Company's website or by contacting the Company.

Company Directory

Directors	Mr Ian Wilton — *MSc, FCCA, FCPA, FAICD, CA*
	Mr Mark C Allison — *BAgrSc, BEcon, GDM, AMP (HBS), FAICD*
	Ms Robyn Clubb AM — *BEc, CA, F Fin, MAICD*
	Ms Diana Eilert — *BSc (Syd), MCom (UNSW), GAICD*
	Mr Matthew Quinn — *BSc, ACA*
	Ms Raelene Murphy — *BBus, FCA, GAICD*
Secretaries	Mr Peter G Hastings — *BA, LLB, GDLP, FGIA, Grad Dip Applied Corporate Governance, GAICD*
	Ms Shannon Doecke — *BAcc, Grad Dip Applied Corporate Governance, MAICD, AGIA*
Registered Office	Level 10, 80 Grenfell Street, Adelaide, South Australia, 5000
	P (08) 8425 4000
	F (08) 7131 0118
	CompanySecretary@elders.com.au
	elders.com.au
Share Registry	Boardroom Pty Limited, Level 8, 210 George Street, Sydney, NSW, 2000
	P 1300 737 760
	F +61 (0)2 9279 0664
	boardroomlimited.com.au
Auditor	PricewaterhouseCoopers
Bankers	Australia & New Zealand Banking Group
	National Australia Bank
	Coöperative Centrale Raiffeisen - Boerenleenbank (Rabobank Australia)
Stock Exchange Listing	Elders Limited ordinary shares are listed on the Australian Securities Exchange under the ticker code “ELD”.