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Acquisition of Delta Agribusiness and Equity Raising

KEY HIGHLIGHTS

- Elders Limited (**Elders**) has entered into an agreement to acquire 100% of the shares in Delta Agribusiness Pty Ltd (**Delta**) for an enterprise value of \$475 million¹ (**Acquisition**)
- Delta is an Australian agribusiness providing rural products and advisory services through a network of 68 locations and approximately 40 independent wholesale customers
- In the LTM² to 30 June 2024, Delta generated revenue of \$835 million and EBITDA of \$53 million³
- The Acquisition values Delta at approximately 11.1x LTM to 30 June 2024 adjusted EBIT⁴ pre synergies⁵ and 8.7x LTM to 30 June 2024 adjusted EBIT post synergies⁵
- Compelling strategic rationale with a complementary geographic footprint, filling retail gaps in New South Wales, North West Victoria, South Australia and Western Australia, and enhancing Elders' technical expertise and offering in ag tech and precision agriculture
- Delta's experienced leadership team is excited to join Elders and will continue to manage the business following completion of the Acquisition
- Potential to generate net EBITDA synergies of \$12 million per annum (before one-off implementation costs), to be gradually realised over the next three years post completion
- Expected to deliver pro forma FY24 mid single digit EPS accretion pre synergies and mid teens EPS accretion post synergies⁶
- The Acquisition, transaction costs and additional balance sheet flexibility to support future growth opportunities (together, the **Transaction**) to be funded through:
 - a \$246 million fully underwritten pro rata accelerated non-renounceable entitlement offer;
 - a \$110 million new revolving loan facility; and
 - \$190 million of new Elders shares issued to Delta shareholders as scrip consideration at \$8.52 per share (approximately 22 million shares)⁷
- All Elders Directors who are eligible have confirmed their intention to participate in the Equity Raising
- Elders expects pro forma balance date net debt / EBITDA for the combined group to be approximately 2.0x by 31 March 2025 pre synergies⁸

¹ Excluding transaction costs of \$21 million and \$19 million Delta lease liabilities as at 30 June 2024. The purchase price is subject to typical adjustment mechanisms relating to working capital and debt and debt-like items at completion.

² LTM means last twelve months and Delta has a 30 June financial year end.

³ Includes the impact of AASB 16 Leases.

⁴ LTM to 30 June 2024 adjusted EBIT of \$43 million pre synergies.

⁵ Excludes the impact of AASB 16 Leases thereby including cash rent costs in EBITDA. Post synergies multiple assumes \$12 million of annual net EBITDA synergies (before one-off implementation costs). Refer to page B20 for additional information regarding anticipated synergies.

⁶ EPS accretion includes adjusted earnings from Delta assuming a full 12-month contribution and is before amortisation of identifiable intangibles that will be recognised as a result of the Acquisition. In accordance with AASB 133, Elders' pre-Acquisition historical EPS has been restated based on applying an adjustment factor to take into account the bonus element of the Equity Raising. The bonus adjustment is calculated to reflect the discount to the theoretical ex-rights price (**TERP**) and is based on Elders' last traded price of \$8.65 as at Friday, 15 November 2024. Restating Elders' standalone EPS excluding the impact of the bonus adjustment would result in pro forma FY24 EPS accretion of mid single digit pre synergies and mid teens post synergies. Post synergies EPS accretion assumes \$12 million of annual net EBITDA synergies (before one-off implementation costs).

⁷ Scrip Consideration to be issued to the Delta shareholders at \$8.52 per share which represents the value of TERP including shares issued under the Equity Raising. TERP is a theoretical calculation only and the actual price at which Elders shares trade immediately following the ex-date for the Equity Raising may be different from TERP.

⁸ Includes a 12-month forecast adjusted contribution from Delta and excludes the impact of AASB 16 Leases. Subject to a normal 1Q FY25 and average seasonal conditions.

Commenting on the Acquisition, Mark Allison, Elders Managing Director and CEO, said, “The acquisition of Delta continues Elders’ successful track record of growing our business through disciplined acquisitions. Delta provides us with greater exposure to key local retail markets as well as a leading agronomy and farm advisory team to complement and extend our products and services range for rural and regional Australia. Elders has a proven track record of synergy generation through backward integration and expects that the Acquisition will create meaningful value for Elders’ shareholders. The culture and strengths of Delta will be preserved through our light touch integration strategy, and we look forward to welcoming the Delta management and employees to Elders.”

Commenting on the Acquisition, Gerard Hines, Delta Managing Director and Co-Founder, said, “There is strong cultural alignment between Elders and Delta, as two trusted agribusinesses seeking to create value for our customers. Our management team will remain unchanged and we are excited to be able to continue to provide our customers with innovative and value adding business solutions with the added support of Elders.”

OVERVIEW OF DELTA⁹

Established in 2006, Delta is an Australian agribusiness providing rural products and advisory services through a network of 68 locations and approximately 40 independent wholesale customers.

Delta’s rural products include crop protection, seeds, animal health products, fertilisers, fuel and general merchandise. Delta also owns an in-house agricultural chemicals and animal health private label brand, Four Seasons Agribusiness, with 106 Australian Pesticides and Veterinary Medicines Authority registered products and has approximately 45,000 tonnes of fertiliser storage on the East Coast.

Delta considers its farm advisory business to be the cornerstone of its offering, with a focus on improving client sustainability, efficiency and profitability. Delta’s Precision Ag solution provides an attractive model in the Australian market with a dedicated team of specialists working with clients to optimise production through data analysis. Further, Delta provides additional adjacent services to its customers, including livestock and grain marketing and off-balance sheet seasonal finance.

Delta’s earnings base is diversified by product and geography, supplying a broad agribusiness offering to its rural and regional customers. In the LTM to 30 June 2024, Delta generated revenue of \$835 million and EBITDA of \$53 million.

ACQUISITION RATIONALE AND INTEGRATION

- ✓ Fully aligned to Elders’ core strategy and corporate acquisition principles
- ✓ Continues Elders’ successful track record of growing the business through disciplined acquisitions
- ✓ Complementary geographic footprint, filling retail gaps in New South Wales, North West Victoria, South Australia and Western Australia
- ✓ Enhances Elders’ technical expertise and offering in ag tech and precision agriculture
- ✓ Expected to deliver pro forma FY24 mid single digit EPS accretion before synergies and mid teens EPS accretion post synergies¹⁰
- ✓ Expected to generate annual net EBITDA synergies (before one off costs) of approximately \$12 million over three years post completion
- ✓ Retains management expertise through implementing Elders’ proven light touch integration strategy while maintaining robust Board based governance oversight

⁹ Delta company information as at 30 June 2024.

¹⁰ EPS accretion includes adjusted earnings from Delta assuming a full 12-month contribution and is before amortisation of identifiable intangibles that will be recognised as a result of the Acquisition. In accordance with AASB 133, Elders’ pre-Acquisition historical EPS has been restated based on applying an adjustment factor to take into account the bonus element of the Equity Raising. The bonus adjustment is calculated to reflect the discount to TERP and is based on Elders’ last traded price of \$8.65 as at Friday, 15 November 2024. Restating Elders’ standalone EPS excluding the impact of the bonus adjustment would result in pro forma FY24 EPS accretion of mid single digit pre synergies and mid teens post synergies. Post synergies EPS accretion assumes \$12 million of annual net EBITDA synergies (before one-off implementation costs).

ACQUISITION CONDITIONS AND TIMING

Completion of the Acquisition is expected to occur in 1H CY25 which is principally due to the time expected to satisfy the Australian Competition and Consumer Commission clearance condition. However, there are other customary completion conditions including a material adverse change clause with respect to Delta.

Mark Allison has indicated his willingness to remain in the role of Managing Director and CEO of Elders for the duration of the current Eight Point Plan which ends in September 2026.

ACQUISITION FUNDING

Elders is funding the purchase price for the Acquisition, transaction costs and additional balance sheet flexibility to support future growth opportunities through:

- a \$246 million fully underwritten 1 for 5.05 pro rata accelerated non-renounceable entitlement offer (**Equity Raising**);
- a \$110 million new revolving loan facility (**Debt Financing**); and
- \$190 million of new Elders shares issued to Delta shareholders as scrip consideration at \$8.52 per share (approximately 22 million shares) (**Scrip Consideration**)¹¹

By issuing Scrip Consideration as part of the funding for the Acquisition, Elders is increasing alignment between Elders shareholders and Delta shareholders. Following the Acquisition and the Equity Raising, Delta shareholders will own 10.5% of Elders' shares in total¹².

Scrip Consideration will be subject to escrow arrangements until 15 months after completion of the Acquisition¹³. Key Delta management persons will be subject to a non-compete for up to five years from completion of the Acquisition.

Elders anticipates pro forma balance date net debt / EBITDA for the combined group to be approximately 2.0x by 31 March 2025 pre synergies¹⁴.

EQUITY RAISING

The Equity Raising to raise approximately \$246 million is comprised of an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (**Retail Entitlement Offer**). Approximately 31 million new ordinary shares (**New Shares**) will be issued under the Equity Raising (equivalent to approximately 19.8% of existing Elders shares on issue).

Proceeds from the Equity Raising to be used to partly fund the cash component of the Acquisition and support Elders' balance sheet flexibility for future growth opportunities.

All New Shares offered under the Equity Raising will be issued at a price of \$7.85 per New Share, representing:

- a 7.9% discount to TERP¹⁵; and
- a 9.2% discount to the closing price of Elders' shares on Friday, 15 November 2024, being the last trading day prior to announcement of the Transaction.

Each New Share issued under the Equity Raising will rank equally with existing shares on issue. Elders will apply for quotation of New Shares on ASX.

¹¹ Scrip Consideration to be issued to the Delta shareholders at \$8.52 per share which represents the value of the TERP including shares issued under the Equity Raising. TERP is a theoretical calculation only and the actual price at which Elders shares trade immediately following the ex-date for the Equity Raising may be different from TERP.

¹² Post-Transaction shares on issue calculated based on 158 million Elders shares on issue shares as at Friday, 15 November 2024 plus 54 million new shares to be issued under the Equity Raising and Scrip Consideration.

¹³ Where the date for release of the escrow falls within certain blackout periods related to the release of Elders' financial results, the escrow period is extended to the first trading day after the blackout period.

¹⁴ Includes a 12-month forecast adjusted contribution from Delta and excludes the impact of AASB 16 Leases. Subject to a normal 1Q FY25 and average seasonal conditions.

¹⁵ TERP is a theoretical calculation only and the actual price at which Elders shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

New Shares will be entitled to the final dividend of \$0.18 per share for the full year ended 30 September 2024. The dividend record date has been amended from Wednesday, 27 November 2024 to Wednesday, 18 December 2024 and final dividend payment will be made to shareholders on Friday, 24 January 2025. Elders will maintain its dividend reinvestment plan with amended election, pricing and allotment dates disclosed in the Appendix 3A.1 today.

INSTITUTIONAL ENTITLEMENT OFFER

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer. The Institutional Entitlement Offer will open today, Monday, 18 November 2024.

Eligible institutional shareholders can choose to take up their entitlement in whole, in part or not at all. In addition, under the Institutional Entitlement Offer, institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer will be offered to new and existing eligible institutional shareholders concurrently with the Institutional Entitlement Offer.

RETAIL ENTITLEMENT OFFER

Every eligible Elders retail shareholder registered as a shareholder in Australia or New Zealand as at 7.00pm (Sydney time) on Wednesday, 20 November 2024 (**Eligible Retail Shareholders**) will be entitled to participate in the Retail Entitlement Offer on the terms and subject to conditions set out in the retail offer booklet to be sent to Eligible Retail Shareholders in relation to the Retail Entitlement Offer (**Retail Offer Booklet**). The Retail Entitlement Offer will open on Monday, 25 November 2024 and close on Monday, 9 December 2024.

Elders may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full entitlement will not receive any payment or value in respect of entitlements they do not take up and their percentage equity interest in Elders will be diluted.

TIMETABLE

Event	Date
Trading halt and announcement of the Acquisition and Equity Raising, Institutional Entitlement Offer opens	Monday, 18 November 2024
Institutional Entitlement Offer closes	Monday, 18 November 2024
Announce results of Institutional Entitlement Offer	Tuesday, 19 November 2024
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Tuesday, 19 November 2024
Record Date for the Entitlement Offer	7.00pm (Sydney time) Wednesday, 20 November 2024
Retail Entitlement Offer Booklet despatched and Retail Entitlement Offer opens	Monday, 25 November 2024
Settlement of New Shares under the Institutional Entitlement Offer	Tuesday, 26 November 2024
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Wednesday, 27 November 2024
Retail Entitlement Offer closes	5.00pm (Sydney time) Monday, 9 December 2024

Announce results of Retail Entitlement Offer	Thursday, 12 December 2024
Settlement of Retail Entitlement Offer	Friday, 13 December 2024
Allotment of New Shares under the Retail Entitlement Offer	Monday, 16 December 2024
Trading of New Shares on a normal settlement basis under the Retail Entitlement Offer and despatch of holding statements	Tuesday, 17 December 2024

All dates and times are indicative and subject to change without notice. Elders reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

FURTHER INFORMATION

Elders is being advised by Macquarie Capital (Australia) Limited as exclusive financial adviser in respect of the Acquisition and lead manager, bookrunner and underwriter in respect of the Equity Raising. MinterEllison is acting as legal adviser to Elders in relation to the Acquisition and the Equity Raising.

Further details of the Acquisition and the Equity Raising are set out in the Investor Presentation also provided to ASX today. The Investor Presentation contains important information including key risks with respect to the Acquisition and the Equity Raising and foreign selling restrictions with respect to the Equity Raising.

All dollar values are in Australian dollars unless otherwise stated.

For other enquiries, please contact Mark Allison, Managing Director & Chief Executive Officer, 0439 030 905

Authorised by:

Elders Limited Board of Directors

Important Notices

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Forward-Looking Statements

This announcement contains certain "forward-looking statements", including but not limited to projections and guidance on future financial performance, potential synergies and estimates, the timing and outcome of the Acquisition, the outcome and effects of the Equity Raising and the use of proceeds, and the future performance of Elders post-acquisition.

The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of Elders, its directors and management.

Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of Elders' business strategies. The success of any of those strategies will

be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue credence on forward-looking statements and, except as required by law or regulation, none of Elders, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Elders as at the date of this announcement.

None of Elders or any of its subsidiaries, representatives, advisers, or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance, or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statements.

Financial data

Readers should be aware that the pro forma financial information included in this announcement is for illustrative purposes and does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the United States Securities and Exchange Commission. Readers should be aware that certain financial data included in this announcement is "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934. Non-IFRS/non-GAAP measures in this announcement include the pro-forma financial information, EPS, EBITDA and EBIT. Such financial information is unaudited and does not purport to be in compliance with Article 3-05 of Regulation S-X under the U.S. Securities Act. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this announcement.

Information about Delta

Certain information in this announcement has been sourced from Delta, its representatives or associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this announcement may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Elders nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

The financial information for Delta is based on financial and operating data provided by Delta. Elders has performed due diligence on the financial records of Delta however this does not constitute an independent verification of the information provided by Delta. Investors are cautioned that they should not place reliance on this information as if it were audited financial information.