

24 August 2022

ASX Market Announcements
ASX Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

**SCHAFER CORPORATION LIMITED (ASX:SFC) INVESTOR PRESENTATION -
FY22 RESULTS**

Please find attached SFC's Investor Presentation for the 2022 financial year. The Board
has authorised the document to be released to the ASX.

For further information, please contact:

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Yours sincerely



Jason Cantwell
Company
Secretary

FY22 Full Year Results Presentation

JUNE 2022

Creating long-term shareholder value through the efficient operation of our businesses and growth in our investments

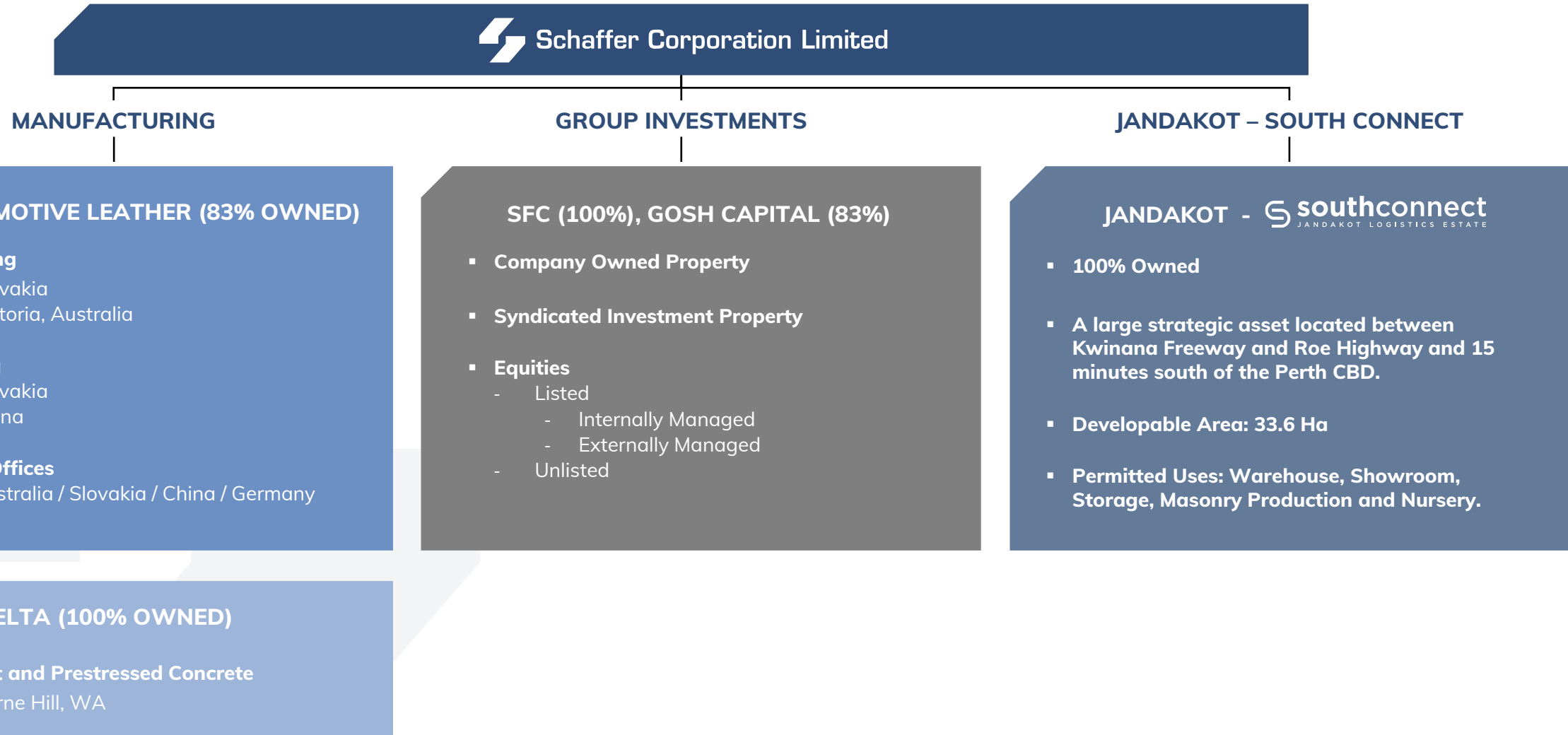
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Group Consolidated Financial Performance

Full Year Ending June (\$m)	FY22	FY21 ²	\$ change
Revenue	\$170.4	\$196.3	
NPAT ¹ from:			
Automotive Leather	\$18.1	\$24.4	(\$6.3)
Delta	(\$0.6)	\$1.0	(\$1.6)
Manufacturing NPAT ¹	\$17.5	\$25.4	(\$7.9)
Group Investments (excluding fair value revaluations below)	\$11.7	\$6.8	\$4.9
Corporate	(\$2.8)	(\$2.6)	(\$0.2)
NPAT ¹ excluding specific fair value revaluations below	\$26.4	\$29.6	(\$3.2)
Jandakot revaluation ²	\$11.0	-	\$11.0
Other Investment Property revaluations ²	\$4.2	\$2.1	\$2.1
Harvest Technology Group ³ ("HTG") revaluation	(\$13.2)	\$7.6	(\$20.8)
Updater revaluation	(\$2.2)	\$1.7	(\$3.9)
Statutory NPAT ¹	\$26.2	\$41.0	(\$14.8)
EPS	\$1.91	\$3.01	
Ordinary dividends (fully franked)	\$0.90	\$0.90	

1. Net profit after tax and minority interests.

2. SFC has changed accounting policy for Jandakot and other investment property to carry them on our balance sheet at fair value rather than cost. FY21 results have been restated to reflect the change in policy.

3. SFC's investment in Harvest Technology Group (ASX:HTG) is included in equities and valued at \$8.9m at 30 June 2022. The value per share used is \$0.066, which is below the \$0.09 closing share price of HTG at 30 June 2022. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.

4. FY22 excluding revaluations associated with Jandakot, Other Investment Property, HTG and Updater

- Net profit (NPAT¹) excluding specific fair value revaluations⁴ was \$26.4m (FY21: \$29.6m), reflecting a good result from Automotive Leather and most of our investments.
- FY22 Statutory NPAT¹ of \$26.2m.
- NPAT¹ from our manufacturing operations of \$17.5m (FY21: \$25.4m) reflects a strong performance by Automotive Leather in a complex and challenging environment.
- The statutory result includes a change in accounting policy to value investment property, including our Jandakot property, at fair value rather than depreciated cost. The change provides consistency with the valuation of the Group's other investments and financial instruments that are already carried at fair value, with changes in value reflected in the income statement when they occur. This change should allow users of the Group's financial statements to be better informed about the financial position and performance of the Group. FY21 results have been restated to reflect the change in policy.
- FY22 NPAT¹ includes +\$15.2m of unrealised, non-cash revaluations associated with the increase in value of Jandakot (+\$11.0m NPAT¹) and other Investment Property (+\$4.2m NPAT¹).
- Final fully franked dividend retained at \$0.45/share

Group Consolidated Financial Performance

Full Year Ending June (\$m)		FY22	FY21 ²	\$ change
Revenue		\$170.4	\$196.3	
NPAT ¹ from:				
Automotive Leather	1	\$18.1	\$24.4	(\$6.3)
Delta	2	(\$0.6)	\$1.0	(\$1.6)
Manufacturing NPAT ¹		\$17.5	\$25.4	(\$7.9)
Group Investments (excluding fair value revaluations below)	3	\$11.7	\$6.8	\$4.9
Corporate		(\$2.8)	(\$2.6)	(\$0.2)
NPAT ¹ excluding specific fair value revaluations below		\$26.4	\$29.6	(\$3.2)
Jandakot revaluation ²	4	\$11.0	-	\$11.0
Other Investment Property revaluations ²	4	\$4.2	\$2.1	\$2.1
HTG ³ revaluation	5	(\$13.2)	\$7.6	(\$20.8)
Updater revaluation	6	(\$2.2)	\$1.7	(\$3.9)
Statutory NPAT ¹		\$26.2	\$41.0	(\$14.8)
EPS		\$1.91	\$3.01	
Ordinary dividends (fully franked)		\$0.90	\$0.90	

1. Net profit after tax and minority interests.

2. SFC has changed our accounting policy for Jandakot and other investment property to carry them on our balance sheet at fair value rather than cost. FY21 results have been restated to reflect the change in policy.

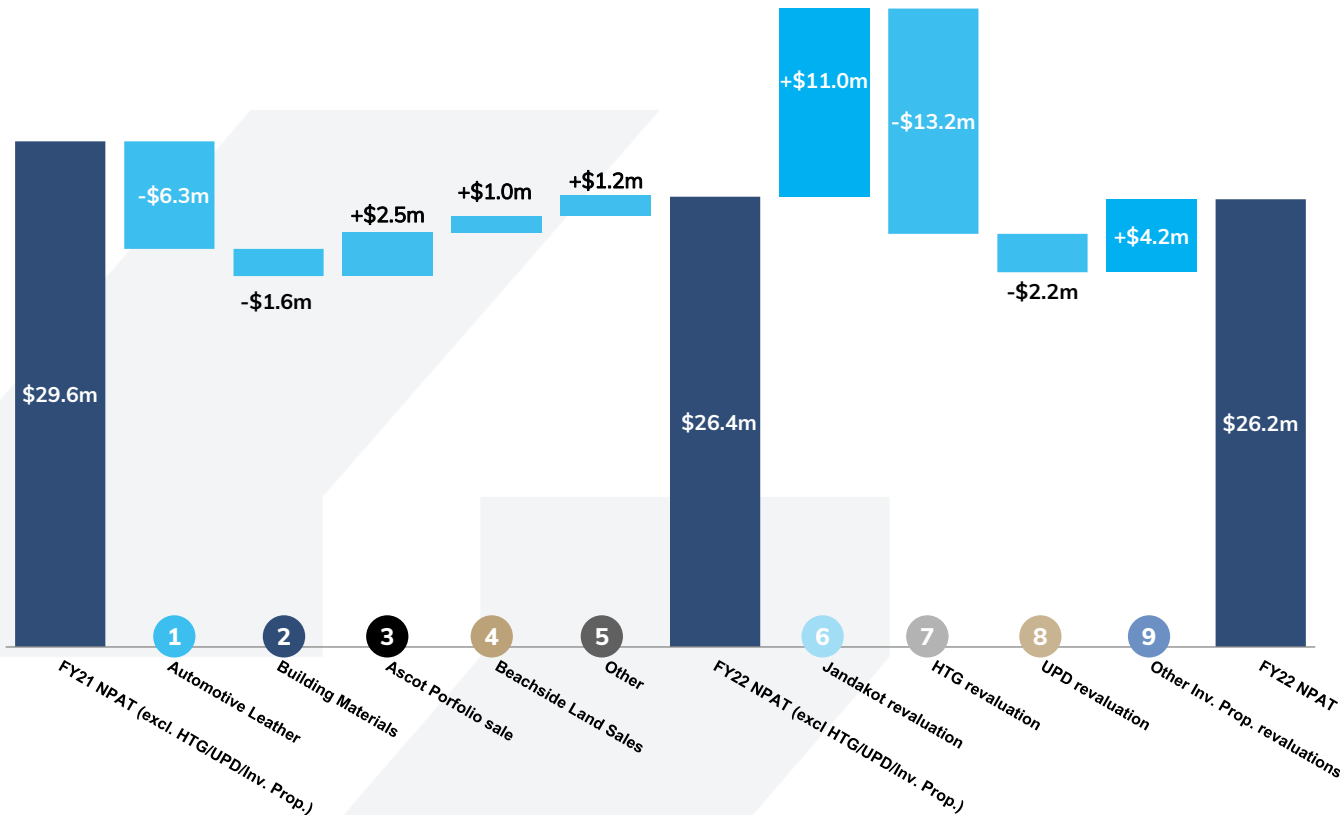
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4. FY22 excluding revaluations associated with Jandakot, Other Investment Property, HTG and Updater

- 1 Automotive Leather NPAT¹ of \$18.1m, a strong performance in a challenging environment.
- 2 Delta after tax loss of \$0.6m compared to prior year profit of \$1.0m, primarily due to project delays and complexity.
- 3 Group Investments NPAT¹ of \$11.6m up \$4.8m, excluding specific unrealised, non-cash revaluations⁴. Strong performance from most of our investments including Beachside North Coogee, syndicate properties, sale of Centuria shares and the internally managed global equity portfolio.
- 4 \$15.2m of unrealised, non-cash revaluations associated with the increase in value of Jandakot (+\$11.0m NPAT) and other investment property (+\$4.2m NPAT¹).
- 5 -\$13.2m mark-to-market, unrealised, non-cash revaluation³ of our investment in Harvest Technology Limited (ASX:HTG). HTG share price fell from \$0.32/share to \$0.09/share in line with global listed technology companies.
- 6 -\$2.2m mark-to-market, unrealised, non-cash revaluation of our investment in Updater (see slide 19) whose value fell in line with global listed technology companies.

Change in NPAT¹ – FY22 versus FY21

NPAT¹ excluding HTG, UPD and Investment Property revaluations decreased by \$3.2m



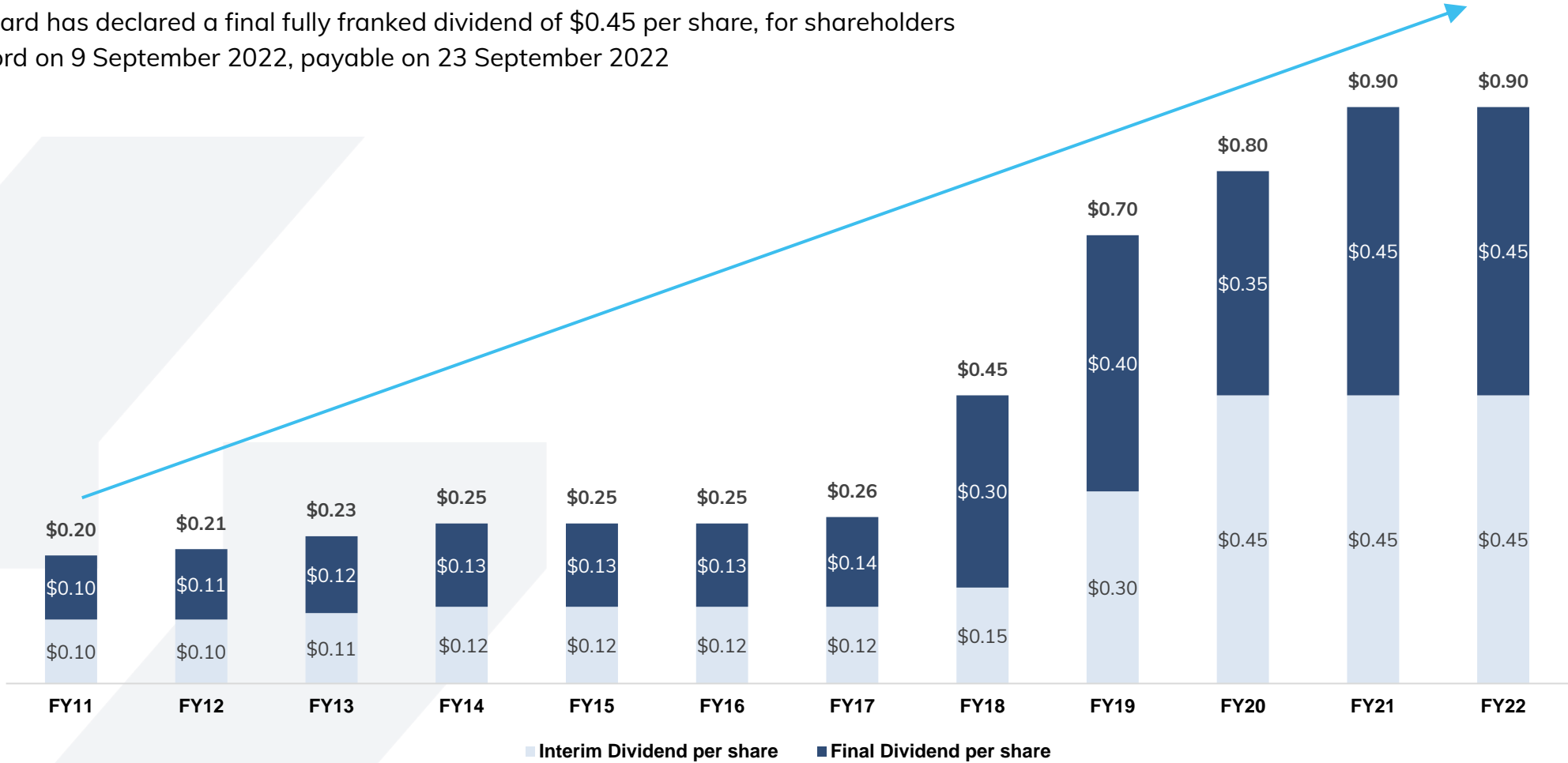
1. Net profit after tax and minority interests.

2. SFC's investment in Harvest Technology Group (ASX:HTG) is included in equities and valued at \$8.9m at 30 June 2022. The value per share used is \$0.066, which is below the \$0.09 closing share price of HTG at 30 June 2022. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group

- 1 Automotive Leather NPAT down \$6.3m
- 2 Delta NPAT down \$1.6m – delays and project complexity.
- 3 +\$2.5m after tax gain from sale of various syndicated properties managed by Ascot Capital.
- 4 Beachside land sales NPAT of \$2.5m vs FY21 \$1.5m.
- 5 Other includes Group investments income from revaluations, distributions received, dividends and rent which increased by around net \$1.2m after tax.
- 6 The Jandakot property is currently under development with civil works underway. The value increased by \$11.0m after tax in FY22.
- 7 HTG² share price decreased from \$0.32 to \$0.09 resulting in a non-cash, after tax, mark-to-market revaluation² of -\$13.2m.
- 8 Updater value decreased by \$2.2m after tax - valuation is based on listed peer technology stocks.
- 9 Other investment property increased in value by \$4.2m after tax based on independent valuations.

SFC is a consistent dividend payer

- The Board has declared a final fully franked dividend of \$0.45 per share, for shareholders on record on 9 September 2022, payable on 23 September 2022



Full Year Ending (\$m)	June 2022	June 2021
NPAT	26.2	41.0
Net unrealised pre-tax losses/(gains) – group investments ¹	2.7	(16.2)
Depreciation ¹	7.3	6.8
Lease payments	(3.0)	(3.0)
Share of non-cash profit in equity accounted investments ¹	(3.1)	(1.8)
Add minority interests ¹	4.1	5.7
Change in tax provisions ¹	1.6	5.3
Change in Automotive Leather trade working capital 1	(20.7)	10.3
Other changes in working capital	(3.7)	1.7
Proceeds from sale of investments 2	24.8	5.3
Non-cash interest income	(0.1)	-
Total cash generated	36.1	55.1
New group investments 3	(8.8)	(16.1)
Capex and property development 4	(11.3)	(7.5)
Capital raised / (share buy-back) 5	(2.0)	-
Capital raised - exercise of employee share options	1.1	0.4
Dividends paid	(14.0)	(14.6)
Total use of cash	(35.0)	(37.8)
Net debt² decrease	1.1	17.3

1. June 2021 figures have been restated due to a change in accounting policy.

2. Net debt presented excludes lease liabilities and the impact of restricted cash (refer to reconciliation of slide 25).

1 Increase in Automotive Leather Working Capital

- Investment in inventory ahead of expected increased sales volumes for FY23
- Buffer inventory to manage supply chain complexity
- Increase in trade debtors associated with increased sales volumes towards year-end

2 Sale of Investments included:

- Sale of equities: \$10.5m (\$5.6m internally managed equities fund and Centuria \$4.9m)
- Proceeds from Ascot portfolio sale: \$9.3m
- Capital distributions received, mainly US Property: \$2.0m
- Repayment of syndicate debt investments: \$2.0m

3 New Group investments included:

- Equities: (\$1.6m)
- Property Australia: (\$5.9m)
- Property US: (\$1.3m)

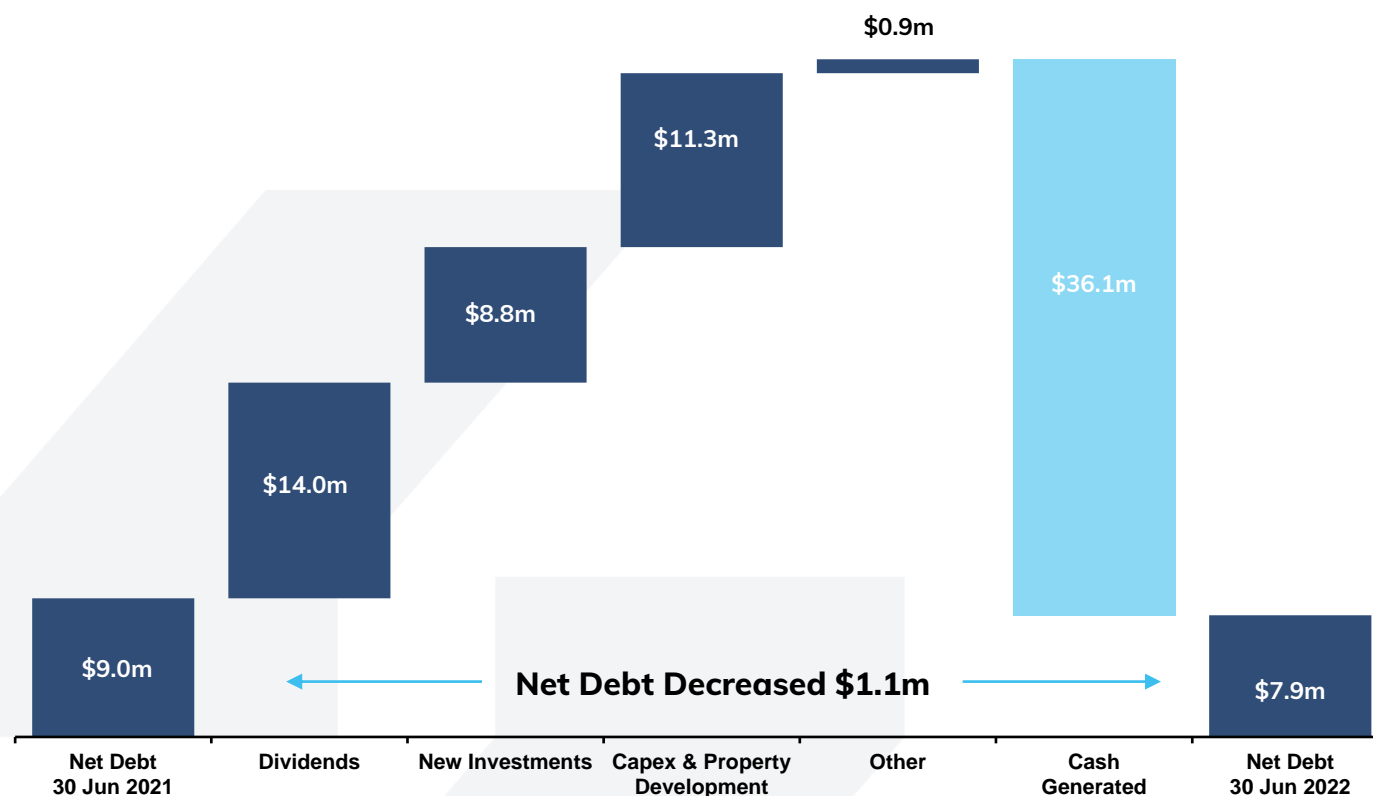
4 Capital expenditure included:

- (\$5.2m) for development of Jandakot property
- (\$3.0m) for Delta – increased capacity
- (\$2.5m) for Automotive Leather

5 Share buy-back + Dividends Paid

- (\$2.0m) Bought back 111k shares at average price of \$17.72.
- (\$14.0m) Dividends paid to SFC shareholders & minorities

Group Net Debt Decrease (\$m)



Net debt decreased due to:

- \$14.0m dividends paid
 - \$12.3m SFC shareholders, \$1.7m dividends paid to minorities
- \$8.8m new Group Investments
- \$11.3m Capex and Property Development
 - \$5.2m for Jandakot Property
 - \$3.0m for Delta
 - \$2.5m for Automotive Leather
- Offset by \$36.1m net cash generated:
 - \$5.1m cash generated from Automotive Leather, after working capital increase of \$20.7m
 - Net \$6.9m from sale of land at Beachside, North Coogee
 - \$24.8m realised from sale of investments and capital distributions received, including;
 - \$9.3m from properties managed by Ascot Capital
 - \$5.6m from liquidation of the internally managed global equity portfolio
 - \$4.9m from sale of Centuria (ASX:CNI) shares

Net Debt presented excludes \$18.2m (Jun 21: \$19.8m) of lease liabilities previously classified as operating leases prior to the adoption of AASB 16 on 1 July 2019 (refer to reconciliation on slide 25)

Net Debt excludes restricted cash (refer to reconciliation on slide 25)

Group Net Debt Overview (\$m)

	MANUFACTURING	GROUP INVESTMENTS					
All amounts in \$m	Automotive Leather	SFC Investments	Jandakot	Syndicated Investment Properties	Gosh Capital	Total Jun 22	Total Jun 21
Type of Debt:							
Bank and other debt	(8.9)	(1.4)	(1.0) ³	(22.1)	(6.6)	(40.0)	(38.6)
Equipment finance	(5.8)	-	-	-	-	(5.8)	(7.8)
Gross Debt¹	(14.7)	(1.4)	(1.0)	(22.1)	(6.6)	(45.8)	(46.4)
Cash ²	13.5	21.6	-	1.3	1.5	37.9	37.4
Net (Debt)/Cash^{1,2}	(1.2)	20.2	(1.0)	(20.8)	(5.1)	(7.9)	(9.0)
% debt recourse to SFC	0%	0%	0%	6%	0%		

1. Gross Debt and Net Debt presented excludes \$18.2m (Jun 21: \$19.8m) of lease liabilities previously classified as operating leases prior to the adoption of AASB 16 on 1 July 2019 (refer to reconciliation on slide 25)

2. Cash does not include restricted cash (refer to reconciliation on slide 25)

3. A new loan facility of \$14.2m was approved for the funding of costs associated with Jandakot civil works and other related capex.

(\$m)	1H22	2H22	FY22	FY21
Revenue	\$56.1	\$79.9	\$136.0	\$165.2
Segment NPAT ¹	\$7.5	\$10.6	\$18.1	\$24.4

¹ NPAT excludes 16.83% minority interests.



New Range Rover Sport

A good performance in a challenging environment

The performance of the business, particularly in the second half, was good. Our management team performed well, minimising the impact of multiple challenges on profitability.

Sales revenue was impacted by the semiconductor chip shortages, war in Ukraine, Shanghai lockdowns, delayed start of a renewed program, large negative currency movements in the second half, inflationary pressures and supply chain challenges.

Challenges

- Chip shortage constrained sales volumes during the year. While we experienced some improvement in the second half, it remains a constraint. Further improvement is expected over FY23.

JLR results, quarter ending June 2022:

“Financial Performance impacted by semiconductor and other constraints in the quarter but continue to expect significant improvement during the financial year ending 31 March 2023”

- Currency materially impacted earnings in the second half as the:
 - Australian dollar strengthened against the Euro (bad for Automotive Leather) from an average rate of 0.63 (1H22) to an average rate of 0.66 (2H22) – our most important FX rate to translate revenue (around 75% of sales are in Euros).
 - Australian dollar weakened against the US Dollar (bad for Automotive Leather) from an average rate of 0.77 (1H22) to an average rate of 0.74 (2H22) – our most important FX rate to translate expenses (hides + chemicals).



New Range Rover Sport

Challenges continued

- The launch of a renewed program was delayed while the previous model ended on time, leaving a two-month gap in our sales. The launch of the new model has now commenced and is in ramp-up stage, although at a slower rate than usual. This could temporarily impact 1H23 earnings, but should be positive for the division as the ramp-up accelerates.

JLR results, quarter ending June 2022:

“Sales continued to be constrained by the global chip shortage, compounded by the slower than expected production ramp-up of the New Range Rover and Range Rover Sport and the impact of Covid lockdowns in China”

- Inflationary pressures have resulted in higher costs, particularly across hides, chemicals, wages, and energy.
- Our China sales were impacted by a two-month Covid lockdown in Shanghai.



New Range Rover Sport

Investment in increased capacity

Management took the strategic decision, having renewed and won new programs, to get the business ready for growth in Europe.

Sales volumes should increase from FY23 onwards. This year's sales volumes should benefit from the launch of the new Range Rover sport model as the ramp-up accelerates. Future sales volumes should increase from the previously announced program wins with Mercedes and Audi programs.

The increased capacity initiatives include:

- purchasing and installing additional CNC cutting machines;
- higher hide inventory levels to meet increased sales expectations for FY23 and continued Covid-19 buffer inventory to help mitigate impacts from elongated supply chains; and
- maintaining higher staff levels, to retain production capacity and to ensure we retained core skills.



New Range Rover Sport

Risks

- Current global economic uncertainties, including a global economic slowdown
- Continued currency volatility
- The energy crisis in Europe and potential impact on our OEM production volumes and our costs
- Inflationary price pressures, particularly on raw materials, labour and energy
- Supply chain disruptions and the global semiconductor shortages
- Further China covid related lockdowns
- Escalation of the Ukraine/Russia War



New Range Rover Sport

The current and longer-term prospects of the Automotive Leather division remain strong. As announced previously, our European operations have successfully renewed key programs with Jaguar Land Rover and won new programs with Mercedes and Audi. These should see our European sales volumes grow from 2023 onwards.

Our OEMs continue to report strong demand for new vehicles.

Jaguar Land Rover recently announced a record order book of 200,000 vehicles (19% higher than reported 3 months-ago).

Outlook

While revenues should be higher than the comparable period last year, profitability for 1H23 should be similar to 1H22.

Sales and profitability continue to be impacted by the slow start of the renewed Range Rover Sport model (short term challenge) and the continued currency headwinds. If currency rates for 1H23 were similar to 1H22, profitability would be higher than 1H22.

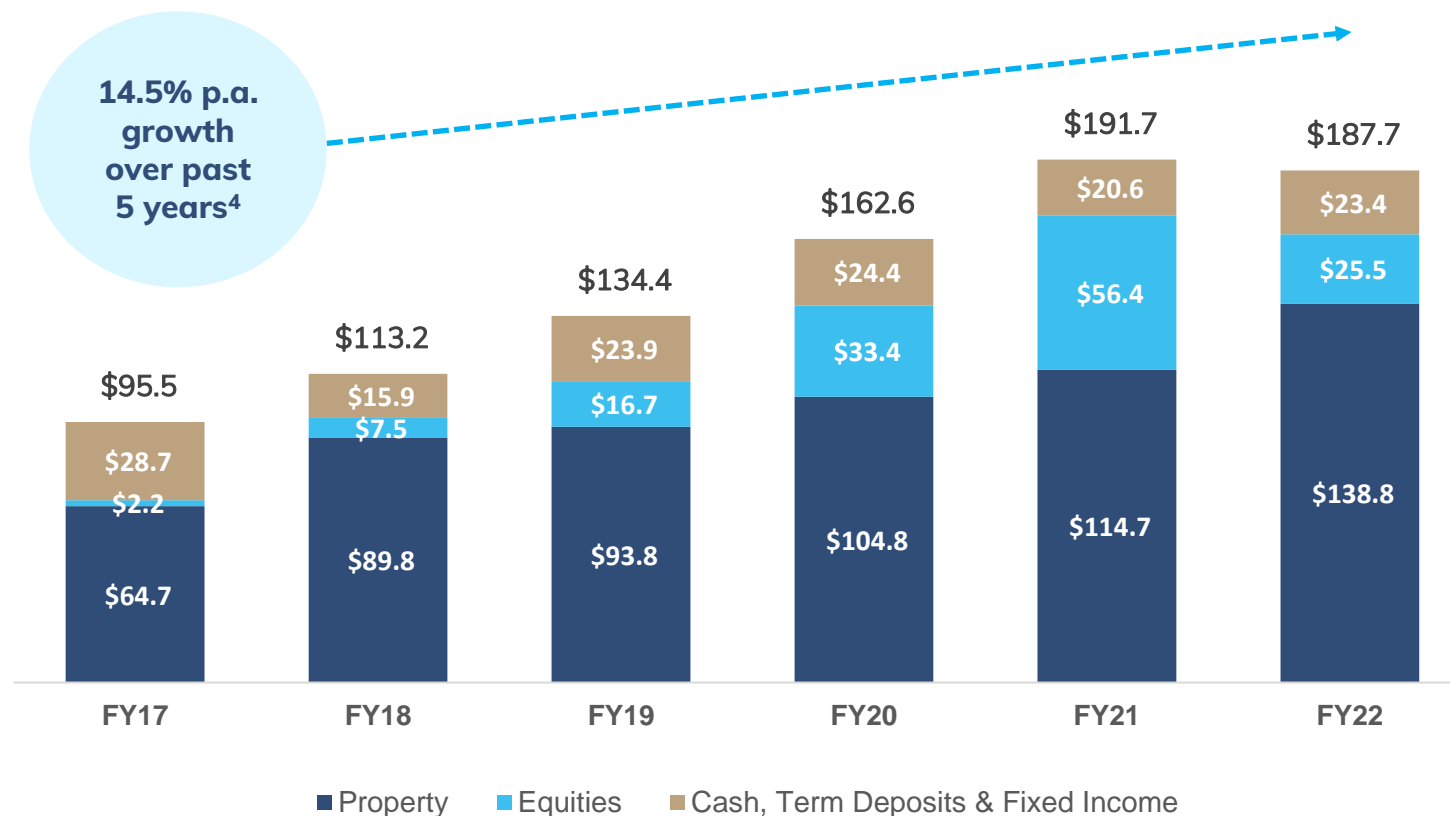
We will provide a further clarity and update to you at the AGM in November.

Pre-Tax Net Equity Value¹ (including syndicated property debt) of \$187.7 million or \$13.78/share

Over the past five years:

- Pre-Tax Net Equity Value¹ has increased by \$92 million
- We have paid shareholders \$51 million in fully franked dividends
- We have bought back around \$8 million of shares at an average price of \$13.89/share

Pre-Tax Net Equity Value¹ \$million



- Pre-Tax Net Equity Value = market value less debt (including syndicated property debt)
- All values represent SFC's share, i.e. 83.17% for Gosh Capital and other subsidiary held assets.
- SFC's investment in Harvest Technology Group (ASX:HTG) is included in equities and valued at \$8.9m at 30 June 2022. The value per share used is \$0.066, which is below the \$0.09 closing share price of HTG at 30 June 2022. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.
- Compound annual growth rate (CAGR) calculated From 30 June 2017 to 30 June 2022

Refer to Appendix I for more detail

Full Year (\$m)	FY22	FY21 ³
Revenue	\$ 17.2	\$14.6
NPAT ² excluding non-cash, unrealised revaluations below	\$11.7	\$ 6.8
Jandakot revaluation ³	\$11.0	-
Other Investment Property revaluations ³	\$4.2	\$2.1
HTG ¹ revaluation (Slide 16)	(\$13.2)	\$7.6
Updater revaluation (Slide 17)	(\$2.2)	\$1.7
Segment NPAT² (\$m)	\$11.5	\$18.2

1. SFC's investment in Harvest Technology Group (ASX:HTG) is valued using \$0.066 per share which is below the \$0.09 closing share price of HTG at 30 June 2022. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.
2. NPAT excludes 16.83% minority interests for Gosh Capital investments.
3. SFC has changed accounting policy for Jandakot and other investment property to carry them on our balance sheet at fair value rather than cost with the movement reflected in the income statement. FY21 results have been restated to reflect the change in policy.
4. Past performance is not indicative of future results.
5. FY22 excluding revaluations associated with Jandakot, Other Investment Property, HTG and Updater

NPAT² of \$11.7m (FY21: \$6.8m) excluding specific revaluations⁵ - A strong performance from most of our investments:

- sale of land at Beachside, North Coogee (23 lots) – in total 43 of 52 lots have been sold over the past 18 months. 9 single residential lots remain + 3 apartment sites.
- sale of various syndicated properties managed by Ascot Capital.
- sale of investment in Centuria (return of 81%⁴ over ~2 years) and shares in internal global equity portfolio-(+42%⁴ return over 20 months).
- revaluation of the Group's investments in US and local property syndicates.

Statutory NPAT² of \$11.5m including:

- NPAT² +\$15.2m comprises increased valuation of Jandakot (NPAT +\$11.0m see slide 22) and Other Investment Property (NPAT +\$4.2m)
- -\$13.1m NPAT² from the non-cash unrealised revaluation of HTG whose share price fell from \$0.32 to \$0.09¹ consistent with other global listed technology companies. Our current valuation of HTG is **\$8.9m¹ (FY21: \$26.9m)** compared to our original investment of **\$3.3m**.
- -\$2.3m NPAT² from the non-cash unrealised revaluation of Updater which was impacted by the sell off in listed global technology companies. The current value of our **Updater investment is ~\$6.8m** compared to our investment of **\$6.4m**.

AFSL license

Towards financial year-end, we received our AFSL license that allows SFC to do property syndication and invest in equities for wholesale investors. During July 2022, we launched the SFC Global Equity Fund for wholesale investors.

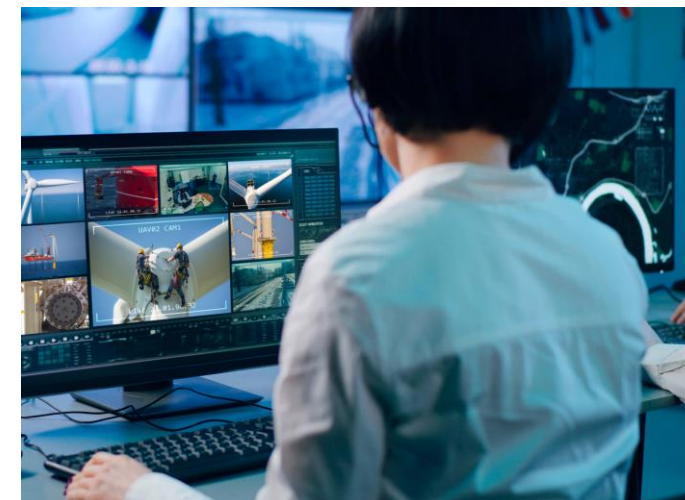
Investment in Harvest Technology Group (ASX: HTG)

The current valuation of HTG is **\$8.9m¹ (FY21: \$26.9m)** compared to our original investment of **\$3.3m**.

- \$2m in a 5-year convertible note earning 9% p.a., convertible at \$0.022/share plus ~\$1.3m in shares
- HTG has transformed itself into a technology company over the past 2 years and is at the **early monetisation phase** as a company.
- HTG is a global player in network optimised remote operations that deliver real-time remote control, communication, automation, and monitoring capabilities for the maritime, energy, resources, defence and industrial sectors. HTG enables **ultra-low bandwidth streaming solutions** via satellite, that enables customers to stay connected to operations and people globally, using a fraction of existing bandwidth resources.
- SFC helped HTG fund the acquisition of AOS, its core compression and encryption technology.
- HTG has successfully developed its technology which has now been validated and approved for use by large satellite and communication companies such as Inmarsat, Marlink, and Speedcast who are world leading providers in mobile satellite communications, end-to-end managed smart network solutions, and IT services providers to the Maritime, Energy, Mining, Media, Telecom, Defence, Government, and Enterprise sectors.

Investment Thesis

- **Proprietary technology**
- **Large addressable market** across multiple industry verticals
- Potential for **strong recurring revenues** with **high margins** – **growing** monthly recurring revenues in excess of ~\$250k/month
- **Motivated management team who own a significant portion of the company**



Harvest Technology Group's Remote Inspection System (RIS)

1. SFC's investment in Harvest Technology Group (ASX:HTG) is valued using \$0.066 per share which is below the \$0.09 closing share price of HTG at 30 June 2022. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.

The current value of our Updater investment is ~\$6.8m compared to our investment of \$6.4m across multiple investment rounds over the past ~8 years.

Updater is the industry leader of the US relocation sector, utilising proprietary software to simplify and automate the moving process via a direct marketing platform. Updater has embedded their software with the largest US real estate and leasing agents, real estate management companies and renter's insurance companies, giving them a significant time lead over competitors, at no customer acquisition cost.

Investment Thesis

- Excellent management team
- Large addressable market in excess of several billion US\$, across multiple industry verticals
 - US is the most transient country in the world, with over 16 million household moves/year. Movers spend ~US\$10k during the 8-week process
- Updater achieved record revenues of US\$105 million in FY21 (ending December), an increase of 46%. Revenue is expected to keep growing rapidly (+71% for Q1 FY22) as they increase customer monetisation and expand into new verticals. UPD is a high gross margins business.
- IPO on Nasdaq delayed due to market volatility (targeted IPO valuation was significantly higher than our current valuation)

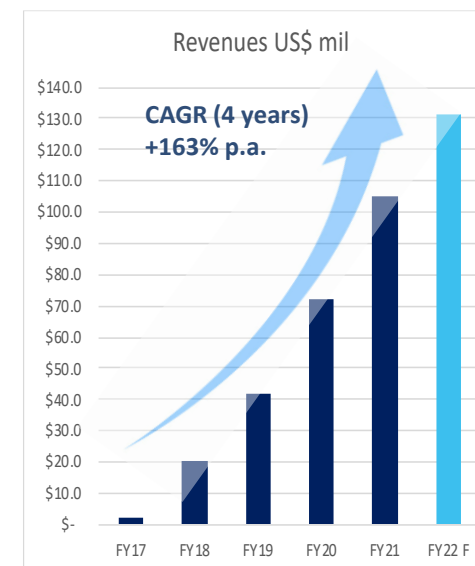
updater.

Technology so powerful, consumers won't move without it.

A fully integrated product offering to enable Users to complete all moving-related transactions seamlessly, in minutes, within Updater's platform

Value Proposition

- **Movers:** save time and money, make better decisions on a free platform
- **Real Estate Companies:** add value and improve service for clients and residents; increase revenue
- **Service providers / retailers:** communicate contextually with Movers at the right time





IBM Building West Perth, WA



Hometown Cannington, WA



Home Space, Tamworth, NSW



39 Dixon Rd Rockingham, WA



Parks Centre Bunbury, WA



Aerial View – February 2022

South Connect - Jandakot Logistics Estate

A large strategic property asset located between two freeways and 15 minutes south of the Perth CBD.

South Connect – Jandakot Logistics Estate is well located to benefit from the increased demand for logistic and “last-mile” warehousing driven by the rapid growth in e-commerce, and showrooms.

- Currently valued at **\$66.0m** on an “as is” basis (FY21: \$45.2m), an increase of \$15.6m in value after capex spend of \$5.2m for clearing, earthworks and surrounding roadworks which are now complete.
- Approximate net developable area of 34ha and includes 6.2ha currently leased to Austral Masonry Holdings.
- Jandakot Road duplication and construction of a new roundabout entrance to our site is complete.
- The contract for civil works has started and is expected to be completed in April 2023.
- Approved construction finance facility of \$14.2m secured against 9.3ha.



Full Year (\$m)	FY22	FY21
Revenue	\$17.3	\$16.5
Segment NPAT	(\$0.6)	\$1.0



Beam Installations at Bayswater Train Station

Summary

- Delta incurred a loss of \$0.6m (FY21: +\$1.0m)
- Continued construction program delays by contractors.
 - Design and engineering complexity on a large project.
 - Ongoing labour challenges and inflationary pricing pressures across the construction industry.
 - Shift from commercial to civil infrastructure projects.

Outlook

- Significant government investment in projects is stimulating activity, but limited capacity in the sector to deliver projects remains a constraint.
- Risks associated with covid, severe labour shortages, ongoing supply chain disruptions, construction program delays and rising costs remain a challenge.
- Cost rise and fall terms are being included in new project contracts.
- A strong order book should see Delta return to profit.

Outlook

- The current environment remains volatile and challenging, with many potential risks that could impact our outlook.
- Automotive Leather
 - Our OEMs continue to report strong demand for new vehicles, with minimal inventory and long lead times.
 - We expect sales and profitability to be impacted in the short-term by the slow start of a new program. Once this program reaches full capacity, we should see higher sales volumes and improved profitability.
 - We expect currency to negatively impact our results. 1H23 performance should be similar to 1H22. If currency rates for 1H23 were similar to 1H22, profitability would be higher than 1H22.
- Delta should return to profit in 1H23.
- All Group Investments are revalued each period which could lead to profit volatility, both up and down.
- We will provide a further update at the AGM in November.

Risk Factors

- Currency volatility
- Broader economic uncertainties, including an economic slowdown
- European energy crisis
- Further impacts from Covid-19, including lockdowns and production disruptions from quarantined employees
- A continuation of the semiconductor chip shortages creating Automotive Leather sales volatility
- Supply chains disruptions, longer lead times and port closures
- Increasing raw material costs and other inflationary pressures
- Skilled labour shortages and costs
- Market volatility
- War in Ukraine

Reconciliation of Net Debt excluding lease liabilities for leases previously classified as operating leases (\$'000's)	As at	
	Jun 2022	Jun 2021
Interest-bearing loans and borrowings	39,972	38,539
Lease liabilities	24,023	27,647
Less lease liabilities relating to leases previously classified as operating leases	(18,184)	(19,801)
Gross Debt excluding lease liabilities relating to leases previously classified as operating leases	45,811	46,385
Less cash and cash equivalents	(43,985)	(37,354)
Add back cash and cash equivalents - restricted	6,100	-
Net Debt (as per slide 9 & 10) excluding lease liabilities for leases previously classified as operating leases prior to the adoption of AASB 16	7,926	9,031

Schaffer Corporation Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS financial measures. The non-IFRS measures should only be considered in addition to, and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

On 1 July 2019, SFC adopted AASB 16 *Leases*. Net Debt excluding interest-bearing liabilities for leases previously classified as operating leases prior to the adoption of AASB on 1 July 2019, is a non-IFRS measure that is determined to present, in the opinion of Directors, information that assists the understanding of the composition of Net Debt for the period.

Restricted cash reflects application money paid by investors for the SFC Global Equity Fund. This cash is not available for discretionary use by SFC so is excluded from the calculation of Net Debt.

Appendix I - Group Investments – Pre-Tax Net Equity Value^{1,2,3}

Pre-Tax Net Equity Value ^{1,2}	FY17 (\$m)	FY18 (\$m)	FY19 (\$m)	FY20 (\$m)	FY21 (\$m)
Property: Used by SFC Operations	\$19.6	\$11.4	\$11.4	\$9.7	\$9.7
Property: Rental Income	\$19.9	\$37.5	\$39.9	\$48.9	\$57.9
- Retail / Bulky Goods	\$13.1	\$16.2	\$14.4	\$16.4	\$21.4
- Industrial (includes Jandakot leased to Brickworks)	\$0.8	\$15.3	\$14.6	\$17.0	\$18.1
- Office	\$5.3	\$5.2	\$5.6	\$8.3	\$10.5
- Hotels	\$0.7	\$0.8	\$4.0	\$5.4	\$3.8
- Residential	\$0.0	\$0.0	\$1.4	\$1.8	\$4.2
Property: Development Sites	\$25.2	\$40.9	\$42.5	\$46.2	\$47.1
- Jandakot - Development	\$10.7	\$26.4	\$26.4	\$33.4	\$33.4
- Residential - Development	\$11.5	\$11.5	\$12.2	\$10.0	\$11.0
- Industrial - Development	\$3.0	\$3.0	\$3.8	\$2.8	\$2.7
Sub Total: Property	\$64.7	\$89.8	\$93.8	\$104.8	\$114.7
Equities: Externally Managed	\$0.0	\$5.1	\$6.2	\$4.3	\$6.5
Equities: Internally Managed	\$2.2	\$2.4	\$10.5	\$29.1	\$49.9
- Harvest Technology Group (ASX: HTG) ³	\$0.0	\$0.0	\$0.0	\$16.0	\$26.9
- Updater Inc (US – Unlisted)	\$2.2	\$2.4	\$8.9	\$8.2	\$10.5
- Hastings Technology Metals (ASX: HAS)	\$0.0	\$0.0	\$1.0	\$0.8	\$2.0
- Global Portfolio	\$0.0	\$0.0	\$0.0	\$0.0	\$4.5
- Other	\$0.0	\$0.0	\$0.6	\$4.2	\$6.0
Sub Total: Equities	\$2.2	\$7.5	\$16.7	\$33.4	\$56.4
Cash, Term Deposits & Fixed Income	\$28.7	\$15.9	\$23.9	\$24.4	\$20.6
Total Pre-Tax Net Equity	\$95.5	\$113.2	\$134.4	\$162.6	\$191.7
Pre-Tax Net Equity Per Share	\$6.82	\$8.18	\$9.73	\$11.95	\$14.04

FY22 (\$m)	FY22 Per Share	FY22 % of Portfolio
\$9.7	\$0.71	5%
\$63.7	\$4.68	34%
\$25.6	\$1.88	14%
\$19.1	\$1.40	10%
\$9.3	\$0.68	5%
\$4.0	\$0.29	2%
\$5.7	\$0.42	3%
\$65.4	\$4.80	35%
\$49.5	\$3.63	26%
\$10.9	\$0.80	6%
\$5.0	\$0.37	3%
\$138.8	\$10.19	74%
\$6.3	\$0.47	3%
\$19.1	\$1.41	10%
\$8.9	\$0.66	5%
\$6.8	\$0.50	4%
\$2.2	\$0.16	1%
\$0.0	\$0.00	0%
\$1.2	\$0.09	1%
\$25.5	\$1.87	14%
\$23.4	\$1.72	12%
\$187.7	\$13.78	100%
\$13.78		

1. Market value less debt (including syndicated property debt)
2. All values represent SFC's share, i.e. 83.17% for Gosh Capital and other subsidiary held assets
3. SFC's investment in Harvest Technology Group (ASX:HTG) is included in equities and valued at \$8.9m at 30 June 2022. The value per share used is \$0.066, which is below the \$0.09 closing share price of HTG at 30 June 2022. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.

Appendix II - Group Investments – Property Portfolio

Address	Description	Ownership Structure	Land Size (sqm)	Current Lettable Area (sqm)	SFC Ownership %	SFC Share of Market Value (\$m)	SFC Share of Debt (\$m)	Notional Tax on Capital Gain (\$m)	Net Equity Value After Tax (\$m)
Property used by SFC Operations									
218 Campersic Road, Herne Hill, WA	Delta	SFC Direct	134,305	-	100%	8.0	-	(0.6)	7.4
1305 Hay Street, West Perth, WA	Head Office	SFC Direct	413	-	100%	1.7	-	(0.3)	1.4
						9.7	-	(0.9)	8.8
Rental Properties									
Hometown, 1480 Albany Hwy, Cannington, WA	Bulky Goods	Syndicate	59,319	20,637	25%	18.4	(9.7)	(4.0)	4.7
39 Dixon Rd, Rockingham, Western Australia	Bulky Goods	Gosh Direct	12,047	5,434	83%	11.3	(5.5)	(1.8)	4.0
Tamworth Homespace, Tamworth, NSW	Bulky Goods	Syndicate	31,160	13,050	25%	5.7	-	(1.0)	4.7
Auburn Megamall, 265 Parramatta Road, NSW	Bulky Goods	Gosh Syndicate	24,690	32,348	2%	1.5	-	(0.3)	1.2
Pacific Brisbane Hotel, Brisbane, QLD	Hotel	Syndicate	2,899	7,759	4%	1.0	-	0.1	1.1
Marriott Hotel, Yonkers, New York, USA	Hotel	SFC US Syndicate		17,100	4%	0.8	-	0.1	0.9
Seasons Hotel, Newman, WA	Hotel	Syndicate	29,000	82 rooms	5%	0.3	-	-	0.3
Burlington Hotel, Vermont, USA	Hotel	SFC US Syndicate	64,600	309 rooms	6%	0.9	-	0.1	1.0
Coral Cat Resort, Mackay, QLD	Hotel	Syndicate	9,148	82 rooms	5%	0.2	-	-	0.2
Embassy Suites, Portland, Maine, USA	Hotel	SFC US Syndicate	11,250	11,250	7%	0.7	-	-	0.7
Lot 705 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	62,097		100%	15.5	-	(4.4)	11.1
Willung Rd, Rosedale, Victoria	Industrial	Howe Direct	510,530	9854	83%	2.9	-	(0.7)	2.2
Torrens Rd, St Clair, SA	Industrial	Syndicate	29,707	15011	8%	0.7	-	-	0.7
IBM Centre, 1060 Hay Street, West Perth, WA	Office	Syndicate	1607	1065	50%	13.8	(7.6)	(3.5)	2.7
6 Centro Avenue, Subiaco, WA	Office	Syndicate	3488	1098	35%	1.5	-	(0.1)	1.4
7 Turner Avenue, Bentley, WA	Office	Syndicate	3600	4198	5%	0.8	-	(0.1)	0.7
Albany Road Real Estate Partners Fund III	Office	SFC US Syndicate			1%	0.7	-	-	0.7
Albany Road Solana, Westlake, Texas, USA	Office	SFC US Syndicate	82,677	33,527	<1%	0.1	-	-	0.1
Albany Road Breck Exchange, Georgia, Atlanta, USA	Office	SFC US Syndicate	235,284	51,824	<1%	0.1	-	-	0.1
The Residences at Lakeview, Tennessee, USA	Residential	SFC US Syndicate	13,400	833 units	6%	2.8	-	(0.2)	2.6
The Residences at Bella Vista, St Louis, Missouri, USA	Residential	SFC US Syndicate	15,400	756 units	4%	1.5	-	-	1.5
Pier 5350 Apartments, Jacksonville, Florida, USA	Residential	SFC US Syndicate	89,000	43,200	7%	1.6	-	(0.1)	1.5
33 Glendale Crescent, Jandakot, WA	Residential	SFC Direct	10,000		100%	1.2	(1.4)	-	(0.2)
Parks Shopping Centre, Bunbury, WA	Retail	Syndicate	30,804	10,622	17%	7.7	(3.8)	-	3.9
						91.7	(28.0)	(15.9)	47.8

* All values represent SFC's share, i.e. 83.17% for Gosh Capital and other subsidiary held assets

Appendix II - Group Investments – Property Portfolio

Address	Description	Ownership Structure	Land Size (sqm)	Current Lettable Area (sqm)	SFC Ownership %	SFC Share of Market Value (\$m)	SFC Share of Debt (\$m)	Notional Tax on Capital Gain (\$m)	Net Equity Value (\$m)
Development Sites									
Lot 706 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	449,639		100%	40.0	(1.0)	(9.8)	29.2
Lot 704 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	32,442		100%	10.5	-	(3.0)	7.5
170 Flynn Drive, Neerabup, WA	Industrial	Syndicate	260,000		20%	3.4	(1.0)	-	2.4
Belmore Rd, Punchbowl, NSW	Industrial	Syndicate	11,552		11%	1.4	-	(0.1)	1.3
Lot 561 Paris Road, Australind, WA	Industrial	Gosh - Unit Trust	12,000		4%	0.3	-	-	0.3
61 Ashford Avenue, Milperra NSW	Industrial	SFC Direct	20,000		3%	0.9	-	-	0.9
Bennett Avenue, North Coogee, WA	Residential	Gosh Direct	21,035		83%	5.3	-	(0.1)	5.2
South Ocean Real Estate Fund III	Residential	SFC US Syndicate			1%	0.6	-	-	0.6
South Ocean Real Estate Fund V	Residential	SFC US Syndicate			1%	0.5	-	0.1	0.6
Part Lot 602 Yanchep Beach Road, WA	Residential	Gosh - Unit Trust	42,600		3%	0.2	-	-	0.2
Lot 39A Kenmure Avenue, Bayswater, WA	Residential	Syndicate	5,653		50%	1.6	-	-	1.6
40-250 Railway Parade, West Leederville, WA	Residential	Syndicate	1,970		27%	1.8	-	-	1.8
370 -374 Oxford St, Mount Hawthorn, WA	Residential	Syndicate	7,498		27%	0.1	-	(0.2)	(0.1)
35 Glendale Crescent, Jandakot, WA	Residential	SFC Direct	6,504		100%	0.8	-	-	0.8
						67.4	(2.0)	(13.1)	52.3
Total SFC Property Value						168.8	(30.0)	(29.9)	108.9

* All values represent SFC's share, i.e. 83.17% for Gosh Capital and other subsidiary held assets