Schaffer Corporation Limited

22 September 2026

ASX Market Announcements Office
Australian Securities Exchange Limited

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2026 Annual Report

Please find attached the 2026 Annual Report for Schaffer Corporation Limited (ASX: SFC)

Yours sincerely

Jason Cantwell
Company Secretary

Authorised for release by SFC's Board of Directors

Schaffer Corporation Limited

ANNUAL REPORT 26

SCHAFFER CORPORATION LIMITED ABN 73 008 675 689

CONTENTS

SCHAFFER CORPORATION LIMITED

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ANNUAL REPORT

30 June 2026

ABOUT SCHAFFER CORPORATION

A diversified Australian industrial and investment company

Schaffer Corporation Limited (SFC) is a diversified industrial and investment company with core operating divisions in Manufacturing (Automotive Leather and Building Materials) and Investments. Originally incorporated in 1955, the company was first listed on the Australian Securities Exchange (ASX) in 1963 and currently employs around 1,000 employees globally.

The Automotive Leather division is a world-class, globally competitive automotive leather producer, supplying quality interior leather products to such household brands as Land Rover, Audi, Mercedes, Porsche, Chery, and Ford. The division operates leather processing and finishing operations in Slovakia and Australia. Component cutting plants are located in Slovakia and China. Exports account for virtually all sales.

The Building Materials division comprises Delta Corporation which manufactures a range of custom made precast and prestressed concrete floor, beam and wall products, including TeeRoff bridge beams, for major infrastructure, building and resources projects in Australia.

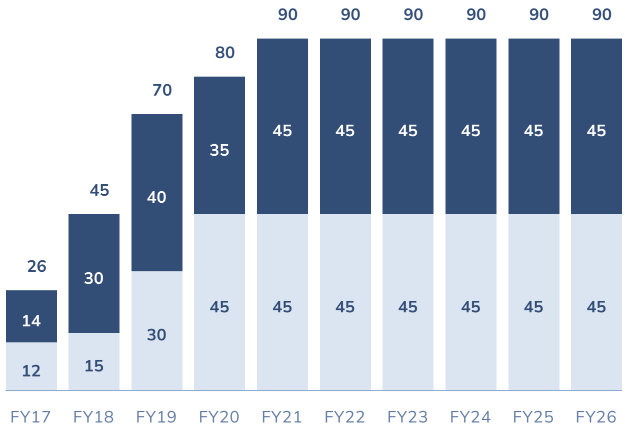
SFC's investment portfolio comprises Group Investments and South Connect Jandakot and represents a growing proportion of the Group's underlying assets and valuation.

The Group's largest property, South Connect Jandakot, is in Western Australia and is being developed into an institutional grade master-planned logistics estate.

The Group Investments division comprises a portfolio of various property and equity investment interests, including a bulky goods property at Rockingham, Western Australia, and various syndicated interests in commercial, industrial, hotel, retail and residential properties across Australia and the United States.

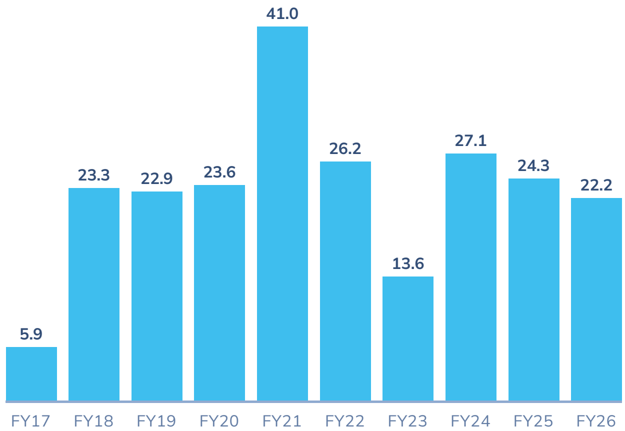
Schaffer Corporation has a proud history of paying a dividend in every one of the past 63 years since it was originally listed as Calsil Ltd in 1963. Over the past 5 years, the company has paid approximately $61 million in fully franked dividends to shareholders.

Shareholder dividends



Interim dividend (cents per share) · Final dividend (cents per share)

10-year NPAT ($M)

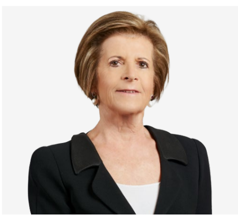


1. Including the discontinued operations of the Building Products division sold in FY18.

Board of directors

John Schaffer AM
Chairman and Managing Director

Anton Mayer
Executive Director



Danielle Blain AM
Non-executive Director

David Schwartz
Independent Director

Michael Perrott AM
Independent Director

Executive Management Team

John Schaffer AM

BCom(Hons), FCPA

Mr Schaffer joined the Group in 1972 and has held the positions of Managing Director since 1987 and Chairman since 1988.

Anton Mayer

Mr Mayer joined the Group in 1998. In 2001, Mr Mayer joined the Board of Schaffer Corporation Limited and he is currently Executive Chairman of Howe Automotive Limited.

Ralph Leib

BComm, BAcc

Mr Leib joined the Group in 2016 and was promoted to Chief Financial Officer in July 2017 and Chief Executive Officer of the Automotive Leather division in 2025.

Dan Birks

BAgrSc, MBA

Mr Birks joined the Group in 2000 and was promoted to General Manager of Howe Automotive Limited in 2016.

Jason Walsh

B Bus, MBA

Mr Walsh joined the Group in 1999 and was promoted to the position of General Manager of Delta Corporation Limited in 2009.

Jason Cantwell

BBus(Acc), CPA, MBA, GIA(Affiliated)

Mr Cantwell joined the Group in 2011 as Group Financial Controller and Company Secretary.

Managing Director's Report

Key Financial Indicators	2026	2025	2024	2023	2022	2021
Revenue ($ millions)	**202.7**	229.7	226.2	183.6	170.4	196.3
Net profit after tax and minority interests ($ millions)	**22.2**	24.3	27.1	13.6	26.2	41.0
Earnings per share	**$1.63**	$1.78	$1.99	$1.00	$1.91	$3.01
Ordinary dividend per share	**$0.90**	$0.90	$0.90	$0.90	$0.90	$0.90

Financial Performance

($ million)	1H26	2H26	FY26	FY25	$ Change
Revenue from:					
Automotive Leather	**81.2**	**95.1**	**176.3**	185.5	(9.2)
Delta	**6.1**	**7.8**	**13.9**	31.6	(17.7)
Group Investments	**5.8**	**5.8**	**11.6**	11.7	(0.1)
South Connect Jandakot	**0.4**	**0.5**	**0.9**	0.9	–
Total revenue	**93.5**	**109.2**	**202.7**	229.7	(27.0)
NPAT[1] from:					
Automotive Leather	**4.6**	**7.2**	**11.8**	16.3	(4.5)
Delta	**(0.3)**	**(1.0)**	**(1.3)**	4.9	(6.2)
Manufacturing NPAT[1]	**4.3**	**6.2**	**10.5**	21.2	(10.7)
Group Investments	**2.4**	**2.1**	**4.5**	3.3	1.2
South Connect Jandakot	**0.2**	**10.4**	**10.6**	3.0	7.6
Corporate	**(1.9)**	**(1.5)**	**(3.4)**	(3.2)	(0.2)
Statutory NPAT[1]	**5.0**	**17.2**	**22.2**	24.3	(2.1)
EPS			**163.5¢**	178.5¢	
Ordinary dividends (fully franked)			**90¢**	90¢	

1. Net profit after tax and minority interests.

Schaffer Corporation Limited (ASX: SFC) reported another good year with FY26 full year statutory net profit after tax (NPAT) of $22.2 million (FY25: $24.3 million).

Following a challenging first half for the manufacturing divisions, Automotive Leather recovered well with a strong performance in the second half. Automotive Leather has won a new program in Europe with Jaguar Land Rover and new programs in China with Chery and Mercedes. This bodes well for FY27.

Delta had a difficult year but ended the financial year with a strong order book. This should lead to a profitable 1H27.

South Connect Jandakot reached an exciting milestone, commencing construction of its first large building of 13,500 square metres (nearly 3.5 acres) in February 2026. South Connect Jandakot is a valuable Group asset which was revalued on 30 June 2026 and recorded an after-tax unrealised revaluation gain of approximately $10.2 million. The site's Master Plan continues to be optimised to maximise the long-term opportunity of this asset.

The Group's Investment Portfolio's pre-tax, net equity value increased to $240.9 million (FY25: $227.3 million) representing $17.76 per share (FY25: $16.73 per share).

The Board has declared a final fully franked dividend of $0.45 per share, matching last year's final dividend.

Automotive Leather

Automotive Leather had a much improved second half with sales rebounding 17% to $95.1 million (1H26: $81.2 million). NPAT also recovered strongly, increasing 57% to $7.2m (1H26: $4.6m). The first half results were affected by a cyberattack at Jaguar Land Rover which temporarily halted their production for around two months. First half NPAT was also impacted by new program launches with higher design complexity. These production processes have now stabilised.

Profits during the second half versus the first half of FY26 were negatively impacted by a strong Australian dollar versus Euro, our main currency for sales. These losses were partially offset by a weaker Australian dollar versus the US dollar, our main currency for costs.

During the second half, multiple automation projects commenced, positively driving production efficiencies. Automotive Leather will continue investing in automation to maximise production efficiency.

Automotive Leather has won a new program in Europe with Jaguar Land Rover and new programs in China with Chery and Mercedes

Delta

Delta incurred a loss of ($1.3 million) after last year's excellent NPAT of $4.9 million. Compared to the past few years, the West Australian government spending on large civil infrastructure projects decreased significantly, coinciding with continued subdued private sector projects. This combination resulted in fewer projects, more competition, and lower margins.

Delta finished the financial year with a strong order book, and we expect Delta's performance to be positive for the first half of FY27.

Investments

SFC's Total Investment portfolio comprises Group Investments and South Connect Jandakot and represents a growing proportion of the Group's underlying assets and valuation.

The pre-tax, net equity value of the total investment portfolio increased to $240.9 million, $17.76 per share. This compares to the June 2025 value of $227.3 million or $16.73 per share. The growth relates primarily to the increasing value of South Connect Jandakot. Our equity investment valuations also increased, partially offset by lower valuations in our multi-family property investments in the US.

Approximately 75% of Total Investment pre-tax net equity value[2] ($180.4 million) is property, the largest being South Connect Jandakot ($103.1 million) with other property of $77.3 million. Most of the property assets are value-add, focusing on potential medium-to-long-term capital gains. A further 19% of SFC's Total Investment pre-tax net equity value[2] ($39.8 million) is invested in cash deposits and highly liquid equities with a bias towards quality and value, through internally managed SFC Global equity funds and externally managed equity funds.

We continue to grow Group Investments opportunistically with the objective of maximising shareholder value over the medium and long-term.

Pre-tax net equity value[2]

	June 2026	June 2025	**June 2026**	June 2025
	$m	$m	**$/Share**	$/Share
South Connect Jandakot	**103.1**	88.0	**7.60**	6.48
Other property investments	**77.3**	75.8	**5.70**	5.58
Equity investments at market value[3]	**40.2**	36.1	**2.96**	2.66
Cash, term deposits and fixed income	**20.3**	27.4	**1.50**	2.01
Overall investment portfolio	**240.9**	227.3	**17.76**	16.73

2. Group share of fair value less Group share of debt.

3. SFC's investment in Nodestream Limited (ASX: NS1) [previously Harvest Technologies Limited (ASX: HTG)] is included using a value per share of $0.0033, which is below the $0.01 closing share price of NS1 at 30 June 2026. The discount to the closing price takes into consideration the significant volume of NS1 shares held by the Group.

Group Cash Flow and Net Debt

Net Debt* increased $7.5 million during the financial year, from $32.9 million to $40.4 million. The Group generated cash of $22 million, and during the year invested:

- $6.6 million in the development at South Connect Jandakot,
- $3.4 million mainly in other property investments, and
- $5.2 million in manufacturing capital expenditures.

Group Net Debt ($ millions)

Net (Debt)/Cash*	Automotive Leather	Delta	SFC Investments	South Connect Jandakot	Syndicated Investment Properties	Gosh Capital	Total
June 2026	**(11.7)**	**(1.5)**	**18.0**	**(18.3)**	**(20.1)**	**(6.8)**	**(40.4)**
June 2025	(16.0)	(1.9)	24.0	(12.2)	(20.6)	(6.2)	(32.9)
(Increase)/decrease in net debt	**4.3**	**0.4**	**(6.0)**	**(6.1)**	**0.5**	**(0.6)**	**(7.5)**

* Net Debt presented excludes (1) $18.2m (June 25: $18.0m) of lease liabilities previously classified as operating leases prior to the adoption of AASB 16 on 1 July 2019; and (2) cash held by the SFC Global equity funds.

Sustainability

Schaffer Corporation is committed to working sustainably by caring for our people, the environment, and the long-term future of our businesses. The Group has sustainability goals to focus and reinforce our effort in this regard (refer page 16).

The Group's goals are based on 5 of the United Nations (UN) Sustainable Development Goals being good health and well-being, reducing inequality, responsible consumption and production, climate action, and life on land.

Dividends

Schaffer Corporation's long-standing policy is to pay dividends to its shareholders. On an ongoing basis, the directors manage the proportion of earnings paid out as dividends. The Board has regard to capital expenditure requirements, investment opportunities, liquidity needs and the availability of franking credits. We also reflect on prevailing economic conditions and uncertainty in setting dividends.

For the 2026 financial year, Schaffer Corporation has declared fully franked dividends totalling $0.90 per share, which is the same as the prior year.

This year's Annual General Meeting will be held on Wednesday, 18 November 2026, at which time I will provide a further update on the outlook for the 2027 financial year.

JOHN M SCHAFFER AM
Managing Director

Non-IFRS measures

Schaffer Corporation results are reported under Australian Accounting Standards and 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.

The following are non-IFRS measures that are important to management as additional means to evaluate the Group's performance:

Net Debt excluding lease liabilities for leases that would have been classified as operating leases is calculated as follows:

The directors believe that the presentation of non-IFRS financial information is useful for investors as the measures are utilised by the Group for rewarding performance and they reflect the underlying performance of the businesses.

Net debt excluding lease liabilities for leases that would have been classified as operating leases prior to the adoption of AASB 16 on 1 July 2019 is used to assist the understanding of the composition of Net Debt.

Non-IFRS financial information has been derived from the audited financial statements.

	As at	
	June 2026	June 2025
	$'000	$'000
Interest-bearing loans and borrowings	**68,979**	72,888
Lease liabilities (IFRS)	**25,294**	24,094
Less lease liabilities relating to leases previously classified as operating leases	**(18,204)**	(17,994)
Gross debt excluding lease liabilities relating to leases previously classified as operating leases	**76,069**	78,988
Less cash and cash equivalents (IFRS)	**(43,398)**	(40,048)
Less other financial assets - term deposits over 90 days	**(7,200)**	(16,690)
Add back cash and cash equivalents - controlled funds	**14,986**	10,625
Net debt excluding lease liabilities for leases previously classified as operating leases prior to the adoption of AASB 16	**40,457**	32,875

Automotive Leather

Schaffer Corporation owns 83% of the Automotive Leather division, which produces high-quality leather for the global automotive industry.

Production facilities are located globally to separately service both the European and Asian markets; for Europe, the leather finishing and cutting are located together in Kosice, Slovakia; for Asia, the leather finishing is located at the head office site in Thomastown, Victoria, and the cutting in Shanghai, China.

The division's global footprint provides a local presence in the key European and Asian automotive markets. This allows the Automotive Leather division to be close to its key customers and provides the opportunity to be competitive and responsive in a highly demanding global environment.

Our European operation has strong partnerships with Audi, Jaguar Land Rover (JLR), Mercedes, and Porsche. In China we have relationships with Chery (JLR), Mercedes, Ford and several local New Energy Vehicle manufacturers.

All products are sold in foreign currency and translated back to Australian Dollars for financial reporting purposes. Fluctuations in the Euro, US Dollar and Chinese Renminbi against the Australian Dollar can have a significant impact on the financial performance of the Automotive Leather division, and accordingly when appropriate, management utilises hedges to manage these risks.

Feature Project

Freelander 8

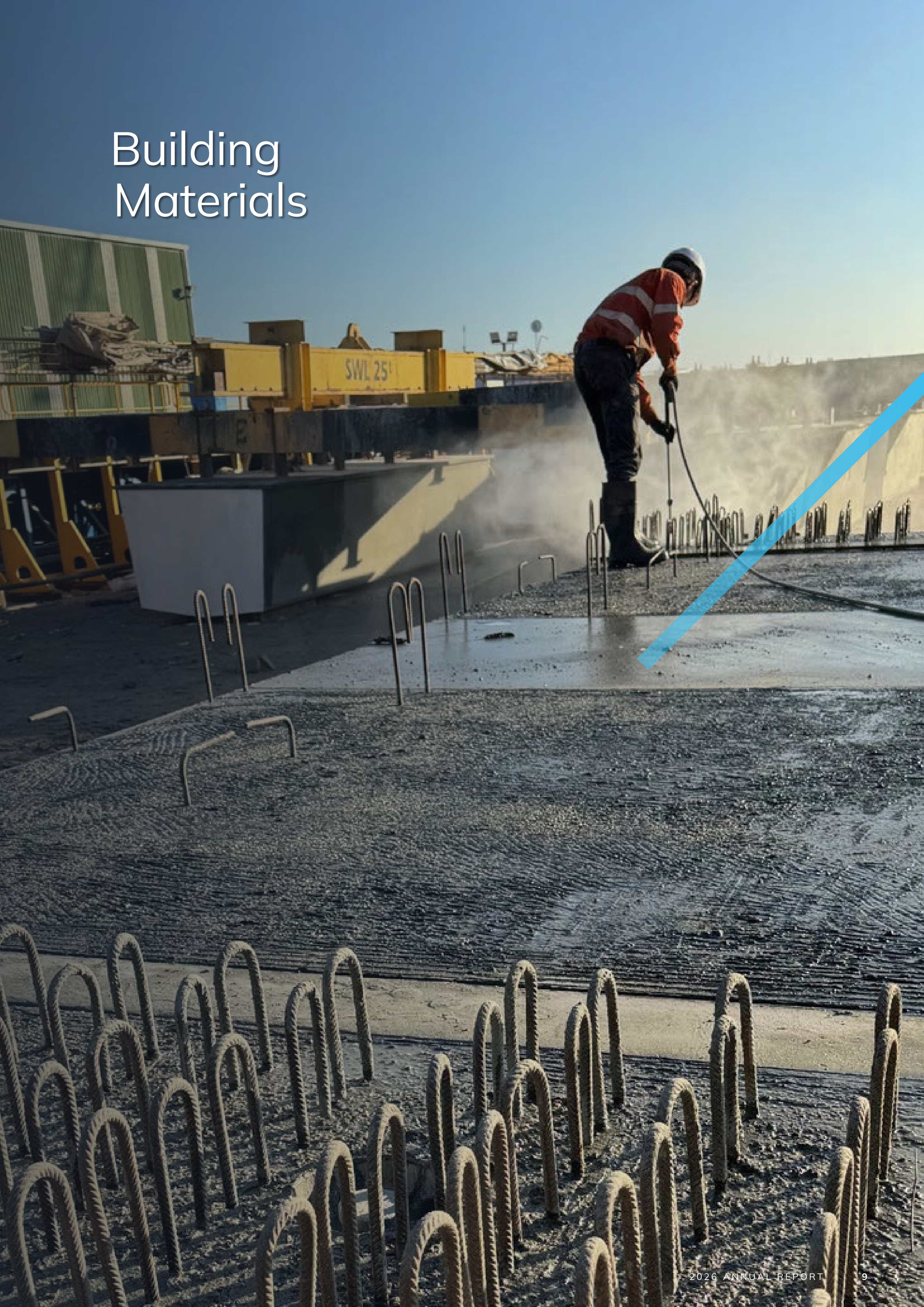
The Automotive Leather division is proud to have been nominated as the supplier of leather for the Freelander 8 in China.

The Freelander 8 is an upcoming large, electrified SUV born from a joint venture between Jaguar Land Rover (JLR) and Chinese automotive giant, Chery. While JLR has broken down its traditional line-up into standalone sub-brands (Range Rover, Defender, and Discovery), it has revived the historic Freelander nameplate as a completely standalone global brand focused exclusively on new-energy vehicles.

The brand is positioned as a premium, technology-focused SUV line for global markets, pairing British design cues, such as the Freelander 8's triangular rear quarter window and upright "castle body" stance, with Chinese-developed EV and hybrid engineering.

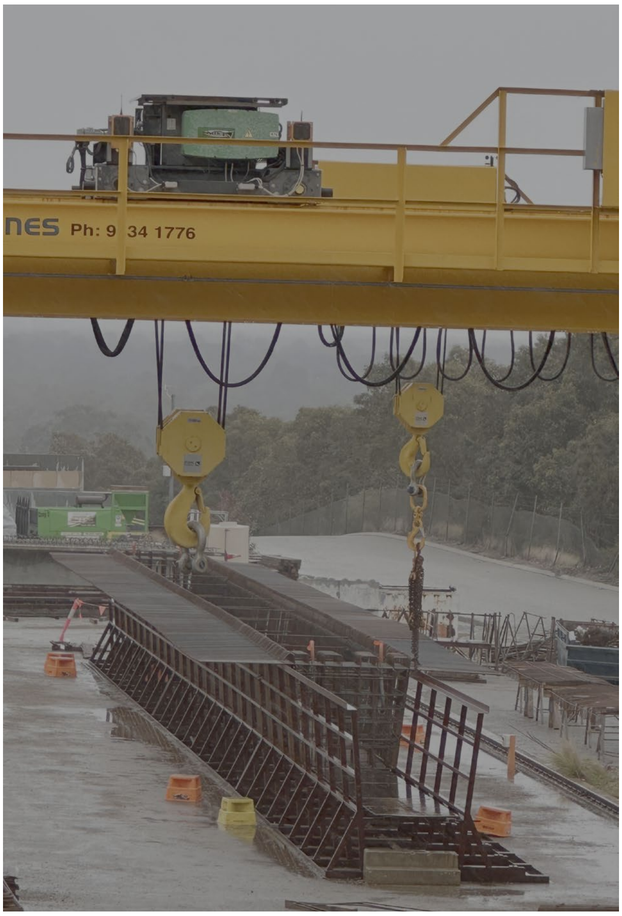
The vehicle is scheduled to make its official market entry in China in the second half of calendar 2026 with global intentions to follow.

Building Materials



With a slow-down in the State Government pipeline of new project work, Metronet projects nearing completion, and a number of private projects being re-evaluated, the value of work in the market dropped by 43% to $20.2 billion in September 2025 resulting in Delta having to compete strongly for the remaining work. Overall, the team did well to minimise the impact of lower revenues. During the financial year Delta completed a variety of projects including some architectural wall panels for Garden Island, sleepers for Sino Iron Ore, columns and beams for Hale School building, stunning arch way panels for a private residence in Peppermint Grove, and commencement of the New Women and Babies Hospital in Murdoch.

During the second half of financial year 2026, the construction market saw a modest rise in the value of new work. This resulted in a noticeable increase in the level of enquiries. During this time, Delta worked with several contractors to secure key projects, such as the New Women and Babies Hospital, and ended the financial year with a strong order book.



Feature Project

Forrest Street Archway Panels

The Forrest Street archway panels in Peppermint Grove are an elegant example of what can be done with architectural precast concrete. The designer had a vision for the development which, due to its complexity, could only be achieved using precast concrete. The bespoke nature and unusual shape of the precast required special purpose-built moulds as well as a unique engineered lifting and handling design.

Delta began working with the architects early in the project, creating an actual 3D printed model of the arch way panels to understand what the intersection of the two arches occurring in different planes would look like in the single precast element. This assisted greatly in the development of complex steel moulding and the engineering design of the lifting, transportation, and handling equipment that would be required to deliver and install the product without breaking the slender column sections of the element.

The finished product has been successfully installed and whilst still under construction, the quality, scale and grandeur of the development is clear to all that have been involved with this unique project.

South Connect Jandakot

SOUTH CONNECT JANDAKOT

South Connect Jandakot's valuation increased by $21.2 million to $121.4 million (June 2025: $100.2m). The $21.2 million increase reflects $14.6 million from the revaluation of land and $6.6 million of capital expenditure. Debt utilised to 30 June 2026 is $18.3 million. The pre-tax net equity value on 30 June 2026 is $103.1 million.

South Connect Jandakot is an institutional grade master-planned estate, well located to benefit from the increased demand for logistic and "last-mile" warehousing. The estate features approximately 34 hectares of net developable area which could ultimately equate to buildings of over 150,000 square metres of gross leasable area. Perth is currently experiencing historically low vacancies for industrial tenancies and South Connect is well positioned to compete.

Construction of the first building commenced during February 2026. It will be approximately 13,500 square metres of warehouse/offices, on approximately 27,000 square metres of land, across three tenancies. Each tenancy will have its own office, a 38 metre wide private service yard, and 10 metre awning suitable for B-double trucks.

The total building cost is expected to be around $22 million, including costs of fire tanks and roadways which will be shared with adjoining warehouse development. Work on the new warehouse is expected to be completed towards the end of the first quarter of calendar 2027. We are currently marketing this space.

Image: First warehouse under construction.

Group Investments

GROUP INVESTMENTS

The objective of Group Investments is to maximise shareholders' value over the medium to long-term through SFC's access to investment opportunities and investing in businesses and people with proven track records. The investment approach remains flexible and opportunistic.

The pre-tax net equity value of Group Investments ended the financial year at $240.9 million (FY25: $227.3 million) or $17.76 per share (FY25: $16.73 per share). Over 9 years, the pre-tax net equity value of Group Investments has increased by $145.4 million, an annual compounded increase of 10.8% per year. This increase was achieved after having paid out $88 million of fully franked dividends and having bought back around $9 million in shares.

Figures on the following table represent fair values.

Portfolio Summary

Pre-tax net equity value[1,2]	FY17 ($m)	FY18 ($m)	FY19 ($m)	FY20 ($m)	FY21 ($m)	FY22 ($m)	FY23 ($m)	FY24 ($m)	FY25 ($m)	FY26 ($m)	FY26 per share	FY26 % of portfolio
Property: Used by SFC Operations	$19.6	$11.4	$11.4	$9.7	$9.7	$9.7	$10.0	$10.1	$10.0	$12.1	$0.9	5%
South Connect - Jandakot	$10.3	$37.2	$37.2	$45.2	$45.2	$65.0	$65.3	$82.1	$88.1	$103.1	$7.6	43%
- Jandakot leased to Brickworks	$0.0	$11.2	$11.2	$12.2	$12.2	$15.5	$15.5	$19.8	$23.3	$24.5	$1.8	10%
- Jandakot – Development[4]	$10.3	$26.0	$26.0	$33.0	$33.0	$49.5	$49.8	$62.3	$64.8	$78.6	$5.8	33%
Property: Rental Income	$19.9	$26.3	$28.7	$36.7	$45.7	$48.2	$51.1	$51.9	$55.0	$52.8	$3.9	22%
- Retail / Bulky Goods	$13.1	$16.2	$14.4	$16.4	$21.4	$25.6	$25.8	$27.4	$30.5	$32.6	$2.4	14%
- Industrial	$0.8	$4.1	$3.4	$4.8	$5.9	$3.6	$3.7	$3.8	$4.9	$5.1	$0.4	2%
- Office	$5.3	$5.2	$5.6	$8.3	$10.5	$9.3	$9.7	$9.7	$9.9	$8.3	$0.6	3%
- Hotels	$0.7	$0.8	$3.9	$5.4	$3.7	$4.0	$6.1	$5.3	$6.4	$5.6	$0.4	2%
- Residential	$0.0	$0.0	$1.4	$1.8	$4.2	$5.7	$5.8	$5.7	$3.3	$1.2	$0.1	1%
Property: Development Sites	$14.9	$14.9	$16.5	$13.2	$14.1	$15.9	$15.0	$11.6	$10.7	$12.4	$0.9	5%
- Residential - Development	$11.5	$11.5	$12.3	$10.0	$11.0	$10.9	$11.0	$7.5	$5.7	$7.7	$0.6	3%
- Industrial - Development	$3.4	$3.4	$4.2	$3.2	$3.1	$5.0	$4.0	$4.1	$5.0	$4.7	$0.3	2%
Sub Total: Property	$64.7	$89.8	$93.8	$104.8	$114.7	$138.8	$141.4	$155.7	$163.8	$180.4	$13.3	75%
Equities: Externally Managed	$0.0	$5.1	$6.2	$4.3	$6.5	$6.4	$7.9	$8.4	$9.9	$12.2	$0.9	5%
Equities: Internally Managed	$2.2	$2.4	$10.5	$29.1	$49.9	$19.1	$28.5	$27.9	$26.2	$28.0	$2.1	12%
- Nodestream Limited (ASX: NS1)[3]	$0.0	$0.0	$0.0	$15.9	$26.9	$8.9	$4.4	$2.2	$2.3	$2.1	$0.2	1%
- Updater Inc (US - Unlisted)	$2.2	$2.4	$8.9	$8.2	$10.5	$6.8	$12.1	$11.8	$8.5	$9.7	$0.7	4%
- Hastings Technology Metals (ASX: HAS)	$0.0	$0.0	$1.0	$0.8	$2.0	$2.2	$1.0	$0.2	$0.2	$0.2	$0.0	0%
- Global Portfolio	$0.0	$0.0	$0.0	$0.0	$4.5	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	0%
- Investment in SFC Global Equities Fund	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.7	$10.3	$11.5	$11.9	$0.9	5%
- Investment in SFC Fallen Angels Fund	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1.0	$1.0	$1.0	$0.1	1%
- Other	$0.0	$0.0	$0.6	$4.2	$6.0	$1.2	$1.3	$2.4	$2.7	$3.1	$0.2	1%
Sub Total: Equities	$2.2	$7.5	$16.7	$33.4	$56.4	$25.5	$36.4	$36.3	$36.1	$40.2	$3.0	17%
Cash, Term Deposits & Fixed Income	$28.6	$15.9	$23.9	$24.4	$20.6	$23.4	$8.7	$18.9	$27.4	$20.3	$1.5	8%
Total Net Equity (Pre-Tax)	$95.5	$113.2	$134.4	$162.6	$191.7	$187.7	$186.5	$210.9	$227.3	$240.9	$17.8	100%
Net Equity Per Share (Pre-Tax)	$6.82	$8.18	$9.73	$11.95	$14.04	$13.79	$13.73	$15.53	$16.73	$17.76		

1. Market value less 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 Nodestream Limited (ASX: NS1) [Previously Harvest Technologies Limited (ASX: HTG)] is valued at $2.1 million at 30 June 2026 (2025: $2.3 million). The share price used is $0.0033 (2025: $0.006), which is below the $0.010 closing share price of NS1 at 30 June 2026 (2025: $0.016). The discount to the closing price takes into consideration the significant volume of NS1 shares held by the Group.
4. Jandakot valuation is net of $18.3 million of debt.

GROUP INVESTMENTS

The following table represents the property holdings of the Group:

Address	Description	Ownership Structure	Year Acquired	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 ($m)	Post-Tax Net Equity Value ($m)
Property used by SFC Operations										
218 Campersic Road, Herne Hill, WA	Delta	SFC Direct		134,305	–	100%	10.1	–	(1.3)	8.8
1305 Hay Street, West Perth, WA	Head Office	SFC Direct		413	–	100%	2.0	–	(0.3)	1.7
							12.1	**–**	**(1.6)**	**10.5**
Rental Properties										
Hometown, 1480 Albany Hwy, Cannington, WA	Bulky goods	Syndicate	1998	59,319	20,637	25%	21.6	(9.5)	(5.1)	7.0
39 Dixon Rd, Rockingham, WA	Bulky goods	Gosh Direct	2001	12,047	5,434	83%	13.3	(6.5)	(2.4)	4.4
Tamworth Homespace, Tamworth, NSW	Bulky goods	Syndicate	2019	31,160	13,050	25%	5.9	–	(1.1)	4.8
Auburn Megamall, 265 Parramatta Road, NSW	Bulky goods	Gosh Syndicate	2013	24,690	32,348	1%	1.5	–	(0.3)	1.2
Marriott Hotel, Yonkers, New York, USA	Hotel	SFC US Syndicate	2019		17,100	4%	1.2	–	–	1.2
Burlington Hotel, Vermont, USA	Hotel	SFC US Syndicate	2018	64,600	309 rooms	6%	4.0	–	(0.4)	3.6
Embassy Suites, Portland, Maine, USA	Hotel	SFC US Syndicate	2019	11,250	11,250	7%	0.4	–	0.1	0.5
Lot 705 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	1989	62,097		100%	24.5	–	(6.9)	17.6
Willung Rd, Rosedale, Victoria	Industrial	Howe Direct	1995	510,530	9,854	83%	3.3	–	(0.5)	2.8
Torrens Rd, St Clair, SA	Industrial	Syndicate	2020	29,707	15,011	8%	0.9	–	–	0.9
Howlett St, North Perth, WA	Retail	Syndicate	2024	1,768	1,600	16%	0.9	–	–	0.9
IBM Centre, 1060 Hay Street, West Perth, WA	Office	Syndicate	1995	5,797	8,466	22%	12.4	(7.6)	(3.1)	1.7
6 Centro Avenue, Subiaco, WA	Office	Syndicate	2020	1,607	1,065	50%	1.5	–	(0.4)	1.1
7 Turner Avenue, Bentley, WA	Office	Syndicate	2020	3,488	1,098	35%	0.8	–	(0.1)	0.7
Albany Road Real Estate Partners Fund III	Office	SFC US Syndicate	2020			1%	1.0	–	–	1.0
Albany Road Solana, Westlake, Texas, USA	Office	SFC US Syndicate	2021	82,677	33,527	<1%	0.2	–	–	0.2
33 Glendale Crescent, Jandakot, WA	Residential	SFC Direct	2021	10,000	344	100%	1.5	(0.8)	(0.1)	0.6
35 Glendale Crescent, Jandakot, WA	Residential	SFC Direct	2021	6,504	442	100%	1.1	(0.6)	(0.3)	0.2
Parks Shopping Centre, Bunbury, WA	Retail	Syndicate	1999	30,804	10,622	17%	9.2	(3.9)	(2.2)	3.1
1263 Hay Street West Perth, WA	Retail	Syndicate	2023	516	453	17%	0.7	–	–	0.7
1269 Hay Street West Perth, WA	Retail	Syndicate	2024	440	440	17%	0.3	–	–	0.3
							106.2	**(28.9)**	**(22.8)**	**54.5**
Development Sites										
Lot 706 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	1989	449,639	N/A	100%	85.1	(18.3)	(19.3)	47.5
Lot 704 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	1989	32,442	N/A	100%	11.8	–	(3.3)	8.5
170 Flynn Drive, Neerabup, WA	Industrial	Syndicate	2007	260,000	N/A	20%	5.0	(1.0)	(1.0)	3.0
Lot 561 Paris Road, Australind, WA	Industrial	Gosh Unit Trust	2014	12,000	N/A	4%	0.7	–	(0.1)	0.6
Bennett Avenue, North Coogee, WA	Residential	Gosh Direct	2001	21,035	N/A	83%	1.7	–	(0.3)	1.4
South Ocean Real Estate Fund III	Residential	SFC US Syndicate	2018		N/A	1%	0.2	–	–	0.2
South Ocean Real Estate Fund V	Residential	SFC US Syndicate	2021		N/A	1%	1.1	–	–	1.1
Part Lot 602 Yanchep Beach Road, WA	Residential	Gosh Unit Trust	2014	42,600	N/A	3%	0.3	–	(0.1)	0.2
40-250 Railway Parade, West Leederville, WA	Residential	Syndicate	2021	1,970	N/A	27%	1.6	–	0.1	1.7
214 & 330 Neaves Rd, East Wanneroo, WA	Residential	Syndicate	2025	930,000	N/A	3%	2.0	–	–	2.0
214 & 330 Neaves Rd, East Wanneroo, WA	Residential	Gosh Direct	2025	930,000	N/A	1%	0.8	–	–	0.8
							110.3	**(19.3)**	**(24.0)**	**67.0**
Total SFC Property Value							228.6	(48.2)	(48.4)	132.0

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

Included in SFC's share of debt is $22.1m relating to jointly held properties.

Sustainability

Schaffer Corporation is committed to working sustainably by fair work practices, community support, good environmental practices, and economic values that contribute to the long-term future of our businesses.

The Group is developing a Corporate Social Responsibility (CSR) program aligned with the three pillars of sustainable development – social, economic, and environmental sustainability. Schaffer Corporation is identifying and prioritising the most relevant areas that the Group can positively impact. Five key areas currently identified are:

1. Sound business practices
2. Responsible sourcing
3. Staff wellbeing
4. Health and safety
5. Resource efficiency and carbon footprint

The Group is constantly striving to cultivate change to support society. As an organisation, our greatest challenge is to create products and processes that minimise their negative impact on our planet and protect our people. We remain profitable through investing in our people, products, and planet.

For example, the Automotive Leather division provides its customers with unsurpassed experience of luxury, elegance, and comfort - but beyond its statement, we contribute to ethical business practices, supplier development, sustainable growth and value creation supported by our investment strategies.

The Group's sustainability strategy focuses on the following United Nations (UN) Sustainable Development Goals as described below:

Engaging an all-inclusive and safe workplace

(UN Sustainable Development Goals 3 and 10)

Schaffer Corporation is committed to providing all our employees with a safe and healthy working environment. The Group continues to review and improve occupational health and safety management to improve outcomes. Measures and reporting to the Board includes Lost Time Injury Frequency Rate (LTIFR) and worker's compensation days. Management incentives include successful achievement of targets.

The Group supports diversity initiatives including multiculturalism. The Automotive Leather division has a multicultural workplace enhanced by the need to operate collaboratively over three very different countries – Australia, Slovakia, and China.

Gender diversity is important to the Group. At 30 June 2026, women represented 45% of the Group's workforce, 23% of senior executive positions, and 20% of the Board.

The Group is committed to the eradication of Modern Slavery practices, which includes forced and child labour. The development of our supplier's code of conduct is through the enforcement of our Sustainable Supplier Policy. The Group continues to identify, assess and mitigate all potential risk, in line with its strategies and shareholder interest.

The Automotive Leather division has satisfactorily completed social audits using Sedex Members Ethical Trade Audit (SMETA). Our aim is to gain third party certification to formally demonstrate our compliance with internationally recognised standards.

These sustainability goals are supported by Group policies such as the Code of Ethics, and staff education is used to reinforce the values associated with these goals into the various workplaces.

Responsible Consumption and Production

(UN Sustainable Development Goal 12)

The Group seeks, evaluates, and implements initiatives that minimise water and energy use. For example, solar energy solutions have been implemented across the Automotive Leather and Delta businesses at our Australian and Slovakian manufacturing operations. We have also developed purpose-built energy reduction solutions to reduce our energy consumption requirements for our Automotive Leather operations in Europe during winter. The Automotive Leather division has achieved a 20% volume reduction of annual consumption of water from 2018 to 2026 by using such methods as water recycling for cleaning of spray application lines and maximising the output of each production run to reduce the number of changeovers.

The Automotive Leather division manages waste by investing in new technologies and using machines and processes that help minimise raw material and chemical usage and waste. Delta Corporation recycles concrete product waste through crushing for use in other applications such as road base.

The Automotive Leather division is actively auditing and working with trusted suppliers on tanning processes and chemical manufacturing to develop products that are safer, biodegradable and have less impact on the environment when finishing leather. Supplier collaboration ensures they understand and comply with ZDHC standards (zero discharge of hazardous chemicals).

Delta's Deltacore products use a lower volume of cement, and therefore a lower carbon footprint, than alternatives. Delta is working with architects and designers to encourage incorporation into less common uses such as concrete wall panels. Delta is also actively minimising the volume of cement in the concrete mixes used in the Deltacore products and conducts research and development activities using alternative cement products to lower the embodied carbon in the precast concrete products Delta manufactures.

Climate Action

(UN Sustainable Development Goal 13)

The Automotive Leather division is currently in the process of implementing further strategies to align with OEM's ambition for suppliers to be CO_2-neutral by 2039. This initiative covers all stages of value creation, including the upstream supply chain that Automotive Leather relies on.

Our decarbonisation journey started in 2019 as our baseline, setting in place the medium-term goal to achieve a 25% total reduction in our total CO_2 emissions (Scope 1 and 2) from 2017 to 2025.

The division's Scope 1 and 2 greenhouse gas emissions that cover all greenhouse gases emitted from sources owned and controlled plus indirect emissions that result from the purchase of energy, have successfully been reduced by approximately 36% since 2017.

The division has increased its recycled waste, including packaging, by 45% compared to previous year and is still exploring further opportunities for waste reduction and waste conversion. Examples include repurposing leather offcuts, recycling packaging, converting defective or rejected leather pieces into composite materials.

At South Connect Jandakot, our first warehouse building due for completion in the first quarter of calendar 2027 is being built to a 4 Green Star rating.

Life on Land

(UN Sustainable Development Goal 15)

Our Automotive Leather division has trusted partnerships with hide suppliers around the world and animal welfare is one of the main criteria in selecting our leather suppliers. We oppose animal cruelty, and the Group works with suppliers that adhere to various certifications and meet the requirements of various welfare regulations such as SENASA directive, FSIS Directive 9200, and regulation 1099/2009 for animal protection. The division sources a portion of its hides from New Zealand which is rated at “A”, the highest rating on the Animal Protection Index.

Supply Chain transparency from farm to automotive cut parts is important for maintaining brand reputation but also for avoidance of animal welfare issues, deforestation, forced or child labour issues, and to demonstrate a best practice and compliant supply chain to our customers. The Automotive Leather division has implemented robust traceability systems for each batch of hides. Our strategic aim is to achieve 100% traceability of crust leather to the animals’ birth farms, ensuring full transparency and accountability across the supply chain. Currently, approximately 90% of crust leather is traceable to farms.

Automotive Leather has also conducted comprehensive Life Cycle Assessment (LCA) on our products to assess the potential for environmental impacts associated with the production of our leather throughout the entire production life cycle. This has allowed the identification of factors that can contribute to lowering our carbon footprint. This includes factors influenced by the tannery and chemical suppliers, and our own leather finishing methods including energy consumption and waste treatment, and transport factors such as fuel consumption and packaging. Environmental considerations play an integral role in the way we source our materials, manufacture our products, and deliver to customers.

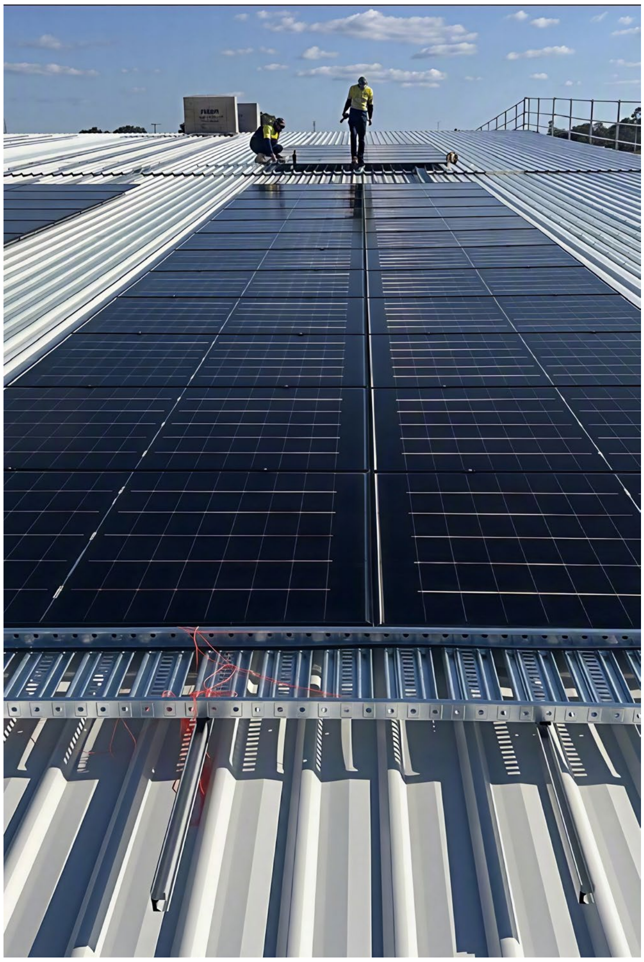


Image: Rooftop solar installation at the Group’s South Connect Jandakot estate, currently under construction.

SCHAFFER CORPORATION LIMITED

ABN 73 008 675 689

FINANCIAL REPORT

30 June 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2026

		Consolidated	
		2026	2025
	Note	$'000	$'000
Revenue			
Revenue from contracts with customers	2.2.1	**191,447**	218,847
Rental income	2.2.2	**7,999**	7,636
Dividends and distributions		**1,237**	1,398
Finance income	2.2.3	**2,017**	1,829
Total Revenue		**202,700**	229,710
Cost of sales and services rendered		**(163,899)**	(169,732)
Rental property expenses	2.2.2	**(4,159)**	(3,900)
Gross profit		**34,642**	56,078
Share of profit in equity accounted investments	7.3	**844**	848
Other income	2.2.4	**18,171**	2,259
Marketing expenses		**(663)**	(457)
Administrative expenses		**(14,505)**	(15,639)
Profit before tax and finance costs		**38,489**	43,089
Finance costs	2.2.3	**(3,542)**	(3,579)
Profit before income tax		**34,947**	39,510
Income tax expense	4.1	**(10,116)**	(11,671)
Net profit for the period		**24,831**	27,839
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gain attributable to parent		**(1,811)**	1,476
Items that may not be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gain attributable to non-controlling interest		**(250)**	260
Other comprehensive income for the period, net of tax		**(2,061)**	1,736
Total comprehensive income for the period		**22,770**	29,575
Profit for the period is attributable to:			
Non-controlling interest	6.6.3	**2,654**	3,582
Owners of the parent	6.6.2	**22,177**	24,257
		24,831	27,839
Total comprehensive income for the period attributable to:			
Non-controlling interest		**2,404**	3,842
Owners of the parent		**20,366**	25,733
		22,770	29,575
Earnings per share (EPS)			
Basic EPS	2.4(a)	**163.5¢**	178.5¢
Diluted EPS	2.4(b)	**163.5¢**	178.5¢
Dividends paid per share		**90.0¢**	90.0¢

The above Consolidated Statement of Comprehensive Income should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2026

		Consolidated	
		2026	2025
	Note	$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.1	**28,412**	29,423
Cash and cash equivalents - controlled equity funds*	3.1.1, 5.3	**14,986**	10,625
Trade and other receivables	3.1.2	**44,817**	45,234
Current tax assets		**–**	103
Inventories	3.1.7	**43,627**	46,542
Contract assets	3.1.6	**3,455**	1,667
Prepayments and deposits	3.1.3	**6,510**	5,554
Financial assets at fair value through profit or loss	5.1	**13,995**	15,732
Other financial assets	5.1	**10,073**	16,742
Total current assets		**165,875**	171,622
Non-current assets			
Inventories	3.1.7	**928**	892
Contract assets	3.1.6	**938**	1,643
Financial assets at fair value through profit or loss	5.1	**42,258**	42,310
Other financial assets	5.1	**2,683**	3,124
Property, plant and equipment	3.1.8	**19,125**	20,756
Investment properties	3.1.9	**190,141**	169,014
Right-of-use assets	3.1.10	**29,003**	29,174
Equity accounted investments	7.3	**8,577**	8,205
Deferred income tax asset	4.2	**4,962**	5,718
Goodwill		**1,299**	1,299
Total non-current assets		**299,914**	282,135
Total assets		**465,789**	453,757
LIABILITIES			
Current liabilities			
Trade and other payables	3.1.4	**29,450**	29,602
Contract liabilities	3.1.6	**3,810**	1,007
Interest-bearing loans and borrowings	5.4	**22,495**	21,792
Lease liabilities	3.1.10	**6,468**	5,742
Financial liabilities at fair value through profit or loss	5.2	**15,186**	14,266
Income tax payable		**140**	1,255
Provisions	3.1.5	**10,981**	10,622
Total current liabilities		**88,530**	84,286
Non-current liabilities			
Interest-bearing loans and borrowings	5.4	**46,484**	51,096
Lease liabilities	3.1.10	**18,826**	18,352
Deferred income tax liabilities	4.2	**40,569**	36,672
Provisions	3.1.5	**10,360**	11,078
Total non-current liabilities		**116,239**	117,198
Total liabilities		**204,769**	201,484
Net assets		**261,020**	252,273
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	6.6.1	**9,398**	9,925
Reserves	6.6.2	**4,458**	6,269
Retained earnings	6.6.2	**232,006**	222,061
Total parent entity interest in equity		**245,862**	238,255
Non-controlling interests	6.6.3	**15,158**	14,018
Total equity		**261,020**	252,273

The above Consolidated Statement of Financial Position should be read with the accompanying notes.

* The consolidated financial statements include equity funds controlled by the Group. Refer to note 5.3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2026

	Attributable to Equity Holders of the Parent							
			Reserves					
	Issued capital	Retained earnings	Asset revaluation reserve	Share based payment - EPUs	Foreign currency translation	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2025	**9,925**	**222,061**	**2,585**	**(589)**	**4,273**	**238,255**	**14,018**	**252,273**
Profit for the year	**–**	**22,177**	**–**	**–**	**–**	**22,177**	**2,654**	**24,831**
Other comprehensive income	**–**	**–**	**–**	**–**	**(1,811)**	**(1,811)**	**(250)**	**(2,061)**
Total comprehensive income for the year	**–**	**22,177**	**–**	**–**	**(1,811)**	**20,366**	**2,404**	**22,770**
Transactions with owners in their capacity as owners:								
Shares acquired under buy-back scheme	**(527)**	**–**	**–**	**–**	**–**	**(527)**	**–**	**(527)**
Equity dividends	**–**	**(12,232)**	**–**	**–**	**–**	**(12,232)**	**(1,264)**	**(13,496)**
At 30 June 2026	**9,398**	**232,006**	**2,585**	**(589)**	**2,462**	**245,862**	**15,158**	**261,020**
At 1 July 2024	9,781	210,036	2,585	(589)	2,797	224,610	13,542	238,152
Profit for the year	–	24,257	–	–	–	24,257	3,582	27,839
Other comprehensive income	–	–	–	–	1,476	1,476	260	1,736
Total comprehensive income for the year	–	24,257	–	–	1,476	25,733	3,842	29,575
Transactions with owners in their capacity as owners:								
Employee share options exercised	144	–	–	–	–	144	–	144
Equity dividends	–	(12,232)	–	–	–	(12,232)	(3,366)	(15,598)
At 30 June 2025	9,925	222,061	2,585	(589)	4,273	238,255	14,018	252,273

The above Consolidated Statement of Changes in Equity should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2026

	Note	Consolidated 2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers		**189,365**	210,404
Payments to suppliers and employees		**(166,013)**	(180,203)
Interest received		**1,576**	1,575
Dividends and distributions received		**1,197**	1,632
Other revenue received		**7,735**	7,142
Government subsidies		**94**	247
Interest paid		**(3,447)**	(3,578)
Income taxes paid		**(6,483)**	(7,439)
Goods and services tax paid		**(147)**	170
Net cash from operating activities	**3.1.1**	**23,877**	29,950
Cash flows from investing activities			
Investments in term deposits		**(7,200)**	(30,190)
Proceeds on maturity of term deposits		**16,690**	13,680
Acquisition of property, plant and equipment		**(5,428)**	(5,759)
Proceeds on sale of property, plant and equipment		**102**	–
Improvements to investment properties		**(6,915)**	(2,818)
Acquisition of non-current financial assets at fair value through profit or loss		**(1,488)**	(2,742)
Capital returns from financial assets at fair value through profit or loss		**1,703**	2,071
Acquisition of non-current financial assets at amortised cost		**(1,873)**	(729)
Disposal of financial assets at amortised cost – loans receivable		**–**	35
Purchase of equity accounted investments		**–**	(770)
Settlement of derivative financial instruments		**854**	(747)
Acquisition of current financial assets at fair value through profit or loss - controlled equity funds		**(26,309)**	(31,967)
Proceeds on disposal of current financial assets at fair value - controlled equity funds		**28,553**	35,541
Net cash used in investing activities		**(1,311)**	(24,395)
Cash flows from financing activities			
Proceeds from borrowings		**6,044**	16,060
Repayment of borrowings		**(8,074)**	(5,039)
Lease principal repayments		**(7,137)**	(6,155)
Lease principal receipts		**4,028**	2,666
Dividends paid		**(13,491)**	(15,563)
Shares acquired under share buy-back scheme		**(527)**	–
Proceeds from exercise of employee share options		**–**	144
Application funds received from investors in controlled equity funds		**1,200**	1,650
Net cash used in financing activities		**(17,957)**	(6,237)
Net increase/(decrease) in cash and cash equivalents		**4,609**	(682)
Net foreign exchange differences		**(1,259)**	3,126
Cash and cash equivalents at the beginning of the period		**40,048**	37,604
Cash and cash equivalents at the end of the period	**3.1.1**	**43,398**	40,048
Comprising			
Cash and cash equivalents		**28,412**	29,423
Cash and cash equivalents – controlled funds		**14,986**	10,625
Cash and cash equivalents at the end of the period		**43,398**	40,048

The above Consolidated Statement of Cash Flows should be read with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2026

1. About this report

This section sets out the basis upon which the consolidated financial report is prepared. Significant and other accounting policies underpinning the recognition and measurement basis of assets and liabilities are summarised throughout the notes to the financial report. Other accounting policies are outlined in note 8.6.

1.1. Corporate information

The consolidated financial report comprises Schaffer Corporation Limited and its controlled entities (the "Group"). Schaffer Corporation Limited is a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX code: SFC).

The nature of the operations and principal activities of the Group are described in note 2.1.

The Group's consolidated financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001;
- comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB);
- incorporate the results of each controlled entity from the date Schaffer Corporation Limited obtains control and until such time as it ceases to control an entity;
- have been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through profit and loss, and investment property, which have been measured at fair value through profit or loss. Other financial assets including receivables and debt instruments have been measured at amortised cost;
- are presented in Australian dollars which is the Group's functional currency and are rounded to the nearest thousand dollars ($'000) unless otherwise stated;
- adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2025;
- do not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective as disclosed in note 8.6.

1.2. Key estimates or judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following areas:

Note	Judgement/Estimate
3.1.9	Measurement of fair value of investment property
5.5	Measurement of fair value of financial instruments
8.3	Valuation of Employee Participation Units (EPUs)

1.3. Comparative information

Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not impact the Group's financial result and do not have any significant impact on the Group's statement of financial position.

The notes are organised into the following sections:

1.	Financial performance	Provides the information that is considered most relevant to understanding the financial performance of the Group.
2.	Operating assets and liabilities	Provides a breakdown of individual line items in the balance sheet that are considered most relevant to users of the financial report.
3.	Income tax	Provides the information considered most relevant to understanding the taxation treatment adopted by the Group during the financial year.
4.	Financial instruments	Provides information considered most relevant to understanding the Group's financial assets and liabilities.
5.	Capital and risk management	Provides information about the capital management practices of the Group and its exposure to various financial risks.
6.	Group structure	Explains significant aspects of the Schaffer Corporation Limited group structure, including its controlled entities and equity accounted investments in which the Group has an interest. When applicable, it also provides information on business acquisitions or disposals of subsidiaries made during the year.
7.	Other disclosures	Provides information on items which require disclosure to comply with AASBs and other regulatory pronouncements and any other information that is considered relevant for the users of the financial report which has not been disclosed in other sections.

2. Financial performance

This section provides the information that is considered most relevant to understanding the financial performance of the Group, including profitability of its operating segments, significant items, nature of its revenues and expenses and dividends paid to the shareholders.

2.1. Segment reporting

Management identified the following reportable business segments:

Automotive Leather	Global manufacturer and supplier of leather to the automotive industry
Group Investments	Includes owned investment properties, the Group's share of syndicated property, direct equity investments and investments in managed equity funds. The activities of the segment include the leasing of office, industrial, residential, and retail properties, and the development and sale of property assets, and general investing.
Building Materials	Comprises Delta Corporation Limited which manufactures and supplies precast and prestressed concrete elements.
South Connect Jandakot	Comprises the South Connect – Jandakot Logistics Estate, a 34ha strategic property asset located south of the Perth CBD. The property includes developable land zoned for a variety of commercial uses and 6.2ha with manufacturing facilities leased to Austral Masonry Holdings.

Segment information

	Automotive Leather		Building Materials		Group Investments		South Connect Jandakot		Consolidated	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue										
Revenue from contracts with customers	**176,350**	185,518	**13,841**	31,514	**1,256**	1,815	**–**	–	**191,447**	218,847
Other revenue	**10**	19	**31**	71	**10,295**	9,893	**917**	880	**11,253**	10,863
Total revenue	**176,360**	185,537	**13,872**	31,585	**11,551**	11,708	**917**	880	**202,700**	229,710
Results										
Net profit/(loss) after tax	**14,172**	19,642	**(1,343)**	4,874	**4,752**	3,533	**10,660**	2,968	**28,241**	31,017
Less profit attributable to non-controlling interests	**(2,386)**	(3,306)	**–**	–	**(268)**	(276)	**–**	–	**(2,654)**	(3,582)
Profit/(loss) attributable to owners of the parent	**11,786**	16,336	**(1,343)**	4,874	**4,484**	3,257	**10,660**	2,968	**25,587**	27,435
Unallocated items										
Corporate overheads									**(4,872)**	(4,540)
Income tax benefit									**1,462**	1,362
Profit after tax									**22,177**	24,257

Segment reporting (continued)

	Automotive Leather		Building Materials		Group Investments		South Connect Jandakot		Consolidated	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets										
Total segment non-current assets	**42,646**	44,959	**12,010**	12,955	**122,508**	122,684	**121,440**	100,250	**298,604**	280,848
Unallocated items									**1,310**	1,287
Total non-current assets									**299,914**	282,135
Total segment assets	**148,290**	155,380	**21,355**	18,083	**172,574**	177,961	**121,440**	100,250	**463,659**	451,674
Unallocated items									**2,130**	2,083
Total assets									**465,789**	453,757
Liabilities										
Segment liabilities	**84,882**	97,362	**8,533**	5,280	**62,606**	61,848	**18,328**	12,200	**174,349**	176,690
Unallocated items									**30,420**	24,794
Total liabilities									**204,769**	201,484
Other segment information										
Segment capital expenditure	**5,247**	3,670	**147**	–	**253**	155	**6,662**	2,659	**12,309**	6,484
Unallocated items									**34**	10
Total capital expenditure									**12,343**	6,494
Segment depreciation and amortisation	**8,762**	8,184	**1,110**	919	**–**	–	**–**	–	**9,872**	9,103
Unallocated items									**95**	75
Total depreciation and amortisation									**9,967**	9,178
Other non-cash expenses/(revenues)*	**(1,201)**	1,515	**(37)**	(26)	**(611)**	1,496	**(14,528)**	(3,546)	**(16,377)**	(561)

*other non-cash expenses/(revenues) include unrealised fair value (gains)/losses, unrealised foreign exchange (gains)/losses and losses/(gains) on disposal of operating assets

Major customers

The Group has several major clients to which it provided both products and services. There were two customers within the Automotive Leather segment which individually accounted for more than 10% of Group revenue (2025 – two customers).

	2026		2025	
	$'000	% of total revenue	$'000	% of total revenue
Customer 1	**46,264**	**23%**	49,272	21%
Customer 2	**33,591**	**17%**	30,841	13%
Sales to major customers	**79,855**	**39%**	80,113	34%
Revenue from continuing operations	**202,700**		229,710	

Unallocated assets and liabilities including the following material items:

	Consolidated	
	2026 $'000	2025 $'000
Non-current assets		
Property, plant and equipment	**947**	959
Equity accounted investments	**363**	328
	1,310	1,287
Current assets		
Prepayments	**143**	66
Trade and other receivables	**677**	730
	820	796
Total assets	**2,130**	2,083
Liabilities		
Trade creditors	**2,085**	1,209
Deferred income tax liabilities	**25,268**	20,761
Provision for employee entitlements	**3,067**	2,825
Total liabilities	**30,420**	24,795

Revenue from external customers by geographical location of the customers is detailed below.

	Consolidated	
	2026 $'000	2025 $'000
Australia	**26,350**	44,192
Asia	**15,504**	23,574
Europe	**160,846**	161,944
Total revenue	**202,700**	229,710

Non-current assets (excluding deferred tax assets and financial instruments) by geographic location comprise:

	Australia $'000	Asia $'000	Europe $'000	Total $'000
At 30 June 2026				
Property, plant and equipment	**1,744**	**1,278**	**16,103**	**19,125**
Right-of-use assets	**2,456**	**253**	**26,294**	**29,003**
Inventories	**928**	**–**	**–**	**928**
Investment properties	**190,141**	**–**	**–**	**190,141**
Goodwill	**1,299**	**–**	**–**	**1,299**
	196,568	**1,531**	**42,397**	**240,496**
At 30 June 2025				
Property, plant and equipment	3,990	1,185	15,581	20,756
Right-of-use assets	3,464	563	25,147	29,174
Inventories	892	–	–	892
Investment properties	169,014	–	–	169,014
Goodwill	1,299	–	–	1,299
	178,659	1,748	40,728	221,135

Recognition and Measurement

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's executive management team (the Chief Operating Decision Makers) to effectively allocate Group resources and assess performance and for which discrete financial information is available.

The operating segments are identified by management based on the nature of the product and customer supplied, and services provided and the identity of service line manager. Discreet financial information about each of these operating businesses is reported to the executive management team monthly.

The reportable segments are based on aggregated operating segments determined by the similarity of economic characteristics, the products produced and sold and/or the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

2.2. Revenues and expenses

2.2.1. Revenue from contracts with customers

	Consolidated 2026 $'000	2025 $'000
Type of goods or service		
Sale of automotive leather components	**176,350**	185,518
Sale of land	**–**	449
Construction services	**12,606**	27,903
Transport income	**1,235**	3,611
Sale of goods – hospitality business	**1,256**	1,366
Total revenue from contracts with customers	**191,447**	218,847
Geographical Markets		
Europe	**160,846**	161,945
Asia	**15,504**	23,574
Australia	**15,097**	33,328
Total revenue from contracts with customers	**191,447**	218,847
Timing of revenue recognition		
Goods transferred at a point in time	**177,606**	187,333
Services transferred over time	**13,841**	31,514
Total revenue from contracts with customers	**191,447**	218,847

2.2.2. Net rental income

	Consolidated 2026 $'000	2025 $'000
Rental property income	**7,999**	7,636
Rental property expenses	**(4,159)**	(3,900)
Net rental income	**3,840**	3,736

2.2.3. Net finance income

	Consolidated 2026 $'000	2025 $'000
Interest on loans	**(3,032)**	(3,099)
Interest on leases	**(510)**	(480)
Total interest costs	**(3,542)**	(3,579)
Interest on cash and term deposits	**2,017**	1,829
Total interest income	**2,017**	1,829

Recognition and Measurement

Sale of Goods

Revenue is recognised at the point in time when control of the goods is transferred to the customer, generally on collection by the customer. The contracts for the sale of automotive leather components provide customers with the right to claim a credit or refund for components that do not satisfy agreed quality standards. The customer's right to claim is a variable consideration that is estimated at contract inception and constrained until the associated uncertainty is resolved. The estimate of constrained revenue is based on all available information including historic performance and is recognised to the extent that it is highly probable that a significant reversal of revenue will not occur. Payment terms are generally 30 to 90 days.

Construction contracts

The Group recognises construction services revenue and expenses on an individual contract basis using the percentage of completion method based on cost inputs which align with the calculation of the contractually enforceable obligation a customer must pay for work completed to date. Once the financial outcome of a construction contract can be estimated reliably, contract revenues and expenses are recognised in the Consolidated Statement of Comprehensive Income in proportion to the stage of completion of the contract. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of a modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering any constrained revenue requirement. Payment terms are generally 30 to 45 days.

Transport

The Group recognises transport revenue on an individual contract basis over the period the service is completed. Payment terms are generally 30 to 45 days.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Interest expense

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.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

2.2.4. Other income/(losses)

	Consolidated 2026 $'000	2025 $'000
Net revaluation gain from investment property	**14,163**	7,012
Net revaluation gain/(loss) from financial assets at fair value through profit or loss	**3,654**	(3,916)
Net fair value increase on financial liabilities at fair value through profit or loss	**(464)**	(867)
Net gain/(loss) on disposal of property, plant and equipment	**65**	(82)
Sundry income	**104**	189
Foreign currency losses	**(11)**	(4,713)
Foreign currency gains	**660**	4,636
Total other income	**18,171**	2,259

2.2.5. Depreciation, amortisation and impairment

	Consolidated 2026 $'000	2025 $'000
Depreciation included in:		
Cost of sales	**9,872**	9,103
Marketing and administrative expenses	**95**	75
Total depreciation	**9,967**	9,178

2.2.6. Employee benefit expense

	Consolidated 2026 $'000	2025 $'000
Employee benefits included in:		
Cost of sales	**46,640**	42,738
Marketing and administrative expenses	**8,729**	5,907
Total employee benefits expense	**55,369**	48,645
Employee benefits expense comprises:		
Wages, salaries and bonuses	**53,941**	48,270
Net decrease in post-employment benefits provision	**(315)**	(1,251)
Long service leave	**180**	84
Worker's compensation costs	**395**	371
Superannuation costs	**1,168**	1,171
	55,369	48,645

Recognition and Measurement

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave, and associated taxes and on-costs. Liabilities arising in respect of employee entitlements expected to be settled within twelve months of the reporting date are measured at the amounts expected to be settled.

All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to national high-quality corporate bonds which have terms to maturity approximating the terms of the related liability are used.

Employee entitlements, expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements;

are charged against profit or loss on a net basis in their respective categories.

Contributions to defined contribution superannuation plans are expensed when incurred.

2.3. Dividends provided for or paid

(a) Dividends paid

	Note	Consolidated 2026 $'000	2025 $'000
Final 2025 dividend paid in September 2025		6,116	6,117
Per share (¢)		45	45
Interim 2026 dividend paid in March 2026		6,116	6,115
Per share (¢)		45	45
Fully franked dividends paid by the parent		12,232	12,232
Fully franked dividend paid by controlled entities to minority shareholders	6.6.3	1,264	3,366
Total fully franked dividends		13,496	15,598

(b) Not recognised as a liability as at 30 June 2026

	Consolidated 2026 $'000	2025 $'000
Dividends on ordinary shares		
Final fully franked dividend for 2026	6,103	6,116

The dividends were declared subsequent to 30 June 2026

(c) Franking account

The tax rate at which dividends have or will be franked is:

- Interim – 30% (2025: 30%)
- Final – 30% (2025: 30%)

	Consolidated 2026 $'000	2025 $'000
Franking account balance brought forward	29,906	27,988
Fully franked dividends paid for 2026: 90c (2025: 90c)	(5,242)	(5,242)
Tax (refunded)/paid	–	–
Franked dividends received from other corporations	2,799	7,160
Franking account balance at the end of the financial year	27,463	29,906
Franking credits that will (reduce)/arise from the (refund)/payment of income tax (refundable)/payable as at the end of the financial year by the parent	–	–
Franking credits that will be available on (refund)/payment of income tax (refundable)/payable as at the end of the financial year by the parent	27,463	29,906
Fully franked dividends which can be paid from the above franking credits available amount	64,080	69,781

The above franking account is expressed on a tax paid basis

2.4. Earnings per share

(a) Basic earnings per share

	Note	Consolidated 2026 $'000	2025 $'000
Net profit attributable to ordinary equity holders of the Parent		22,177	24,257
Basic earnings per share	(i)	163.5¢	178.5¢

(i) The following reflects the share data used in the calculation of basic earnings per share:

	2026	2025
Beginning weighted average number of ordinary shares	13,589,123	13,577,057
Effect of options exercised under an employee share scheme	–	12,066
Effect of shares acquired under a share buy-back scheme	(24,454)	–
Closing weighted average number of ordinary shares	13,564,669	13,589,123

(b) Diluted earnings per share

	Note	Consolidated 2026	2025
Diluted earnings per share	(i)	163.5¢	178.5¢

(i) The following reflects the share data used in the calculation of diluted earnings per share:

		2026	2025
Closing weighted average number of ordinary shares	2.4(a)(i)	13,564,669	13,589,123
Closing weighted average number of ordinary shares adjusted for the effect of dilution		13,564,669	13,589,123

Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the period, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members adjusted for:

- costs of servicing equity (other than dividends); and
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;

divided by the weighted average number of ordinary shares outstanding during the period and dilutive potential ordinary shares, adjusted for any bonus element.

3. Operating assets and liabilities

This section provides further information about the Group's operating assets and liabilities, including its working capital, property, plant and equipment, investment property, right-of-use assets, lease liabilities and provisions.

3.1. Working capital

3.1.1. Cash and cash equivalents

	Consolidated	
	2026	2025
	$'000	$'000
Cash balance comprises:		
Cash at bank and on hand	**28,412**	29,423
Cash at bank and on hand - controlled equity funds	**14,986**	10,625
Closing cash balance per consolidated statement of cash flows	**43,398**	40,048
Reconciliation of operating profit after income tax to the net cash flows from operations		
Net profit	**24,831**	27,839
Adjustment for:		
Net unrealised revaluation gain on investment property	**(14,163)**	(7,012)
Net unrealised revaluation (gain)/loss on financial assets at fair value through profit or loss	**(3,654)**	4,217
Net fair value increase on financial liabilities at fair value through profit or loss	**464**	867
Depreciation and amortisation	**9,967**	9,324
Net profit from equity accounted investments	**(844)**	(848)
Net unrealised loss on foreign currencies	**11**	2
Distributions reinvested	**(486)**	(189)
Tax expense	**10,116**	11,671
Finance costs	**3,542**	3,579
Other	**436**	38
(Increase)/decrease in operating assets		
Trade and other receivables	**417**	(13,253)
Inventories	**2,879**	(1,695)
Contract assets	**(1,083)**	5,679
Prepayments	**(956)**	(1,005)
Increase/(decrease) in operating liabilities		
Trade and other payables	**(157)**	4,239
Contract liabilities	**2,803**	(863)
Provisions	**(359)**	(566)
Cash generated from operating activities	**33,764**	42,024
Interest paid	**(3,447)**	(3,578)
Taxes paid	**(6,483)**	(7,439)
Effect of movements in foreign exchange rates	**43**	(1,057)
Net cash flows from operating activities	**23,877**	29,950

Recognition and Measurement

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of 90 days or less.

For the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.1.2. Trade and other receivables

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Trade debtors	(i)	**39,109**	38,740
Allowance for expected credit loss	(ii)	**(1,287)**	(765)
		37,822	37,975
Sundry debtors	(iii)	**6,995**	7,259
		44,817	45,234

(i) Trade debtors are non-interest bearing and generally on 30 to 90-day terms.

(ii) An allowance is recognised for expected credit loss based on the Group's historical loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Refer to note 6.3 for credit risk disclosures.

	Consolidated 2026 $'000	Consolidated 2025 $'000
Movement in allowance for expected credit loss		
At 1 July	**765**	255
Provided/(released) during the year	**522**	510
At 30 June	**1,287**	765

(iii) Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

The carrying amount of trade and other receivables is at amortised cost and approximates fair value.

Recognition and Measurement

Trade and other receivables are classified as debt instruments at amortised cost. An allowance is recognised for expected credit loss based on the Group's historical loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

3.1.3. Prepayments and deposits

	Consolidated 2026 $'000	Consolidated 2025 $'000
Prepayments	**6,510**	5,554

3.1.4. Trade and other payables

	Consolidated 2026 $'000	Consolidated 2025 $'000
Trade creditors	**27,565**	28,368
Goods and services tax (net)	**39**	176
Other creditors	**1,846**	1,058
	29,450	29,602

Recognition and measurement

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group become obliged to make future payments in respect of the purchase of these goods and services. The carrying amount approximates fair value.

3.1.5. Provisions

	Consolidated 2026 $'000	Consolidated 2025 $'000
Provision for employee entitlements		
Current		
Short-term employee entitlements	**10,981**	10,622
Non-current		
Employee Participation Units (EPU) Provision	**10,297**	10,765
Other long-term employee entitlements	**63**	313
Total	**21,341**	21,700

3.1.6. Contract assets and liabilities

(a) Contract assets

	Note	Consolidated 2026 $'000	2025 $'000
Current			
Contract work in progress	(c)	2,750	962
Long term agreements		705	705
		3,455	1,667
Non-current			
Long term agreements		938	1,643
Total contract assets		4,393	3,310

(b) Contract liabilities

	Note	Consolidated 2026 $'000	2025 $'000
Contract work in progress	(c)	2,971	133
Provision for refunds - customer claims		839	874
Total contract liabilities		3,810	1,007

(c) Contract work in progress

	Consolidated 2026 $'000	2025 $'000
Construction costs incurred to date:		
Revenue recognised to date	17,628	11,702
Less: Progress billings	(17,849)	(10,873)
Net construction work in progress	(221)	829
Represented by:		
Amounts due from customers (contract assets)	2,750	962
Amounts due to customers (contract liabilities)	(2,971)	(133)
	(221)	829

Revenue recognised from contract liability balances at the beginning of the period amounted to $1,007,000 (2025: $1,087,000).

Costs to obtain or fulfil a contract

Costs to obtain a contract

The Group may incur incremental upfront costs associated with obtaining Long-term Agreements (LTAs) with customers that would otherwise not be incurred if the contract had not been obtained. Where such costs are expected to be recovered over the contract period, the Group recognises a contract asset on its Statement of Financial Position.

Long-term agreement (LTA) payments are upfront costs associated with the obtainment of contracts that would otherwise not be incurred if the contract had not been obtained. Such payments are amortised over the life of the contract in accordance with AASB 15 Revenue from Contracts with Customers.

Contract assets are subject to credit risk which is managed by the Group's credit policy (refer to note 6.3). Contract assets are amortised on a straight-line basis over the estimated duration of the contract with the customer

Costs to obtain a contract

The Group may incur incremental costs in fulfilling a contract with a customer that are not in the scope of another standard. Such costs are recognised as Contract work in progress and classified as contract assets AASB 15 Revenue from Contracts with Customers. Recognition criteria for such assets requires that the costs relate directly to a specified contract, generate or enhance resources used to fulfil the contract and be expected to be recovered.

Contract work in progress is subject to an allowance for expected credit loss based on the Group's historical loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeded progress billings, is presented in contract assets.

The gross amount due to customers for contract work for all contracts in progress for which progress billings exceeded costs incurred plus recognised profits (less recognised losses) is presented in contract liabilities.

3.1.7. Inventories

	Consolidated 2026 $'000	2025 $'000
Current		
Raw materials – at cost	31,248	21,825
Work in progress – at cost	12,222	15,291
Finished goods – at cost	157	9,426
	43,627	46,542
Non-current		
Land held for sale - at cost	928	892
Total inventory	44,555	47,434
Inventory recognised as an expense comprises:		
Land	9	207
Automotive leather	140,114	138,725
	140,123	138,932
Inventory write downs recognised as an expense included in the above.	919	818

Recognition and Measurement

Inventories include raw materials, work-in-progress (excluding contract work in progress), finished goods and land held for sale. Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - purchase cost on a first-in, first-out basis.
- Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are assigned on the first-in first-out basis.
- Land held for sale – land acquisition costs and costs attributable to bringing the land to a saleable condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.1.8. Property, plant and equipment

	Consolidated	
	2026	2025
	$'000	$'000
Freehold land		
At cost	**1,144**	1,144
Buildings on freehold land		
At cost	**8,890**	8,772
Accumulated depreciation	**(3,922)**	(3,598)
	4,968	5,174
Net carrying amount of land and buildings	**6,112**	6,318
Plant and equipment		
At cost	**71,259**	66,227
Accumulated depreciation and impairment	**(58,246)**	(51,789)
Net carrying amount of plant and equipment	**13,013**	14,438
Total property, plant and equipment		
At cost	**81,293**	76,143
Accumulated depreciation, amortisation and impairment	**(62,168)**	(55,387)
Total net carrying amount of property, plant and equipment	**19,125**	20,756

Reconciliation of Carrying value

	Consolidated	
	2026	2025
	$'000	$'000
Reconciliations of the carrying amounts		
Freehold land		
Carrying amount	**1,144**	1,144
Additions	**–**	–
	1,144	1,144
Buildings on freehold land		
Carrying amount at beginning	**5,174**	5,368
Additions	**118**	2
Depreciation expense	**(324)**	(196)
Net carrying amount of land and buildings	**6,112**	6,318
Plant and equipment		
Carrying amount at beginning	**14,438**	12,650
Additions	**4,738**	5,528
Transfers to right-of-use assets (sale and lease back)	**(4,516)**	(2,941)
Transfers from right-of-use assets	**1,444**	1,672
Depreciation expense	**(1,072)**	(883)
Foreign currency translation adjustment	**(2,017)**	(1,139)
Disposals	**(2)**	(449)
Net carrying amount of plant and equipment	**13,013**	14,438
Total carrying amount of property, plant and equipment	**19,125**	20,756

Refer to note 5.4(b) for the carrying value of property, plant and equipment pledged as security.

Recognition and Measurement

Property, plant, and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- land – not depreciated
- buildings – over 40 years
- leasehold improvements – the shorter of the lease term and the asset's useful life
- plant and equipment – over 5 to 15 years

Impairment of non-financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value-in-use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future period to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.1.9. Investment property

	Consolidated	
	2026	2025
	$'000	$'000
Opening balance	**169,014**	159,027
Improvements	**6,964**	2,855
Net gain on investment property at fair value through profit or loss	**14,163**	7,132
Closing balance	**190,141**	169,014

Investment properties are measured at fair value. The fair value of the investment property at 30 June 2026 is estimated by Directors with reference to the latest available valuations by certified independent valuers who hold recognised and relevant professional qualifications and licenses, and who specialise in valuing these types of investment properties.

		Consolidated	
		2026	2025
	Note	**$'000**	$'000
Rental income derived from investment properties		**7,999**	7,636
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)		**(4,159)**	(3,900)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)		**(48)**	52
Profit arising from investment properties	2.2.2	**3,792**	3,788

3.1.9. Investment property (continued)

Reconciliation of fair value

	Office properties	Retail properties	Factory premises	Development property	Residential property	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2024	13,286	41,164	23,450	78,935	2,192	159,027
Remeasurement recognised in profit or loss	–	3,445	3,535	(23)	175	7,132
Improvements	379	(81)	86	2,238	233	2,855
At 30 June 2025	13,665	44,528	27,071	81,150	2,600	169,014
Remeasurement recognised in profit or loss	(1,439)	218	1,340	14,044	–	14,163
Improvements	151	82	24	6,697	10	6,964
At 30 June 2026	**12,377**	**44,828**	**28,435**	**101,891**	**2,610**	**190,141**

Use of judgement

Management is required to make significant estimates and judgements in assessing the fair value of investment property. Valuation specialists are regularly engaged to assess the fair value of investment properties held by the Group and its controlled entities. Where an external valuation specialist has not been engaged, a director's valuation is performed internally by the Group's specialist property division.

The fair value of investment properties is determined using recognised valuation techniques such as the capitalisation of net income method, discounted cash flow (DCF) method and the market comparison approach.

The capitalisation approach capitalises the assessed net market income at an appropriate market yield to establish the fully leased value of the property. Appropriate adjustments are then made to reflect the specific cash flow profile and the general characteristics of the property.

The DCF approach involves the discounting of the net cash flows over an assumed cash flow period of 10 years at an appropriate rate to reflect risk of deriving a market value.

Where relevant, valuers have used a combination of the capitalisation and discounted cash flow approach when assessing the Group's investment properties.

The market comparison approach involves the analysis of the comparable sales evidence on a rate per square metre of land area, adjusting for any varying points of difference to assess an appropriate market value. The valuation considers current zoning, approved uses and the potential for higher use/zoning.

The key unobservable inputs used in the valuation models are described below.

Description of valuation techniques and key valuation inputs

			2026	2025
Office properties	Capitalisation and DCF	Capitalisation rate	**7.50%**	6.60%
		Risk adjusted discount rate	**7.50%**	6.75%
		Terminal yield	**7.75%**	6.75%
		Market rental escalation	**3.10% – 3.25%**	3.10% – 3.39%
Retail properties	Capitalisation and DCF	Capitalisation rate	**6.25% – 7.00%**	6.5% – 6.7%
		Terminal yield	**6.50% – 7.25%**	6.75%
		Risk adjusted discount rate	**7.25% – 7.50%**	7.25%
		Market rental escalation	**2.66% – 2.79%**	2.5%
Factory premises	Capitalisation and DCF	Capitalisation rate	**6.00% – 10.50%**	9.5% – 10.5%
		Risk adjusted discount rate	**7.63%**	6.25%
		Terminal yield	**6.25%**	5.75%
		Market rental escalation	**3.23%**	2.29% – 3.09%
Development property	Market comparison and Capitalisation	Rate per land square metre	**$90 – $440 per m²**	$85 – $326 per m²
		Capitalisation rate	**6.00%**	–
		Discount rate	**7.25%**	–
Residential property – leased	Market comparison	Rental assessment per week (per property)	**Not used**	Not used
		Rate per living m²	**$4,470 – $5,500**	$4,637 – $5,370

The approaches for the valuation of the Group's investment properties are classified as Level 3 as the fair value is estimated using inputs that are not based on observable market data.

	Consolidated	
	2026	2025
Valuation approach	$'000	$'000
Capitalisation and discounted cash flow	**81,705**	81,494
Market comparison	**108,436**	87,520
	190,141	169,014

Assets pledged as security

Included in the balances of investment properties are assets over which first mortgages have been granted as security over bank loans (refer note 5.4). The terms of the first mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires investment properties that form part of the security to be fully insured always. Refer to note 5.4(b) for the carrying value of investment properties pledged as security.

Recognition and measurement

Investment properties include vacant land intended for development, as well as land and/or buildings held to generate rental income and/or for capital appreciation. Properties used for the production of goods or services, or administrative purposes are excluded.

Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

The Group conducts external valuations of investment properties every three years, or more frequently if management deems it necessary, to ensure the carrying value does not materially differ from the fair value at the reporting date.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.1.10. Leases

	Factory premises	Plant and machinery	Total
	$'000	$'000	$'000
As at 1 July 2025	**16,860**	**12,314**	**29,174**
Transfers to property, plant and equipment	–	**(1,444)**	**(1,444)**
Additions	–	**4,549**	**4,549**
Remeasurements	**4,710**	–	**4,710**
Depreciation expense	**(3,584)**	**(2,391)**	**(5,975)**
Foreign currency translation adjustment	**(1,105)**	**(906)**	**(2,011)**
As at 30 June 2026	**16,881**	**12,122**	**29,003**
As at 1 July 2024	18,969	11,773	30,742
Transfers to property, plant and equipment	–	(1,672)	(1,672)
Additions	–	3,066	3,066
Modifications	554	–	554
Depreciation expense	(3,586)	(2,074)	(5,660)
Foreign currency translation adjustment	923	1,221	2,144
As at 30 June 2025	16,860	12,314	29,174
Set out below are the carrying amounts of lease liabilities and the movements during the period:			
As at 1 July 2025	**17,994**	**6,100**	**24,094**
Additions	–	**4,509**	**4,509**
Remeasurements	**4,710**	–	**4,710**
Interest expense	**378**	**231**	**609**
Payments	**(3,701)**	**(3,112)**	**(6,813)**
Foreign currency translation adjustment	**(1,177)**	**(638)**	**(1,815)**
As at 30 June 2026	**18,204**	**7,090**	**25,294**
Current	**3,944**	**2,524**	**6,468**
Non-current	**14,260**	**4,566**	**18,826**
As at 30 June 2026	**18,204**	**7,090**	**25,294**
As at 1 July 2024	19,480	6,227	25,707
Additions	–	3,029	3,029
Modifications	554	–	554
Interest expense	452	203	655
Payments	(4,058)	(2,980)	(7,038)
Foreign currency translation adjustment	1,566	(379)	1,187
As at 30 June 2025	17,994	6,100	24,094
Current	3,482	2,260	5,742
Non-current	14,512	3,840	18,352
	17,994	6,100	24,094

The following are the amounts recognised in profit or loss:

For the year ended 30 June 2026			
Depreciation expense of right-of-use assets	**3,584**	**2,391**	**5,975**
Interest expense on lease liabilities	**378**	**231**	**609**
Expenses relating to low-value assets (included in cost of sales)	–	**17**	**17**
Total amount recognised in profit or loss	**3,962**	**2,639**	**6,601**
For the year ended 30 June 2025			
Depreciation expense of right-of-use assets	3,586	2,074	5,660
Interest expense on lease liabilities	452	203	655
Expenses relating to low-value assets (included in cost of sales)	–	28	28
Total amount recognised in profit or loss	4,038	2,305	6,343

Recognition and Measurement

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- buildings - 6 to 12 years
- plant and equipment - 5 to 15 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment assessments.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the lessee company's incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of plant and equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4. Income tax

This section provides the information considered most relevant to understanding the taxation treatment adopted by the Group during the financial year.

The Group is subject to income taxes in Australia, Europe, China and the United States of America. The entities incorporated in Europe, China and the United States of America are taxed separately.

Tax consolidation

The Company and all its wholly owned Australian resident subsidiaries are part of a tax consolidated group. The Company, being the head entity in a tax consolidated group, assumes the current tax liability and any deferred tax assets arising from tax losses and other unused tax credits of the subsidiaries in the tax consolidated group. Deferred tax balances of the subsidiaries in the tax consolidated group are not assumed by the Parent entity.

The Group allocates the tax balances for the period using the Group allocation approach, and a tax funding arrangement is in place to reimburse the parent entity for any liabilities of the subsidiaries it assumes and conversely, for the parent entity to reimburse the subsidiaries for any recognised tax losses it assumes.

4.1. Income tax expense

	Consolidated	
	2026	2025
	$'000	$'000
Current tax expense		
Current year	**5,570**	9,318
Changes in estimates related to prior years	**(107)**	(181)
	5,463	9,137
Deferred tax expense		
Origination and reversal of temporary differences	**4,653**	2,534
Income tax expense recognised in profit or loss	**10,116**	11,671
Reconciliation of effective tax rate		
Accounting profit before tax	**34,947**	39,510
At the Group's statutory income tax rate of 30% (2025 - 30%)	**10,484**	11,853
• overseas currency translation adjustment	**(87)**	(30)
• expenses not allowable for income tax purposes	**78**	128
• other items	**(448)**	(273)
• effect of lower tax rates in the United States	**168**	213
• over-provision of current income tax of previous years	**(107)**	(181)
• profit of equity accounted investment already taxed	**28**	(39)
Income tax expense reported in the consolidated statement of comprehensive income at the effective tax rate of 28.9% (2025 - 30%)	**10,116**	11,671

Recognition and measurement

Current income tax

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Other taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST') except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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.

4.2. Deferred tax

	Note	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
		2026	2025	**2026**	2025
		$'000	$'000	**$'000**	$'000
Deferred income tax					
Deferred income tax at 30 June relates to the following:					
Deferred tax liabilities					
Unrealised fair value adjustments		**41,065**	36,372	(4,693)	(1,656)
Depreciation of right-of-use assets	(i)	**5,553**	4,881	(672)	998
Accelerated depreciation for tax purposes		**2,068**	1,711	(357)	(98)
Rollover of insurance proceeds		**1,265**	1,265	–	–
Derivatives		–	46	46	123
Prepayments		**829**	387	(442)	(248)
Share of profit in equity-accounted investees		**425**	128	(297)	(187)
Accrued income		**68**	136	68	(43)
Other individually insignificant balances		–	34	34	1
Gross deferred income tax liabilities		**51,273**	44,960		
Offset		**(10,704)**	(8,288)		
Net deferred tax liability		**40,569**	36,672		
Deferred tax assets					
Lease liabilities	(ii)	**5,404**	4,917	487	(818)
Employee entitlements		**5,175**	5,336	(161)	(241)
Accrued expenses		**1,595**	1,138	457	(130)
Foreign exchange losses		**613**	1,726	(1,113)	1,028
Unrealised fair value adjustments		**460**	487	(27)	21
Other individually insignificant balances		**148**	102	46	(40)
Impairment of plant and equipment		–	(323)	323	39
Losses carried forward		**2,271**	623	1,648	(1,282)
Gross deferred income tax assets		**15,666**	14,006		
Offset		**(10,704)**	(8,288)		
Net deferred tax asset		**4,962**	5,718		
Deferred tax expense/(credit)				**(4,653)**	(2,533)

(i) Depreciation is not deductible for tax purposes for right-of-use assets relating to leases recognised as operating leases prior to the adoption of AASB 16. Depreciation is deductible for right-of-use assets relating to leases recognised as finance leases prior to the adoption of AASB 16.

(ii) Lease payments are deductible for tax purposes for lease liabilities relating to leases recognised as operating leases prior to the adoption of AASB 16. Lease payments are not deductible for lease liabilities relating to leases recognised as finance leases prior to the adoption of AASB 16.

Recognition and measurement

Deferred income tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except as described below.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as the recognition of Right-of-use assets and lease liabilities in accordance with AASB 16 Leases.

where taxable temporary differences associated with investments in subsidiaries, associates and undivided interests, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- where the deductible temporary difference is associated with investments in subsidiaries, or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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 balance 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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The Company and all its wholly owned Australian resident subsidiaries are part of a tax consolidated group. The Company, being the head entity in a tax consolidated group, assumes the current tax liability and any deferred tax assets arising from tax losses and other unused tax credits of the subsidiaries in the tax consolidated group. Deferred tax balances of the subsidiaries in the tax consolidated group are not assumed by the Parent entity.

The Group allocates the tax balances for the period using the Group allocation approach, and a tax funding arrangement is in place to reimburse the parent entity for any liabilities of the subsidiaries it assumes and conversely, for the parent entity to reimburse the subsidiaries for any recognised tax losses it assumes.

5. Financial Instruments

The Group's financial instruments comprise bank loans, leases, foreign exchange contracts, interest rate swaps, cash and short-term deposits, trade receivables, trade payables, equities and financial assets held at fair value through profit or loss.

5.1. Financial assets

Financial assets by nature

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Financial assets at amortised cost			
Current			
Cash and cash equivalents	3.1.1	**28,412**	29,423
Cash and cash equivalents - controlled equity funds	3.1.1, 5.3	**14,986**	10,625
Trade and other receivables	3.1.2	**44,817**	45,234
Other financial assets at amortised cost		**10,073**	16,742
		98,288	102,024
Non-current			
Other financial assets at amortised cost		**2,683**	3,124
Total financial assets at amortised cost		**100,971**	105,148
Financial assets at fair value through profit or loss			
Current			
Listed equity shares and options held by controlled equity funds	5.3	**13,259**	15,697
Convertible notes		**–**	–
Derivatives not recognised as hedging instruments:			
Forward exchange contracts		**736**	35
		13,995	15,732
Non-current			
Listed equity shares		**638**	952
Unlisted investments in property unit trusts and LLCs		**12,883**	16,617
Unlisted units in managed equity funds		**12,376**	10,432
Unlisted equity shares		**12,584**	10,149
Convertible notes		**3,777**	4,008
Derivatives not recognised as hedging instruments:			
Interest rate swaps		**–**	152
		42,258	42,310
Total financial assets at fair value through profit or loss		**56,253**	58,042
Total financial assets		**157,224**	163,190

Recognition and measurement

Debt instruments at amortised cost

Debt financial assets are included in other financial assets and classified as debt instruments at amortised cost where they are held with the objective of holding the financial asset to collect contractual cash flows and the cash flows are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets excluding debt instruments at amortised cost are classified as financial assets at fair value through profit or loss and comprise:

- derivative instruments; and
- quoted and unquoted instruments which the Group has not irrevocably elected, at initial recognition or transition, to classify at FVOCI

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to manage its risks associated with foreign currency and interest 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 through profit or loss. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.
The Group has determined that these derivatives do not qualify for hedge accounting and as such, any gains or losses arising from changes in fair value are taken directly to the Consolidated Statement of Comprehensive Income.

Forward exchange contracts

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Interest rate swaps

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

5.2. Financial liabilities

Financial liabilities by nature

		Consolidated	
	Note	2026 $'000	2025 $'000
Financial liabilities at amortised cost			
Current			
Trade and other payables	3.1.4	**29,450**	29,602
Interest-bearing loans and borrowings:			
Bank loans - property	5.4	**22,114**	21,435
Bank loans	5.4	**381**	357
Lease liabilities	3.1.10	**6,468**	5,742
		58,413	57,136
Non-current			
Interest-bearing loans and borrowings			
Bank loans - property	5.4	**27,457**	22,198
Bank loans	5.4	**1,127**	1,508
Revolving loan facility	5.4	**17,900**	27,390
Lease liabilities	3.1.10	**18,826**	18,352
		65,310	69,448
Total financial liabilities at amortised cost		**123,723**	126,584
Financial liabilities at fair value through profit or loss			
Current			
Short equity positions held by controlled equity funds	5.3	**430**	364
Forward exchange contracts		**–**	829
Net assets attributable to external investors in the controlled equity funds	5.3	**14,756**	13,073
Total financial liabilities at fair value through profit or loss		**15,186**	14,266
Total financial liabilities		**138,909**	140,850

Recognition and measurement

Interest-bearing loans and borrowings

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 method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss if designated as such on initial recognition, held for trading or derivative in nature. Such instruments are measured at fair value and net gains or losses, including any interest, are recognised in profit or loss. Financial liabilities at FVTPL include:

- Short equity positions which are held for trading;
- Net assets attributable to external investors in the controlled equity funds which are designated at FVTPL at initial recognition and comprise external fund investors' share in the controlled equity funds.
- Derivative financial instruments which are used to manage its risks associated with foreign currency and interest rate fluctuations. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.
  - Forward exchange contracts – fair value is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
  - Interest rate swaps – fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

5.3. Net assets attributable to external investors in controlled fund

The Group has acted as Trustee and Fund Manager for managed equity funds under the control of the Group. At 30 June 2026, the controlled funds and the Group's holding of units therein were as follows:

- SFC Global Equities Fund – 46% (2025: 48%)
- SFC Global Fallen Angels Fund – 67% (2025: 67%)

The SFC Global Fallen Angels Fund was closed effective 30 June 2026. The amounts owing to investors were transferred to the SFC Global Equities Fund effective 1 July 2026.

External investors hold the remaining units in the funds and have the right to withdraw on notice.

The Group has irrevocably designated the net assets attributable to external investors in the funds as a financial liability at fair value through profit or loss. The Group determined that designation of the financial liability at fair value through profit or loss significantly reduces an accounting mismatch that would otherwise arise if the liability and corresponding financial assets in the funds were measured on different bases. As such, movements in net assets attributable to external investors in the funds are included as fair value adjustments in the Consolidated Statement of Comprehensive Income.

The financial position of the controlled funds is shown below.

		Consolidated	
		2026	2025
	Note	**$'000**	$'000
Net assets in controlled equity funds attributable to shareholders of the Group		**13,020**	12,619
Net assets in controlled equity funds attributable to external investors		**14,756**	13,073
Net assets held in controlled equity funds		**27,776**	25,692
Comprising:			
Current assets			
Cash and cash equivalents - controlled equity funds	(i)	**14,986**	10,625
Financial assets at fair value through profit or loss		**13,259**	15,697
Other financial assets		**52**	52
Total current assets		**28,297**	26,374
Current liabilities			
Trade and other payables		**91**	318
Financial liabilities at fair value through profit or loss		**430**	364
Total current liabilities		**521**	682
Net assets held in controlled equity funds		**27,776**	25,692

(i) Cash held by the controlled equity funds is to be applied by the fund manager to purchase assets following each fund's mandate.

5.4. Interest-bearing loans and borrowings

		Consolidated	
		2026	2025
	Note	**$'000**	$'000
Current			
Syndicate bank loans - secured	(i)	**22,114**	–
Other bank loan – secured	(ii)	**381**	21,792
Total current interest-bearing loans and borrowings		**22,495**	21,792
Non- current			
Syndicate bank loans - secured	(i)	**–**	22,198
Other bank loan – secured	(ii)	**28,584**	1,508
Revolving loan facility	(iii)	**17,900**	27,390
Total non-current interest-bearing loans and borrowings		**46,484**	51,096
Total interest-bearing loans and borrowings		**68,979**	72,888

5.4. Interest-bearing loans and borrowings (continued)

(i) Syndicate bank loans

The syndicate bank loans are secured by a first registered mortgage over all the assets and undertakings of undivided interests in property syndicates which include investment property and working capital. Included in syndicate bank loans is the consolidated entity's direct share of syndicate borrowings.

The Group's Share of Loans:

At 30 June 2026

Maturity Date	Interest Rate		Current	Non-current	Carrying Value of Assets Pledged
			$'000	$'000	$'000
Apr 2027	**6.26%**	**Variable**	**17,260**	**–**	**32,783**
Oct 2026	**7.00%**	**Variable**	**980**	**–**	**4,951**
Dec 2026	**6.20%**	**Variable**	**3,874**	**–**	**8,401**
			22,114	**–**	**46,135**

At 30 June 2025

Maturity Date	Interest Rate		Current	Non-current	Carrying Value of Assets Pledged
			$'000	$'000	$'000
Oct 2026	6.10%	Variable	–	1,140	6,718
Dec 2026	5.30%	Fixed	–	3,874	8,134
Apr 2027	2.35%	Fixed	–	7,602	13,666
Apr 2027	2.15%	Fixed	–	9,582	20,394
			–	22,198	48,912

Fixed Interest Rate loans are asset finance loans and variable interest rate loans economically hedged with a corresponding interest rate swap at a fixed interest rate for the term of the loan (refer note 6.1). Note, hedge accounting is not applied.

(ii) Other bank loans

A bank loan for $7,810,000 (2025: $7,810,000) is secured by the property at 39 Dixon Road, Rockingham. The interest rate on the bank loan is BBSY plus a margin. The facility expires on 30 September 2027.

A bank loan for $1,425,000 (2025: $1,425,000) is secured by 33 and 35 Glendale Crescent, Jandakot. The interest rate on the bank loan is BBSY plus a margin. The facility expires 30 September 2027 and will be refinanced.

A bank facility for $37,200,000 (2025: $14,200,000) is secured by 7, 27 and 39 Jandakot Road, Jandakot. The amount drawn down at 30 June 2026 was $18,300,000 (2025: $12,200,000). The interest rate on the bank loan is BBSY plus a margin. The facility expires 30 September 2028.

(iii) Revolving loan

The Automotive Leather division has a Revolving Loan facility for €25,000,000 (A$41,300,000) (2025: €25,000,000 (A$44,700,000)) which expires 1 February 2028, to be available for working capital requirements. The interest rate is EURIBOR plus a margin. The amount available to draw down is limited to the lesser of:

- €25,000,000 (A$41,300,000) and
- the Principal Outstanding under the Revolving Loan facility less the balance of cash deposits in accounts held with HSBC Bank Australia Limited supported by 90% of total net working capital of all Howe Automotive subsidiaries, excluding Howe Shanghai, and excluding all receivables past 30 days overdue, uninsured receivables, and obsolete inventory.

At 30 June 2026, drawings from this facility amounted to €10,833,000 ($17,900,000) (2025: €15,333,000 ($27,390,000)).

Financing Facilities

	Note	Consolidated 2026 $'000	2025 $'000
Financing facilities available			
At reporting date, the following financing facilities had been negotiated and were available:			
Total facilities			
Bankers' undertaking	(a)	**10,267**	6,876
Bank loans - property		**68,549**	45,709
Bank loans - other		**1,508**	1,865
Revolving loan facility		**41,309**	44,659
		121,633	99,109
At reporting date, the following amounts had been drawn from the financing facilities available:			
Facilities used at reporting date			
Bankers' undertaking		**7,920**	4,705
Bank loans - property		**49,571**	43,633
Bank loans - other		**1,508**	1,865
Revolving loan facility		**17,900**	27,390
		76,899	77,593

Facilities unutilised at reporting date

	2026 $'000	2026 Expiry	2025 $'000	2025 Expiry
Australian Banks				
Bankers' undertaking	**2,347**	**2028**	2,171	2025
Bank loans - property	**18,978**	**2028**	2,076	2025
Revolving loan facility	**23,409**	**2028**	17,269	2027
	44,734		21,516	

a) The Group has four Bankers Undertaking facilities. Bankers' undertaking facilities of $8,500,000 (2025: $5,000,000) with Australian banks are rolled annually. Guarantees issued under these facilities have an all-in interest rate of 1.1% and 1.2% (2025: 1.2%). A $425,000 (2025: $425,000) facility with a global bank expires in March 2027. Guarantees issued under this facility have an all-in interest rate of 1.40% (2025: 1.40%). A €812,000 (2025: €812,000) facility with a global bank expires in March 2027. Guarantees issued under this facility have an all-in interest rate of 1.40%.

The Group has not breached any covenants in relation to the above facilities during the year.

Assets pledged as security

The carrying amount of assets pledged as security for current and non-current interest-bearing liabilities are:

	Consolidated 2026 $'000	2025 $'000
Current		
Floating charges		
Cash and cash equivalents	**13,291**	17,530
Trade and other receivables	**42,654**	41,758
Inventories	**42,314**	45,420
Other financial assets	**7,385**	5,012
Total current assets pledged as security	**105,644**	109,720
Non-current		
Floating charges		
Plant and equipment	**6,476**	7,105
Other financial assets	**1,134**	1,947
First mortgages		
Freehold land and buildings	**6,112**	6,318
Investment properties	**102,408**	102,513
	116,130	117,883
Leases		
Plant and equipment	**12,058**	11,613
Total non-current assets pledged as security	**128,188**	129,496

Cash and cash equivalents pledged as security may be subject to offsetting by lenders against the secured liabilities.

The terms and conditions relating to the pledged assets are as follows:

Cash and cash equivalents, inventories, receivables, freehold land and buildings, other financial assets and plant and equipment are pledged against the banker's undertaking facilities and revolving loan facility on an ongoing floating basis (refer to note 5.4 for more details).

Investment properties are pledged as security for syndicate bank loans and other bank loans (refer to note 5.4(i) and 5.4(ii)).

5.5. Fair value measurement of financial instruments

Financial assets at fair value through profit or loss are carried on the balance sheet at fair value.

The carrying values of all other financial assets and liabilities have been recognised at the balance date at amounts that approximate fair value.

	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non-market observable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2026				
Consolidated				
Financial assets				
Financial assets at fair value				
Listed investments	**13,771**	**125**	**–**	**13,896**
Unlisted investments in property unit trusts and LLCs	**–**	**–**	**12,883**	**12,883**
Unlisted investments in managed equity funds	**–**	**10,364**	**2,012**	**12,376**
Unlisted equity shares	**–**	**–**	**12,584**	**12,584**
Convertible notes	**–**	**2,002**	**1,775**	**3,777**
Derivative financial assets	**–**	**737**	**–**	**737**
	13,771	**13,228**	**29,254**	**56,253**
Financial liabilities				
Financial liabilities at fair value				
Listed financial instruments	**430**	**–**	**–**	**430**
Derivative financial liabilities	**–**	**–**	**–**	**–**
Net assets attributable to external investors in the controlled equity funds	**–**	**14,756**	**–**	**14,756**
	430	**14,756**	**–**	**15,186**
Year ended 30 June 2025				
Consolidated				
Financial assets				
Financial assets at fair value				
Listed investments	16,476	173	–	16,649
Unlisted investments in property unit trusts and LLCs	–	–	16,617	16,617
Unlisted investments in managed equity funds	–	8,611	1,821	10,432
Unlisted equity shares	–	–	10,149	10,149
Convertible notes	–	2,136	1,872	4,008
Derivative financial assets	–	187	–	187
	16,476	11,107	30,459	58,042
Financial liabilities				
Financial liabilities at fair value				
Listed financial instruments	364	–	–	364
Derivative financial liabilities	–	829	–	829
Net assets attributable to external investors in the controlled equity funds	–	13,073	–	13,073
	364	13,902	–	14,266

Reconciliation of the fair value measurement of Level 3 unlisted investments

	Consolidated	
	2026	2025
	$'000	$'000
Balance at the start of the financial period	**30,459**	35,187
Purchases		
Convertible notes	**–**	542
Managed equity funds	**225**	470
Unlisted shares	**1,114**	–
Unlisted property unit trusts and LLCs	**149**	1,185
Proceeds from divestments	**(108)**	–
Capital distributions	**(1,703)**	(2,072)
Foreign currency translation adjustment	**(573)**	173
Remeasurement recognised in profit and loss	**(309)**	(5,026)
Balance at the end of the financial period	**29,254**	30,459

Valuation techniques and significant unobservable inputs for Level 2 and Level 3 financial instruments

Instrument/Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement (Level 3)
Level 2		
Unlisted units in managed equity funds	None	N/A
Adjusted quoted prices Unit prices derived from the net value of the quoted market prices of investments held adjusted for the fund manager's fees.		
Convertible notes Market comparison/discounted cash flow/Black Scholes • Debt component is based on discounted cash flows at a market comparable risk adjusted discount rate for companies similar to the investees. • Conversion option – Black Scholes method	Risk-adjusted discount rate 15% – 18% (2025: 15% – 18%)	N/A
Level 3		
Unlisted equity shares **Market comparison** The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of marketability and liquidity.	Adjusted Price/Sales Range: 2–9 (2025: 2–4) Adjusted EV/EBITDA Range: 12–24 (2025: Not used)	The estimated fair value would increase (decrease) if: • Adjusted EV/EBITDA increases/(decreases)
Unlisted investments in property unit trusts and LLCs **Various, including market comparison and discounted cash flows** • Fair value is determined by the calculation of the Group's share in the fair value of the investment vehicle. • The fair value of the investment vehicle is determined by available information including independent external valuations, guidance from the investment managers, or industry market research.	• Adjusted EV/EBITDA • Adjusted Price/EBITDA • Capitalisation rates	The estimated fair value would increase (decrease) if: • Adjusted EV/EBITDA increases/(decreases) • Adjusted Price/EBITDA increases/(decreases) • Capitalisation rates decrease/(increase)

Use of judgement

The Group's accounting policies and disclosures may require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. Financial Risk Management

This section outlines how the Group manages exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Group enters into derivative transactions, principally interest rate swaps, and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. These derivatives do not qualify for hedge accounting and are based on limits set by the Board. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, market risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed.

These include monitoring by the Board of levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange, and commodity prices. Ageing analyses 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.

6.1. Interest rate risk

Interest-bearing loans of the Group currently bear an average variable interest rate of 6.14% (2025: 5.15%). In prior years, the Group hedged rising interest rates using interest rate swap contracts on syndicate bank loans, under which it received variable rates and paid fixed rates (refer to note 5.3(i)). The last of these contracts matured during the financial year and has not been renewed.

At 30 June 2026, there were no interest rate swap contracts in place (2025: $9,751,000).

6.2. Market price risk

Market price risk is the risk that changes in market prices will affect the fair value of a financial instrument.

The Group is an investor in companies and trusts and is therefore exposed to market risk through the movement of the share/unit prices of the companies and trusts in which it is invested.

The fair value of these investments changes continuously because the equity price of individual listed companies within the portfolio fluctuates throughout the day. The change in the fair value of the portfolio is recognised through the profit or loss. Listed investments and investments with value that is derived from listed company share prices represent 48% (2025: 47%) of total financial assets at fair value.

At 30 June 2026, a 10% movement in the market value of these assets would have resulted in a movement of $2,600,000 to unrealised gains/(losses) on financial assets at fair value before tax (2025: $2,700,000).

The performance of the companies within the portfolio is monitored by management and the Board.

The Group seeks to reduce market price risk at the investment portfolio level by ensuring that it is not overly exposed to one economic sector or region in the opinion of management.

6.3. Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group and arises from cash and cash equivalents, derivative financial instruments, loans receivable, convertible notes, deposits with financial institutions and particularly from credit exposures to customers relating to outstanding receivables.

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

Cash and cash equivalents

Credit risk from cash and cash equivalent balances with banks is managed by placing short-term deposits with reputable financial institutions with strong investment grade credit ratings.

The consolidated entity minimises concentration of credit risk in relation to cash by investing only in reputable banking facilities.

Trade receivables

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with many customers within the specified industries both within Australia and overseas.

Concentration of credit risk on trade receivables arises in the following industries:

	Consolidated			
	Trade debtors – gross carrying amount			
	2026 %	2025 %	2026 $'000	2025 $'000
Segment				
Automotive leather	**98**	95	**38,335**	36,717
Building materials	**2**	4	**732**	1,720
Group investments	**0**	1	**42**	303
Total	**100**	100	**39,109**	38,740

There are no trade debtors held in the parent entity.

The Group has a credit policy that is designed to implement consistent processes throughout the Group to measure and manage credit risk. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract, the extent to which the arrangement exposes the Group to credit risk is considered.

Key requirements of the policy are formal delegated authorities to the divisional accountant to incur credit risk to a specialised credit function to set counterparty limits; the establishment of credit systems and processes to ensure that counterparties are rated and limits set; and systems to monitor exposure against limited and report regularly on those exposures, and immediately on any excesses, and to track and report credit losses.

The Group's trade debtors aging was as follows at 30 June:

	Consolidated	
	2026	2025
	$'000	$'000
Trade receivables at 30 June		
Not impaired or past due in the following periods		
Current	**18,786**	20,542
31 to 60 days	**12,961**	12,909
61 to 90 days	**4,513**	3,910
Over 90 days	**2,849**	1,379
Total trade receivables	**39,109**	38,740

Financial assets

The Group's Investments division holds debt instruments in the form of term deposits, convertible notes and loans receivable.

The convertible notes are secured over assets of the counterparty and all its subsidiaries. It is however expected that the convertible notes investment would not have significant value in the event that the counter party was liquidated or defaulted. The risk of this investment is limited by the initial amount invested and the interest rate payable.

The Group holds interest-free, non-derivative debt instruments receivable from equity accounted investees. Due to the nature of the relationship between the Group and the counterparties, the investments exhibit properties of both debt instruments and equity instruments. The Group has therefore recognised the debt and equity components of the loans separately, with the latter recognised as a further equity investment in the equity accounted investees.

At initial recognition, the Group has recognised the debt component of the "interest-free" loans at fair value. The contractual cash flows associated with the debt component represent only payments of principal and interest; therefore, the Group has adopted the amortised cost method for subsequent measurement in accordance with AASB 9 Financial instruments.

Term deposits relate to short-term bank deposits for terms beyond 90 days. The Group considers term deposits to be insignificant.

Use of judgement

The provision for expected credit losses of trade receivables and contract assets is based on the historical default rates experienced by the Group, forecast economic conditions, financial strength of ongoing customers and the Group's credit policies, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group has suffered negligible default rates in recent years however the Group's credit loss experience may not be representative of actual customer defaults in the future, particularly due to ongoing economic uncertainty. Management has provided for an amount of Expected Credit Loss based on the overall strength of the sectors to which the Group supplies.

6.4. Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay financial liabilities as and when they fall due. The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner.

The Group's liquidity is continually reviewed, including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Group currently maintains back up liquidity by way of a revolving loan facility and banker's undertaking facilities. Facilities undrawn at 30 June 2026 amounted to $44,734,000 (2025: $21,516,000). The Group's committed and standby credit facilities contain financial undertakings relating to interest cover and borrowing base ratios.

Borrowing covenants are monitored regularly and a compliance certificate must be produced quarterly attesting to compliance with the covenants for the revolving loan facility.

The table below shows the timing of cash outflows relating to trade and other payables. The amounts shown for bank loans in the table below include interest payments resulting from recognised financial liabilities over the term of the loan and the future expected lease payments with respect to leases. Derivative financial instruments consist of interest rate swaps (refer note 6.1) and forward currency contracts (refer note 6.5)

Bank loans are shown in the period when the facility expires.

Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at balance date. It is not expected that the following cash flows could occur significantly earlier, or at significantly different amounts.

6.4. Liquidity risk (continued)

Consolidated	Within 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000
2026						
Trade and other payables	**33,400**	–	–	–	–	–
Net assets attributable to external investors in the controlled equity funds	**14,756**	–	–	–	–	–
Lease liabilities	**7,032**	**5,963**	**4,111**	**3,526**	**1,893**	**4,436**
Bank loans	**25,400**	**9,662**	**20,144**	**1,182**	–	–
Revolving loan	**1,031**	**18,586**	–	–	–	–
Short equity positions held by controlled Fund	**430**	–	–	–	–	–
Derivative financial liabilities	–	–	–	–	–	–
	82,049	**34,211**	**24,255**	**4,708**	**1,893**	**4,436**

Consolidated	Within 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000
2025						
Trade and other payables	31,864	–	–	–	–	–
Net assets attributable to external investors in the controlled equity funds	13,073	–	–	–	–	–
Lease liabilities	6,467	6,358	4,668	3,887	3,312	907
Bank loans	22,475	17,882	5,233	97	1,581	–
Revolving loan	1,330	1,330	28,274	–	–	–
Short equity positions held by controlled Fund	364	–	–	–	–	–
Derivative financial liabilities	829	–	–	–	–	–
	76,402	25,570	38,175	3,984	4,893	907

Debt associated with the Automotive Leather, Building Materials, South Connect Jandakot and Group Investments segments represents 100% (2025: 100%) of Group borrowings.

Debt associated with syndicate investment property totals $22,114,000 at 30 June 2026 (2025: $22,198,000). SFC's minority property interests are managed externally to the Group. Accordingly, SFC does not control the funding structure. SFC, and other joint operators to an investment, have the discretion to approve finance facility agreements when presented by the investment manager.

SFC's objective is for property borrowing to be predominantly non-recourse to the Parent. At 30 June 2026, 100% (2025: 100%) of the property borrowings were non-recourse to the Parent as the Parent has not guaranteed those debts that are entirely secured by the Automotive Leather subsidiaries or by specific manufacturing or property assets.

Changes in liabilities arising from financing activities

	1 July 2025 $'000	Cash payments $'000	Cash receipts $'000	Non-cash adjustments $'000	Foreign exchange adjustments $'000	30 June 2026 $'000
Interest-bearing loans and borrowings	**72,888**	**(8,074)**	**6,044**	–	**(1,879)**	**68,979**
Lease liabilities	**24,094**	**(6,813)**	–	**9,828**	**(1,815)**	**25,294**
Total liabilities from financing activities	**96,982**	**(14,887)**	**6,044**	**9,828**	**(3,694)**	**94,273**

	1 July 2024 $'000	Cash payments $'000	Cash receipts $'000	Non-cash adjustments $'000	Foreign exchange adjustments $'000	30 June 2025 $'000
Interest-bearing loans and borrowings	59,487	(5,039)	16,060	–	2,380	72,888
Lease liabilities	25,707	(7,038)	–	4,238	1,187	24,094
Total liabilities from financing activities	85,194	(12,077)	16,060	4,238	3,567	96,982

6.5. Foreign currency risk

The Group has the following contracts outstanding at balance date:

	2026 $'000	2025 $'000	2026 Average Exchange Rate	2025 Average Exchange Rate
Sell US $ / Buy Euro €				
Maturity 0-12 months	**6,175**	3,490	**1.0111**	1.1463
Sell Euro € / Buy Australian $				
Maturity 0-12 months	**13,300**	14,000	**0.5743**	0.5844
Sell US $ / Buy Australian $				
Maturity 0-12 months	**–**	7,627	**–**	0.6558

Such contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in the Consolidated Statement of Comprehensive Income in the period they occur. The net fair value movement on the Group's forward currency contracts during the year was $2,193,000 profit (2025: $1,459,000 loss).

Foreign currency translation

USD exposure

At 30 June 2026, the Group had the following exposure to USD foreign currency that is not designated in cash flow hedges:

	Consolidated (AUD) 2026 $'000	2025 $'000
Financial assets		
Cash and cash equivalents	**2,139**	7,813
Trade and other receivables	**6,975**	4,610
Financial assets at fair value through profit or loss	**20,297**	22,840
	29,411	35,263
Financial liabilities		
Trade and other payables	**14,533**	16,759
	14,533	16,759
Net exposure	**14,878**	18,504

EUR exposure

At 30 June 2026, the Group had the following exposure to EUR foreign currency that is not designated in cash flow hedges:

	Consolidated (AUD) 2026 $'000	2025 $'000
Financial assets		
Cash and cash equivalents	**7,780**	7,065
Trade and other receivables	**39,735**	39,747
	47,515	46,812
Financial liabilities		
Trade and other payables	**10,331**	9,333
Leases	**22,214**	19,598
Revolving loan	**17,900**	27,390
Forward rate agreements	**22,996**	20,813
	73,441	77,134
Net exposure	**(25,926)**	(30,322)

RMB exposure

At 30 June 2026, the Group had the following exposure to RMB foreign currency that is not designated in cash flow hedges:

	Consolidated (AUD) 2026 $'000	2025 $'000
Financial assets		
Cash and cash equivalents	**329**	1,278
Trade and other receivables	**8,333**	5,813
	8,662	7,091
Financial liabilities		
Trade and other payables	**1,215**	1,278
Leases	**292**	618
	1,507	1,896
Net exposure	**7,155**	5,195

At 30 June 2026, had the Australian dollar moved as illustrated in the table below, with all other variables held constant, after-tax profit would have been affected as follows:

Sensitivity to reasonably possible currency movements

	Change in foreign exchange rate 2026	2025	Effect on profit after tax 2026 $'000	2025 $'000
Consolidated				
AUD/USD	**10%**	10%	**4,101**	3,190
AUD/USD	**-10%**	-10%	**(5,013)**	(7,297)
AUD/EUR	**10%**	10%	**(5,123)**	(7,731)
AUD/EUR	**-10%**	-10%	**6,262**	6,051
AUD/RMB	**10%**	10%	**(1,093)**	(2,524)
AUD/RMB	**-10%**	-10%	**1,335**	1,467

Currency movements used above are representative of a likely movement in the next 12 months based on historical movements, economic forecasters' expectations, and increased currency volatility.

Recognition and measurement

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Both the functional and presentation currency of Schaffer Corporation Limited and its Australian subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences arising from the above procedures are taken to the Consolidated Statement of Comprehensive Income.

As at the reporting date, the assets and liabilities of overseas subsidiaries (refer note 7.2) are translated into the presentation currency of Schaffer Corporation Limited at the rate of exchange ruling at the balance date and the Consolidated Statement of Comprehensive Income is translated at the average exchange rates for the year.

The exchange differences arising from the translation are taken directly to other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in the component of other comprehensive income relating to that foreign operation and attributable to the parent entity is recognised in the Consolidated Statement of Comprehensive Income.

6.6. Capital management

Capital management is undertaken to ensure that a secure, cost-effective, and flexible supply of capital is available to meet the Group's operating, investing and capital expenditure requirements. A stable capital base is maintained from which the Group can pursue its operating, growth, and investment objectives, while maintaining a flexible capital structure that allows access to a range of debt and equity markets to both draw upon and repay capital. The Group does not have a target debt/equity ratio.

The Group's total capital (non-IFRS) is defined as Schaffer Corporation Limited's shareholders' funds plus amounts attributable to non-controlling shareholders plus net debt (excluding liabilities arising under AASB 16 Leases adopted on 1 July 2019). This amounted to $308,677,000 at 30 June 2026 (2025: $301,838,000).

During the financial year, Schaffer Corporation Limited paid dividends of $12,232,000 (2025: $12,232,000) to the owners of the parent (refer to note 2.3).

The Board assesses its payout ratio policy of balancing returns to shareholders with the need to fund growth in both manufacturing and investment divisions and to maintain financial strength and capacity during uncertain and volatile economic conditions. In line with that policy, subsequent to 30 June 2026, the Company declared a final dividend of $0.45 per share (fully franked) payable to shareholders on record on 4 September 2026. Dividends relating to the 2026 financial year totalled $0.90 per share (fully franked).

Management monitors capital through the non-IFRS gearing ratio (net debt/total capital). The gearing ratios based on continuing operations at 30 June 2026 and 2025 were as follows:

	Consolidated	
	2026	2025
	$'000	$'000
Total interest-bearing loans and borrowings	**68,979**	72,888
Total leases (excluding liabilities arising under AASB 16 Leases adopted on 1 July 2019)	**7,090**	6,100
Less cash and cash equivalents	**(28,412)**	(29,423)
Net debt	**47,657**	49,565
Total equity	**261,020**	252,273
Total capital	**308,677**	301,838
Gearing ratio	**15%**	16%

6.6.1. Contributed equity

a) Issued and paid-up capital

	Consolidated	
	2026	2025
	$'000	$'000
At 30 June		
13,562,757 ordinary fully paid shares (June 2025 13,590,807)	**9,398**	9,925

b) Movement in ordinary shares on issue

	2026		2025	
	Number of shares	**$'000**	Number of shares	$'000
At the beginning of the financial year	**13,590,807**	**9,925**	13,577,057	9,781
Options exercised under an employee share scheme	**–**	**–**	13,750	144
Shares acquired under a share buy-back scheme	**(28,050)**	**(527)**	–	–
At the end of the financial year	**13,562,757**	**9,398**	13,590,807	9,925

For details of movement in options and details of employee share options plan refer to notes 8.3 and 8.4.

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Share options

The Company has a share-based payment option scheme under which options to subscribe for the company's shares can be granted to certain executives and other employees.

The share option holders carry no rights to dividends and no voting rights.

6.6.2. Reserves and retained profits

	Consolidated	
	2026	2025
	$'000	$'000
Reserves		
Asset revaluation reserve	**2,585**	2,585
Share-based payments reserve	**(589)**	(589)
Foreign currency translation reserve	**2,462**	4,273
Balance at 30 June	**4,458**	6,269

Nature and purpose of reserve

Asset revaluation

The asset revaluation reserve was used to record increases and decreases in the value of non-current assets prior to the adoption of Australian Equivalents to International Reporting Standards with effect from 1 July 2005. The reserve can be used to pay dividends in limited circumstances.

Share-based payment – EPUs

This reserve was previously used to record the value of EPUs provided to employees and directors as part of their remuneration prior to a change in payout practice to cash as payment instead of SFC shares. Refer to note 8.3(c)) for further details of this plan.

Share-based payments – SFC options

This reserve represents the amount expensed for the value of options issued. Refer to note 8.3(b) for further details of this plan.

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.

	Consolidated	
	2026	2025
	$'000	$'000
Retained earnings		
Balance at the beginning of the year	**222,061**	210,036
Net profit attributable to members of the parent entity	**22,177**	24,257
Dividends provided for or paid	**(12,232)**	(12,232)
Balance at 30 June	**232,006**	222,061

6.6.3. Non-controlling interest

	Consolidated	
	2026	2025
	$'000	$'000
Reconciliation of non-controlling interest in controlled entities:		
At 1 July	**14,018**	13,542
• Add share of operating profit	**2,654**	3,582
• Share of foreign currency translation reserve movement	**(250)**	260
• Dividends paid	**(1,264)**	(3,366)
Balance at 30 June	**15,158**	14,018

7. Group Structure

This section explains significant aspects of Schaffer Corporation's group structure, including controlled entities, associates and joint ventures.

7.1. Parent Entity Information

	Consolidated	
	2026	2025
	$'000	$'000
Information relating to Schaffer Corporation Limited:		
Current assets	**15,772**	25,962
Total assets	**234,446**	214,201
Current liabilities	**16,004**	16,313
Total liabilities	**83,123**	69,219
Net assets	**151,323**	144,982
Issued capital	**8,662**	9,189
Retained earnings	**139,885**	133,017
Share-based payments reserve	**493**	493
Asset revaluation reserve	**2,283**	2,283
Total shareholders' equity	**151,323**	144,982
Profit of the parent entity	**19,098**	19,606
Total other comprehensive income of the parent entity	**–**	–

The parent entity has entered into Deeds of Cross Guarantee with controlled entities as disclosed in note 7.2.

7.2. Controlled entities

Controlled entity	Beneficial percentage held by the Group 2026 %	2025 %	Place of incorporation
Schaffer Properties Pty Ltd [1]	**100**	100	Australia
Delta Corporation Limited [1]	**100**	100	Australia
Garden Holdings Pty Ltd [1]	**100**	100	Australia
Jandakot No. 1 Pty Ltd	**100**	100	Australia
JDK Land Pty Ltd	**100**	100	Australia
SFC No.7 Pty Ltd	**100**	100	Australia
SFC US Limited	**100**	100	United States Of America
SFC US1 LLC	**100**	100	United States Of America
South Connect No. 1 Pty Ltd ATF South Connect No.1 Property Trust	**100**	–	Australia
South Connect No. 2 Pty Ltd ATF South Connect No.2 Property Trust	**100**	–	Australia
South Connect No. 3 Pty Ltd ATF South Connect No.3 Property Trust	**100**	–	Australia
South Connect No. 4 Pty Ltd ATF South Connect No.4 Property Trust	**100**	–	Australia
South Connect No. 5 Pty Ltd ATF South Connect No.5 Property Trust	**100**	–	Australia
South Connect No.1 Property Trust	**100**	–	Australia
South Connect No.2 Property Trust	**100**	–	Australia
South Connect No.3 Property Trust	**100**	–	Australia
South Connect No.4 Property Trust	**100**	–	Australia
South Connect No.5 Property Trust	**100**	–	Australia
SFC Global Equities Fund [5]	**46**	48	Australia
SFC Global Fallen Angels Fund [5]	**67**	67	Australia
SFC Global Pty Ltd [6]	**100**	100	Australia
SFC Management Pty Ltd	**100**	100	Australia
Gosh Holdings Pty Ltd [3]	**83.17**	83.17	Australia
Gosh Capital Pty Ltd [3]	**83.17**	83.17	Australia
Howe Automotive Limited [2]	**83.17**	83.17	Australia
Rosedale Leather Pty Ltd [2]	**83.17**	83.17	Australia
Australian Leather Upholstery Pty Ltd [2]	**83.17**	83.17	Australia
Howe & Company Pty Ltd [2]	**83.17**	83.17	Australia
Howe Slovensko s.r.o.	**83.17**	83.17	Slovakia
Howe Leather (Shanghai) Co. Ltd. [4]	**83.17**	83.17	People's Republic of China
Howe Hong Kong Pty Limited	**83.17**	83.17	Hong Kong

[1] Pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 relief has been granted to various controlled entities from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports. As a condition of the Instrument, Schaffer Corporation Limited and the controlled entities subject to the Instrument (the Schaffer 'Closed Group') entered into Deeds of Cross Guarantee at various dates. The effect of the deeds is that Schaffer Corporation Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entities. The controlled entities have also given a similar guarantee in the event that Schaffer Corporation Limited is wound up.

[2] Pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 relief has been granted to various controlled entities from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports. As a condition of the Instrument, Howe Automotive Limited and the controlled entities subject to the Instrument (the Howe Automotive 'Closed Group') entered into Deeds of Cross Guarantee at various dates. The effect of the deeds is that Howe Automotive Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entities. The controlled entities have also given a similar guarantee in the event that Howe Automotive Limited is wound up.

[3] Pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 relief has been granted to various controlled entities from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports. As a condition of the Instrument, Gosh Holdings Pty Ltd and the controlled entities subject to the Instrument (the Gosh Holdings 'Closed Group') entered into Deeds of Cross Guarantee at various dates. The effect of the deeds is that Gosh Holdings Pty Ltd has guaranteed to pay any deficiency in the event of winding up of the controlled entities. The controlled entities have also given a similar guarantee in the event that Gosh Holdings Pty Ltd is wound up.

[4] Howe Leather (Shanghai) Co. Ltd has a 1 January to 31 December financial year to coincide with local tax and statutory reporting requirements. Financial statements for this subsidiary are prepared and audited for the year to 30 June for the purposes of Group consolidation. All other entities have 1 July to 30 June financial years.

[5] SFC Management Pty Ltd, a wholly-owned subsidiary of the Group, acts as trustee for the SFC Global Equities Fund and the SFC Global Fallen Angels Fund. Management has determined this relationship grants the Group control as defined under AASB 10 *Consolidated Financial Statements*.

[6] SFC Global Pty Ltd, a wholly-owned subsidiary of the Group, acts as fund manager for the SFC Global Equities Fund and the SFC Global Fallen Angels Fund.

Recognition and measurement

Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial report has been prepared by consolidating the financial statements of Schaffer Corporation Limited and its controlled entities. All inter-entity balances and transactions are eliminated. All wholly owned entities within the Group have been consolidated in these financial statements.

The Consolidated Statement of Financial Performance and Consolidated Statement of Financial Position of the entities which are members of the Schaffer 'Closed Group' are as follows:

Schaffer Closed Group

Consolidated statement of financial performance and retained earnings

	2026 $'000	2025 $'000
Profit from continuing operations before income tax	**20,751**	27,681
Income tax (expense)/credit	**(4,209)**	(3,013)
Net profit for the year	**16,542**	24,668
Other comprehensive income	**–**	–
Total comprehensive income	**16,542**	24,668
Retained earnings		
Balance at the beginning of the year	**168,254**	155,818
Total profit for the year	**16,548**	24,668
Dividends provided for or paid	**(12,232)**	(12,232)
Retained earnings	**172,570**	168,254

Consolidated statement of financial position

	2026 $'000	2025 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**12,946**	9,993
Trade and other receivables	**1,566**	2,895
Income tax refundable	**–**	103
Inventories	**1,313**	1,122
Financial assets at fair value through profit or loss	**–**	35
Contract assets	**2,750**	969
Other financial assets	**7,000**	16,500
Prepayments and deposits	**404**	353
Total current assets	**25,979**	31,970
Non-current assets		
Financial assets at fair value through profit or loss	**50,488**	48,356
Equity accounted investments	**8,577**	7,923
Loans receivable	**9,039**	7,568
Property, plant and equipment	**12,597**	13,548
Investment properties	**168,725**	147,793
Goodwill	**84**	84
Total non-current assets	**249,510**	225,272
Total assets	**275,489**	257,242

	2026 $'000	2025 $'000
LIABILITIES		
Current liabilities		
Trade and other payables	**5,460**	3,811
Interest-bearing loans and borrowings	**22,495**	13,982
Contract liabilities	**2,971**	133
Provisions	**4,140**	3,837
Total current liabilities	**35,066**	21,763
Non-current liabilities		
Interest-bearing loans and borrowings	**19,349**	22,281
Deferred income tax liabilities	**35,759**	31,699
Provisions	**57**	30
Total non-current liabilities	**55,165**	54,010
Total liabilities	**90,231**	75,773
Net assets	**185,258**	181,469
EQUITY		
Issued capital	**9,610**	10,137
Reserves	**3,078**	3,078
Retained earnings	**172,570**	168,254
Total equity	**185,258**	181,469

7.2. Controlled entities (continued)

	Howe Automotive Limited $'000	Gosh Holdings Pty Ltd $'000
Accumulated balances of material non-controlling interests		
2026	**11,549**	**3,609**
2025	10,629	3,389
Profit allocated to material non-controlling interest		
2026	**2,432**	**222**
2025	3,310	272
Summarised statement of profit or loss for the year ended 30 June 2026		
Revenue	**176,737**	**1,821**
Profit before tax and finance costs	**22,094**	**2,210**
Finance costs	**(1,840**	**(439)**
Profit before tax	**20,254**	**1,771**
Income tax expense	**(5,806**	**(450)**
Profit for the year	**14,448**	**1,321**
Other comprehensive income	**(1,483**	**–**
Total comprehensive income	**12,965**	**1,321**
Attributable to non-controlling interests	**2,432**	**222**
Dividends paid to non-controlling interests	**1,264**	**–**
Summarised statement of profit or loss for the year ended 30 June 2025		
Revenue	185,917	2,171
Profit before tax and finance costs	30,052	2,799
Finance costs	(2,032)	(495)
Profit before tax	28,020	2,304
Income tax expense	(8,356)	(682)
Profit for the year	19,664	1,622
Other comprehensive income	1,547	–
Total comprehensive income	21,211	1,622
Attributable to non-controlling interests	3,309	273
Dividends paid to non-controlling interests	3,366	–

	Howe Automotive Limited $'000	Gosh Holdings Pty Ltd $'000
Summarised statement of financial position as at 30 June 2026		
Current assets	**105,644**	**2,620**
Non-current assets	**47,847**	**31,710**
Current liabilities	**(37,853)**	**(323)**
Non-current liabilities	**(47,029)**	**(12,555)**
Total equity	**68,609**	**21,452**
Attributable to:		
Equity holders of parent	**57,060**	**17,843**
Non-controlling interest	**11,549**	**3,609**
Summarised statement of financial position as at 30 June 2025		
Current assets	110,420	2,090
Non-current assets	50,094	30,719
Current liabilities	(40,573)	(8,130)
Non-current liabilities	(56,790)	(4,549)
Total equity	63,151	20,130
Attributable to:		
Equity holders of parent	52,522	16,742
Non-controlling interest	10,629	3,388
Summarised cash flow information for the year ended 30 June 2026		
Net cash flows from operating activities	**20,955**	**204**
Net cash flows used in investing activities	**(5,145)**	**(810)**
Net cash flows used in financing activities	**(20,099)**	**–**
Net foreign exchange difference	**48**	**–**
Net increase/(decrease) in cash and cash equivalents	**(4,241)**	**(606)**
Summarised cash flow information for the year ended 30 June 2025		
Net cash flows from operating activities	20,892	416
Net cash flows used in investing activities	(3,670)	(878)
Net cash flows used in financing activities	(11,877)	–
Net foreign exchange difference	661	–
Net increase in cash and cash equivalents	6,006	(462)

7.3. Equity accounted investments

The Group has the following interests in associates and joint ventures which are accounted for using the equity method in the consolidated financial statements.

	Consolidated	
	2026	2025
	$'000	$'000
Group's carrying amount of the investments	**8,577**	8,205
Group's share of profit/(loss) for the year	**844**	848

Recognition and measurement

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The following table illustrates the aggregated and summarised financial information of the Group's investment in the above entities.

Associate companies

Under the equity method, the investments are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of an associate or a joint venture.

After applying the equity method of accounting, the Group determines whether it is necessary to recognise an additional impairment loss with respect to its investment in an associate or joint venture.

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as a difference between the recoverable amount of the associate or joint venture and its carrying amount and recognises the loss as 'Share of net profits of associates and joint ventures' in the income statement. .

The consolidated income statement reflects the Group's share of the results of operations of the associate/jointly controlled entity.

Joint ventures

A joint venture is a type of arrangement whereby the parties that have joint control of the arrangement have rights to net assets of the joint venture. Joint control is the contractually agreed sharing of control arrangement, which exists only when the decisions about relevant activities require unanimous consent of the parties sharing control.

The joint venture's accounting policies conform to those used by the Group. When reporting dates of joint ventures are not identical to the Group and the joint venture is not a disclosing entity, the financial information used is internal management reports for the same period as the Group's financial year.

Profits or losses on transactions with the joint venture are deferred to the extent of the Group's ownership interest where properties remain classified as inventory by the joint venture until such time as they are realised by the joint venture on sale. There were no unrealised eliminated profits as at 30 June 2026 (2025: nil).

Investment property held by the joint venture, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in fair value of investment property are included in the equity accounted share of the joint venture's profit and recognised in the income statement of the Group in the period in which they arise.

				Percentage ownership	
				2026	2025
	Activity	**Place of Incorporation**	**Nature of investment**	**%**	**%**
TJS Advisory Pty Ltd - unlisted company	Property asset management and consultancy services	Australia	Associate	**30**	30
Primewest Tamworth Trust - unlisted unit trust	Bulky goods property investment	Australia	Associate	**25**	25
6 Centro Ave Unit Trust - unlisted unit trust	Office property investment	Australia	Joint Venture	**50**	50
7 Turner Ave Unit Trust - unlisted unit trust	Office property investment	Australia	Associate	**35**	35
WASO Club Pty Ltd - unlisted company	Property development	Australia	Associate	**27**	27
Parcel Bayswater Pty Ltd - unlisted company	Property development	Australia	Joint Venture	**50**	50
Springfield Farm Estate Pty Ltd	Industrial property investment	Australia	Associate	**25**	25

8. Other disclosures

This section provides information on items which require disclosure to comply with AASBs and other regulatory pronouncements and any other information that is considered relevant for the users of the financial report which has not been disclosed in other sections.

8.1. Auditor's remuneration

Amounts received or due and receivable by Ernst & Young for any audit or review of the financial report of the parent and any other entity in the consolidated group.

	Consolidated	
	2026	2025
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities.	**287,500**	277,500
Fees for other services		
- Tax compliance and related services	**116,000**	134,168
Total fees to Ernst & Young (Australia) (A)	**403,500**	411,668
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	**39,000**	44,659
Total fees to overseas member firms of Ernst & Young (Australia) (B)	**39,000**	44,659
Total auditor's remuneration (A + B)	**442,500**	456,327
Amounts received or due and receivable by non-Ernst & Young audit firms for audit services	**21,000**	21,275

8.2. Contingent liabilities and expenditure commitments

(a) Expenditure commitments

At 30 June 2026, the Group had commitments of $4,800,000 relating to the acquisition of plant and equipment for the Automotive Leather and Building Materials divisions.

The Group also committed $247,000 to investments that will be drawn down by external managers over approximately the next year, and $13,700,000 for ongoing development of the Jandakot property.

	Consolidated	
	2026 $'000	2025 $'000
Expenditure commitments	**18,747**	3,918

(a) Bankers' undertakings

First mortgages have been registered over the assets and undertakings of controlled entities by banks which have issued performance guarantees to third parties on behalf of the consolidated entity.

The aggregate of the performance guarantees issued by the banks amount to:

	Consolidated	
	2026 $'000	2025 $'000
Bankers' undertakings	**7,920**	2,829

8.3. Employee benefits and superannuation commitments

(a) Superannuation commitments

The consolidated entity contributes to superannuation plans elected by individual employees, generally at the rate of 12% of gross salaries and wages for the financial year.

The company complies with the Superannuation Guarantee Charge obligations legislated in the Superannuation Guarantee (Administration) Act 1992.

The amount of superannuation expense for the year ended 30 June 2026 is $1,168,000 (2025: $1,171,000).

(b) Employee share option plan

An employee share option plan has been established. The plan was approved by shareholders at the Annual General Meeting in November 1999. The plan permits the granting of options (at the absolute discretion of the Board) to Group employees to acquire ordinary shares in Schaffer Corporation Limited. The options issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of Schaffer Corporation Limited. Once issued, the options cannot be transferred and will not be quoted on the ASX. At any time, the number of unexercised options issued is limited to 5% of the number of shares on issue. The Directors have discretion over the vesting of the options.

No options over ordinary shares as part of an employee share scheme were on issue during the year.

(c) Employee participation units

A controlled entity, Howe Automotive Limited, has established a Howe Automotive Limited shareholder approved employee incentives plan which permits the granting of employee participation units (EPUs) at the discretion of its shareholders up to an EPU limit. The EPU limit is 10% of the total combined number of shares plus EPUs issued by Howe Automotive Limited.

An EPU provides an employee with a right to receive a bonus from Howe Automotive Limited in the following circumstances:

(i) If an employee dies or becomes permanently disabled at any time after the grant date.
(ii) If an employee ceases employment after the three-year initial vesting period.
(iii) Upon a liquidity event (trade sale or listing on an Australian or overseas stock exchange).
(iv) On issue of a compulsory payment notice by Schaffer Corporation Limited.

For bonuses, other than upon a liquidity event, the amount is dependent on vesting and the financial performance of Howe Automotive Limited (refer to remuneration report for details). The vesting requirements are:

(i) up to 3 years – nil
(ii) 3 years to 4 years – 33.3%
(iii) 4 years to 5 years – 66.7%
(iv) over 5 years – 100%

Note: Employees are ineligible to receive any payment in the following circumstances:

(i) termination due to misconduct;
(ii) failure to provide 90 days' written notice of intention to terminate employment;
(iii) acting in competition prior to the payment date (payment date is at least 12 months after termination).

The amount of payment, other than for a liquidity event, is calculated in accordance with a valuation formula based on 5.5 times Howe Automotive Limited's earnings before interest and tax minus net debt. The formula uses a three-year average including one full year following termination.

For a liquidity event, the amount of payment is calculated in accordance with a valuation based on the consideration to be paid for ownership of Howe Automotive Limited less associated costs.

Schaffer Corporation Limited has the option to compel the employee to use the whole or part of that cash payment in subscribing for Schaffer Corporation Limited shares based on the average Schaffer Corporation Limited share price for the same three-year period.

The provision for EPU termination payments is included in provision for employee entitlements – non-current (refer note 3.1.5)

8.3. Employee benefits and superannuation commitments (continued)

(c) Employee participation units (continued)

EPU Tranche	Issue number	Grant date	Number issued	Number redeemed	Number cancelled	Balance outstanding	Balance as a % of Howe's capital	Number vested
Series 1		04-October-2000	3,383,634	2,357,264	958,697	67,673	0.1%	67,673
Series 2	Issue 1	21-December-2001	2,884,434	1,114,029	1,679,257	91,148	0.2%	91,148
	Issue 2	01-July-2002	120,000	50,000	40,000	30,000	0.1%	30,000
	Issue 3	01-July-2003	245,000	121,667	98,333	25,000	0.0%	25,000
	Issue 4	01-July-2004	57,672	–	32,672	25,000	0.0%	25,000
	Issue 5	16-May-2005	150,000	–	150,000	–	0.0%	–
	Issue 6	01-July-2005	1,350,000	600,000	500,000	250,000	0.4%	250,000
	Issue 7	21-August-2006	500,000	–	–	500,000	0.9%	500,000
	Issue 8	01-July-2007	200,000	200,000	–	–	0.0%	–
	Issue 9	01-July-2017	1,450,000	100,000	–	1,350,000	2.3%	1,350,000
Series 3	Issue 1	01-January-2008	1,150,000	433,333	416,667	300,000	0.5%	300,000
	Issue 2	01-July-2009	100,000	100,000	–	–	0.0%	–
	Issue 3	01-January-2011	250,000	–	–	250,000	0.4%	250,000
	Issue 4	01-July-2013	1,075,000	250,000	275,000	550,000	1.0%	550,000
	Issue 5	01-July-2014	200,000	66,667	133,333	–	0.0%	–
	Issue 6	01-July-2016	330,000	–	30,000	300,000	0.5%	300,000
Series 4	Issue 1	01-July-2018	1,275,000	50,000	100,000	1,125,000	1.9%	1,125,000
	Issue 2	01-July-2019	275,000	16,667	58,333	200,000	0.3%	200,000
	Issue 3	01-July-2020	450,000	25,000	75,000	350,000	0.6%	350,000
	Issue 4	01-July-2021	75,000	–	–	75,000	0.1%	50,000
	Issue 5	01-July-2022	50,000	–	–	50,000	0.1%	16,667
	Issue 6	01-July-2023	200,000	–	100,000	100,000	0.2%	–
	Issue 7	01-July-2024	75,000	–	50,000	25,000	0.0%	–
			15,845,740	**5,484,627**	**4,697,292**	**5,663,821**	**9.8%**	**5,480,488**

8.4. Directors and executives disclosures

(a) Details of Key Management Personnel (KMP)

i. Remuneration of Key Management Personnel

Refer to Remuneration Report in the Directors' Report

ii. Remuneration by category: Key Management Personnel

	2026 $'000	2025 $'000
Short-term	**5,900**	5,897
Long-term incentives	**60**	53
Post-employment	**77**	(202)
	6,037	5,748

(b) Option holdings of Key Management Personnel

As 1 July 2025 and throughout the financial year ended 30 June 2026, there were no options held by Key Management Personnel.

30 June 2025

					Vested as at 30 June 2025	
Executives	**Balance at 30 June 2024**	**Granted as remuneration during the period**	**Options exercised during the period**	**Balance at end of period**	**Vested**	**Not vested**
R Leib	11,250	–	(11,250)	–	–	–
J Cantwell	2,500	–	(2,500)	–	–	–
Total	13,750	–	(13,750)	**–**	**–**	**–**

There have been no other transactions concerning shares between entities in the reporting entity and directors of the reporting entity or their related entities.

(c) EPU holdings of Key Management Personnel

30 June 2026

						Vesting status as at 30 June 2026	
Executives	**Balance at 30 June 2025**	**Granted as remuneration during the period**	**Redeemed during the period**	**Cancelled during the period**	**Balance at end of period**	**Vested**	**Not vested**
D Birks	**1,200,000**	–	–	–	**1,200,000**	**1,200,000**	–
R Leib	**550,000**	–	–	–	**550,000**	**550,000**	–
Total	**1,750,000**	**–**	**–**	**–**	**1,750,000**	**1,750,000**	**–**

30 June 2025

						Vested status as at 30 June 2025	
Executives	**Balance at 30 June 2024**	**Granted as remuneration during the period**	**Redeemed during the period**	**Cancelled during the period**	**Balance at end of period**	**Vested**	**Not vested**
D Birks	1,200,000	–	–	–	1,200,000	1,200,000	–
R Leib	550,000	–	–	–	550,000	533,333	16,667
Total	1,750,000	–	–	–	1,750,000	1,733,333	16,667

For details of terms and conditions for each grant refer to note 8.3(c).

8.4. Directors and executives disclosures (continued)

Use of judgement

The Group measures the cost of cash-settled EPU termination payments in accordance with a valuation formula based on the future three-year average of 5.5 times Automotive Leather's estimated earnings before interest and tax minus the future three-year average estimated debt, discounted based on the estimated period until payment using a risk-free rate of return.

Future earnings estimates have been decreased from prior year to reflect the ongoing global economic volatility, supply chain elongation and global instability. The valuation has sensitivity to the estimate of future earnings. A 10% reduction in the estimate of future earnings would reduce the provision by $1,124,000 (2025: $1,170,000) and vice versa.

8.5. Significant events after balance date

Following the end of the reporting period, a final fully franked dividend of 45¢ per share to shareholders on record at 4 September 2026 has been declared and is payable on 18 September 2026.

No other matter or circumstance has arisen since the end of the financial year that materially affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

8.6. Other accounting policies

Other accounting policies

New accounting standards, interpretations and amendments adopted by the Group

The Group applied certain accounting standards and amendments which are effective for annual periods beginning on or after 1 July 2025 for the first-time on 1 July 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards not yet applicable

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 will replace AASB 101 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

Management is assessing the impact of the accounting standard on the Group's financial reporting.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Lack of Exchangeability (Amendments to IAS 21) – first effective for the Group on 1 July 2025.
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) – first effective for the Group on 1 July 2026.
- Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture (AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and 2024-4 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128) – first effective for the Group on 1 July 2026.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

as at 30 June 2026

Entity name	Group share of capital %	Entity type	Country of incorporation	Country of tax residence
Schaffer Corporation Limited		Body corporate	Australia	Australia
Schaffer Properties Pty Ltd	100	Body corporate	Australia	Australia
Delta Corporation Limited	100	Body corporate	Australia	Australia
Garden Holdings Pty Ltd	100	Body corporate	Australia	Australia
SFC No.7 Pty Ltd	100	Body corporate	Australia	Australia
SFC Management Pty Ltd [1]	100	Body corporate	Australia	Australia
JDK Land Pty Ltd	100	Body corporate	Australia	Australia
Jandakot No. 1 Pty Ltd	100	Body corporate	Australia	Australia
SFC Global Pty Ltd	100	Body corporate	Australia	Australia
South Connect No. 1 Pty Ltd ATF South Connect No.1 Property Trust	100	Body corporate	Australia	Australia
South Connect No. 2 Pty Ltd ATF South Connect No.2 Property Trust	100	Body corporate	Australia	Australia
South Connect No. 3 Pty Ltd ATF South Connect No.3 Property Trust	100	Body corporate	Australia	Australia
South Connect No. 4 Pty Ltd ATF South Connect No.4 Property Trust	100	Body corporate	Australia	Australia
South Connect No. 5 Pty Ltd ATF South Connect No.5 Property Trust	100	Body corporate	Australia	Australia
South Connect No.1 Property Trust	100	Trust	Australia	Australia
South Connect No.2 Property Trust	100	Trust	Australia	Australia
South Connect No.3 Property Trust	100	Trust	Australia	Australia
South Connect No.4 Property Trust	100	Trust	Australia	Australia
South Connect No.5 Property Trust	100	Trust	Australia	Australia
Gosh Holdings Pty Ltd	83.17	Body corporate	Australia	Australia
Gosh Capital Pty Ltd	83.17	Body corporate	Australia	Australia
Howe Automotive Limited	83.17	Body corporate	Australia	Australia
Rosedale Leather Pty Ltd	83.17	Body corporate	Australia	Australia
Australian Leather Upholstery Pty Ltd	83.17	Body corporate	Australia	Australia
Howe & Company Pty Ltd	83.17	Body corporate	Australia	Australia
Howe Hong Kong Pty Limited	83.17	Body corporate	Hong Kong	Australia
SFC Global Equities Fund	46	Trust	Australia	Australia
SFC Global Fallen Angels Fund	67	Trust	Australia	Australia
Howe Slovensko s.r.o	83.17	Body corporate	Slovakia	Slovakia
Howe Leather (Shanghai) Co. Ltd.	83.17	Body corporate	People's Republic of China	People's Republic of China
SFC US Limited	100	Body corporate	United States of America	United States of America
SFC US1 LLC	100	Body corporate	United States of America	United States of America

[1] Trustee of SFC Global Equities Fund and SFC Global Fallen Angels Fund

DIRECTORS' DECLARATION

for the year ended 30 June 2026

Directors' Declaration

In accordance with a resolution of the Directors of Schaffer Corporation Limited, we state that:

1. In the opinion of the Directors:

   a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

      ii. complying with 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 note 1.1;

   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; and

   d) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2026.

3. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 7.2 will be able to meet any obligation or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

J M Schaffer AM
Chairman and Managing Director

Perth, 18 September 2026

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Ernst & Young
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Independent auditor's report to the members of Schaffer Corporation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Schaffer Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2026 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

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Fair value of Level 3 Assets

Why significant	How our audit addressed the key audit matter
As disclosed in Notes 5.5 and 3.1.9 to the financial report, at 30 June 2026 the Group held financial instruments of $29.2 million and investment properties of $190.1 million, both measured at fair value. These valuations are classified as Level 3 within the Group's fair value hierarchy. These Level 3 investments principally comprise investment properties, unlisted investments in property unit trusts and limited liability companies, unlisted investments in managed equity funds and unlisted equity shares. This was considered a key audit matter due to the complexity of the valuations, the significant judgement involved in determining fair value, and the sensitivity of the valuations to changes in key assumptions.	As part of our procedures, we: ▪ Obtained an understanding of the Group's process for valuing Level 3 investments ▪ For all investment properties, obtained the valuation reports and evaluated key assumptions against prior-year valuations and relevant market data to assess valuation movements and select properties for further testing ▪ Evaluated the competence, capabilities and objectivity of management's external valuation specialists and the appropriateness of valuation methodologies and significant assumptions ▪ With our valuation specialists, assessed, for a sample of properties, the valuation methodologies and significant assumptions having regard to AASB 13 *Fair Value Measurement* ▪ Selected the Jandakot property for a site visit due to its significance as the Group's largest individual investment property and the material contribution of its fair value movement to the Group's profit. We attended the property to observe the condition of the site and progress of development works and assessed whether our observations were consistent with the property's characteristics, stage of development and the assumptions reflected in the valuation ▪ For a sample of Level 3 financial instruments, verified existence through third-party confirmations, and performed a look-back assessment by comparing prior-year valuations to subsequent outcomes and available financial information, and considering movements in relevant observable market data subsequent to year end, to assess the reasonableness of valuation assumptions and the reliability of management's valuation process

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	▪ For unlisted property unit trusts, reperformed unit prices and holdings and agreed material underlying assets and liabilities to supporting documentation, including independent property valuations and loan statements ▪ For unlisted equity securities, evaluated key market and non-market assumptions and, with our valuation specialists, assessed the appropriateness and mathematical accuracy of management's valuation methodologies and models ▪ Assessed the adequacy and appropriateness of disclosures in Notes 5.5 and 3.1.9, including valuation methodologies, significant inputs and sensitivities for Level 3 fair value measurements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2026 Annual Report other than 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, with the exception of the Remuneration Report and our related assurance opinion.

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, 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 (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

For such internal control as the directors determine is necessary to enable the preparation of:

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- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

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- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Schaffer Corporation Limited for the year ended 30 June 2026, 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.

Ernst & Young

Ernst & Young

Timothy G Dachs
Partner
Perth
18 September 2026

DIRECTORS' REPORT

for the year ended 30 June 2026

Your directors submit their report for the year ended 30 June 2026 made in accordance with a resolution of the Directors.

Directors

Details of the Directors of the company during the financial year and up to the date of this report are:

J M Schaffer AM BCom(Hons) FCPA

Managing Director Executive Director since 6/9/1972

Mr John Schaffer AM joined the company in 1972. Mr Schaffer has held the position of Managing Director since 1987.

D E Blain AM BA

Non-executive Director Appointed 5/6/1987

Mrs Danielle Blain AM joined the company in 1987. Mrs Blain served as Managing Director of Gosh Leather Pty Ltd from 1993 to 2001. Mrs Blain has diverse experience serving on several NGO boards and is also a past Pro Chancellor of Edith Cowan University.

A K Mayer

Executive Director Appointed 21/11/2001

Mr Anton Mayer is the Executive Chairman of Howe Automotive Limited. Mr Mayer has over 50 years of international leather experience, broad business skills and a global business perspective.

M D Perrott AM BCom FAIM FAICD

Independent Director Appointed 23/2/2005

Mr Michael Perrott AM joined the Board as an independent director in February 2005. Mr Perrott AM has over 40 years' experience in the construction and contracting industry.

D J Schwartz

Independent Director Appointed 29/6/1999

Mr David Schwartz joined the Board as an independent director in June 1999. He has over 25 years' experience negotiating acquisitions and overseeing the development of property. Over the past 40 years, David has been involved in many different businesses including retail, manufacturing, and distribution.

Directors were in office for the entire period unless otherwise stated.

Company secretary

J M Cantwell BBus(Acc) CPA MBA GIA(Affiliated)

Mr Jason Cantwell joined the company in 2011 and has over 25 years' experience in senior financial management roles within both private and publicly listed companies. Mr Cantwell is a Member of CPA Australia and an Affiliated Member of the Governance Institute of Australia.

Attendance at board and committee meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board Meetings	Meetings of Committees	
		Audit	Nomination & Remuneration
Number of meetings held	8	2	1
J M Schaffer AM	8	–	–
D E Blain AM	8	2	1
A K Mayer	7	–	–
M D Perrott AM	8	2	1
D J Schwartz	7	2	1

Committee membership

The Company has an audit committee and a nomination & remuneration committee. The members of both committees are Mr D J Schwartz (Chairperson), Mrs D E Blain AM, and Mr M D Perrott AM.

Rotation of directors

In accordance with the Articles of Association, at the SFC Annual General Meeting scheduled for 18 November 2026, Mr M D Perrott will retire by rotation and being eligible, will offer himself for re-election.

Interests in the shares of the company and related bodies corporate

On 1 September 2026, the economic interest of the Directors, including their related parties, in the shares of the Company were:

	Ordinary shares	Options over ordinary shares
J M Schaffer AM	2,786,236	–
D E Blain AM	1,562,360	–
D J Schwartz	720,068	–
A K Mayer	354,263	–
M D Perrott AM	8,500	–

Principal activities

The principal activities of the entities within the consolidated entity, over the financial year were automotive leather manufacture, concrete product manufacture, property and equity investing, and property development and leasing.

Results

The consolidated entity's operating profit after tax for the financial year was a profit of $24,831,000 (2025: $27,839,000).

Operating and financial review

Please refer to Managing Director's report for details.

Significant changes in the state of affairs

The overall 2026 financial performance of the Group decreased compared to the prior year due to reduced profits for the manufacturing divisions offset by improved performance for the investment portfolio and a revaluation gain for South Connect Jandakot.

Automotive Leather had a challenging first half due to a cyber-attack at Jaguar Land Rover ("JLR") which temporarily halted their production for around two months. Gross margins were impacted as Automotive Leather retained its full workforce, remaining ready to supply JLR when their production restarted. The division rebounded following resolution of the cyber incident and had a much improved second half. Geographically, revenue in Asia was down due to programs that had completed. During the financial year, the division has won new programs in Europe and China which bodes well for the 2027 financial year.

The Building Materials segment (Delta) incurred a loss for the 2026 financial year as the West Australian government spending on large civil infrastructure projects decreased significantly, coinciding with continued subdued private sector projects. However, the division has won projects in the second half of the financial year and currently has a large orderbook. We expect that the division will be profitable in the first half of the 2027 financial year.

Construction of the first warehouse at South Connect Jandakot occurred during the financial year and is expected to be completed in the first quarter of calendar 2027. Land valuations continue to increase as the division had an unrealised pre-tax gain of $14.6 million at 30 June 2026.

In the opinion of the Directors of the consolidated entity there has not arisen any other matter or circumstance that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Dividends

The following dividends have been paid or declared by the company since the commencement of the financial year.

(a) Dividends paid

	2026 $'000	2025 $'000
Final 2025 dividend paid in September 2025	**6,116**	6,117
Per share (¢)	**45**	45
Interim 2026 dividend paid in March 2026	**6,116**	6,115
Per share (¢)	**45**	45
Fully franked dividends paid by the parent	**12,232**	12,232
Fully franked dividend paid by controlled entities to minority shareholders	**1,264**	3,366
Total fully franked dividends paid	**13,496**	15,598

(b) Not recognised as a liability as at 30 June 2026

	2026	2025
Final fully franked dividend for 2026	**6,103**	6,116

The dividends were declared subsequent to 30 June 2026

Review of operations

The consolidated entity's revenue decreased by 11.8% to $202,700 from $229,710 this year. The pre-tax operating profit of $34,947,000 was an 11.5% decrease compared to $39,510,000 for last year. The consolidated entity's net profit after tax, excluding non-controlling interests, decreased by 8.6% to $22,177,000 from $24,257,000.

Likely developments and expected results

Other than the discussion of the Company's operations and outlook already set out from pages 1–19 of this Annual Report, the Directors have no further comment to make on likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years.

Environmental regulation and performance

Schaffer Corporation Limited is subject to a range of environmental regulations. During the financial year, Schaffer Corporation Limited met all reporting requirements under any relevant legislation. There were no incidents which required reporting. The Company aims to continually improve its environmental performance.

Significant events after balance date

Following the end of the reporting period, a final fully franked dividend of 45¢ per share has been declared payable on 18 September 2026.

No other matter or circumstance has arisen since the end of the financial year which materially affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Indemnification and insurance of directors

During or since the financial year, the company has agreed to indemnify directors against a liability for costs and expenses incurred in defending proceedings brought against them for a liability incurred in their role as directors of the company other than in respect of any wilful misconduct. The total amount of insurance contract premiums paid is not disclosed due to a confidentiality clause within the insurance policy.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Remuneration report (audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of Key Management Personnel

Directors

J M Schaffer AM	Managing Director
D E Blain AM	Director (non-executive)
A K Mayer	Director (executive)
M D Perrott AM	Director (non-executive/independent)
D J Schwartz	Director (non-executive/independent)

Executives

R Leib	Group Chief Financial Officer and Chief Executive Officer – Automotive Leather
D Birks	General Manager – Automotive Leather
J Walsh	General Manager, Delta Corporation Limited
J Cantwell	Group Financial Controller and Company Secretary

Remuneration philosophy

SFC's remuneration policy is directed at attracting, motivating and retaining quality directors and executives. SFC's key internal performance measures at the business unit and consolidated levels are earnings before interest and tax (EBIT) and return on average capital employed (ROACE). EBIT and ROACE have been chosen by the Group as measures of executive performance because they align the interests of management with those of all SFC shareholders.

Remuneration Committee

The SFC Board operates a Nomination and Remuneration Sub-Committee to support and advise the SFC Board in fulfilling its responsibility to shareholders to ensure that the company has remuneration policies and practices which enable it to attract and retain directors and executives who will best contribute towards achieving positive outcomes for shareholders.

The committee determines the remuneration and other conditions of service of the chief executive officer and executive directors, if any. The committee makes recommendations to the Board on the remuneration of non-executive directors within the aggregate approved by shareholders in general meetings from time to time. The committee considers individual performance, company performance, internal relativity, and fairness in setting levels of remuneration and may seek appropriate independent external advice to assist in its decision making.

The structure of non-executive director and executive remuneration are separate and distinct.

Senior manager and executive director remuneration

Objective

SFC's remuneration policy aims to remunerate executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

Structure

The remuneration of SFC's senior executive consists of fixed remuneration and variable remuneration (annual and long-term incentives). The company aims to reward executives for Company, business unit and individual performance, align executive remuneration with the interests of shareholders, link rewards with the strategic goals such as profitability or return on capital employed and ensure that total remuneration is effective in retaining and motivating senior executives and executive directors.

Fixed remuneration

This includes base salary and the statutory Superannuation Guarantee Contribution (SGC) which comprises the cash component. The Schaffer Corporation Limited Superannuation Fund is available to executives for superannuation contributions and life insurance. Premiums for life insurance are deducted from member accounts. Executives can elect to have the company contribute superannuation beyond the statutory SGC level by way of a salary sacrifice in lieu of cash salary.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee in respect of each executive director. The fixed remuneration of executives is reviewed annually by the SFC Managing Director in the case of the Building Materials and Corporate divisions and by the Howe Automotive Limited General Manager in the case of the Automotive Leather division. The review process considers company-wide, business unit and individual performance in the context of any annual change during the preceding 12-month period to the consumer price index and wages cost index as published by the Australian Bureau of Statistics. For the year beginning 1 July 2025, a 3% increase was applied for Senior Executives.

Variable remuneration – Short-Term Incentive

The Group has performance-based incentive plans in place at each of its operations in which management and the labour force participate. The level of remuneration payable to participating executives is linked to the financial performance of their business. Executives are provided with cash incentives provided profitability thresholds are met. A summary of the annual incentive schemes for the Automotive Leather, Building Materials and Corporate divisions is provided below:

Automotive Leather Division - Profit Participation Scheme

The Automotive Leather Division operates a profit participation scheme for the staff and management of the Automotive Leather division. Prior to the commencement of each financial year, the division management submits an annual budget for consideration and approval by the Howe Automotive Limited Executive Director and the SFC Board.

The scheme provides for a bonus pool of 5% of actual EBIT, which becomes payable when a 15% return on capital employed (ROACE) has been achieved as at 30 June balance date. The profit participation bonus is subject to approval by the Executive Chairman of Howe Automotive Limited. A full year 2026 bonus was approved (2025: approved).

ROACE has been chosen as the relevant performance conditions as this performance measure is readily monitored and available. ROACE performance aligns the interest of staff and management with those of shareholders. The scheme has been designed to incentivise a wide range of the Automotive Leather division workforce from top executive management to factory floor personnel.

Delta – Profit Participation Scheme

Delta Corporation Limited operates a profit participation scheme for the staff and management of Delta Corporation. Prior to the commencement of each financial year Delta Corporation management submits an annual budget for consideration by SFC's Managing Director and the SFC Board.

The scheme provides for a bonus pool of 10% of EBIT, which becomes payable once a minimum target EBIT is achieved for the financial year. The profit participation bonus is subject to approval by the Managing Director of SFC. Delta incurred a loss for the financial year so a full year 2026 bonus was not approved (2025: approved).

The scheme has been designed to align the interest of staff and management with those of shareholders. The scheme may be discontinued at any time by the SFC Managing Director without prior notice.

Corporate Short-Term Incentive Plan

SFC has implemented a formal Short-Term Incentive (STI) Plan for the Group Managing Director, Chief Financial Officer and Group Financial Controller approved by the Nomination and Remuneration Committee. The STI Plan has been updated to combine the STI plan and previously discretionary bonuses.

The financial objectives of the updated STI plan are assessed on achievement of ROACE based on a tiered approach to reward superior performance. 50% (FY25: 50%) of any STI award is based on achievement against tiered Group ROACE targets. 25% (FY25: 25%) of any STI award is based on performance against pre-agreed KPI's which are critical to the company's future success. 25% (FY25: 25%) of any STI award is at the discretion of the Nominations & Remuneration Committee.

The executives can earn a cash bonus with a value of up to 60% (FY25: 60%) of their base annual remuneration, based on actual performance against defined objectives, with discretion from the Nominations and Remuneration Committee. This equates to a maximum of $624,120 for the Group Managing Director, $330,000 for the Chief Financial Officer and $160,427 for the Group Financial Controller, for the year ended 30 June 2026. The minimum possible award for the Group Managing Director, Chief Financial Officer and the Group Financial Controller is nil.

The Nominations and Remuneration Committee approved STI awards for the 2026 year on 17 August 2026. The Managing Director received an STI award of 86% (2025: 100%) of the maximum possible award. The Chief Financial Officer received an STI award of 86% (2025: 100%). The Group Financial Controller received an STI award of 84% (2025: 100%) of the maximum possible award.

Variable remuneration – Long-Term Incentive

Long-term incentive grants are typically made to executives who can influence the generation of shareholder wealth and thus have a direct impact on the Company's performance. Howe Automotive Limited operates the Employee Participation Unit (EPU) Plan for its executives. SFC's senior executives (other than Mr Schaffer and Mr Mayer) can participate in SFC's Employee Share Option Plan (ESOP). The Howe Automotive Limited EPU and SFC ESOP plans have long-term vesting provisions and are designed to align the interests of the participating executives with those of all SFC shareholders. A summary of the long-term incentive schemes is provided below:

Howe Automotive Limited Employee Participation Units Plan

Howe Automotive Limited operates an employee incentive plan which permits the granting of employee participation units (EPUs) at the discretion of its shareholders up to an EPU limit. The EPU limit is 10% of the total combined number of shares plus EPUs issued by Howe Automotive Limited.

Howe Automotive Limited dividends, divided by the total number of shares and EPUs on issue, is applied to reduce a bonus threshold for each EPU until the balance of the bonus threshold is reduced to nil. Once the threshold is nil, each EPU receives a remuneration bonus payment when Howe Automotive Limited makes a dividend payment, calculated based on the total dividends divided by the total number of shares and EPUs on issue.

An EPU provides an employee with a right to receive either, at the discretion of SFC, a bonus payment from Howe Automotive Limited or shares in SFC in the following circumstances:

a) If an employee dies or becomes permanently disabled at any time after the grant date.
b) If an employee ceases employment after the three-year initial vesting period.
c) Upon a liquidity event (trade sale or listing on an Australian or overseas stock exchange).
d) On issue of a compulsory payment notice by SFC.

The amount of the bonus, other than upon a liquidity event, is dependent on vesting and the financial performance of Howe Automotive Limited. The vesting requirements are:

a) up to 3 years – nil
b) 3 years to 4 years – 33.3%
c) 4 years to 5 years – 66.7%
d) over 5 years – 100%

Note: Employees are ineligible to receive any payment in the following circumstances:

i. termination due to misconduct.
ii. failure to provide 90 days' written notice of intention to terminate employment.
iii. acting in competition prior to the payment date (payment date is at least 12 months after termination).

The performance hurdle to be eligible for a payment is a positive equity valuation for Howe Automotive Limited. The eligibility and amount of payment, other than upon a liquidity event, is calculated in accordance with a valuation formula based on 5.5 times Howe Automotive Limited's earnings before interest and tax minus net debt. The formula uses a three-year average including one full year following termination.

For a liquidity event, the amount of payment is calculated in accordance with a valuation based on the consideration to be paid for ownership of Howe Automotive Limited.

The formulas are designed to incentivise EPU holders in respect of building the long-term value of Howe Automotive Limited and provides a fair and readily calculable means for valuing that long-term interest.

SFC has the option to compel the employee to use the whole or part of that cash payment in subscribing for SFC shares based on the average SFC share price for the same three-year period.

Remuneration structure

The following table details the proportion of fixed remuneration and variable remuneration paid for the year ended 30 June 2026 as detailed in this report:

2026	% Fixed	% Variable
Specified Directors		
J M Schaffer AM	68	32
D E Blain AM	100	–
A K Mayer	65	35
M D Perrott AM	100	–
D J Schwartz	100	–
Specified Executives		
R Leib	62	38
D Birks	63	37
J Walsh	99	1
J Cantwell	68	32

Non-executive director remuneration

SFC's non-executive directors receive fees for their services (including statutory superannuation) and the reimbursement of reasonable expenses. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding that amount is then divided between the non-executive directors as agreed.

The latest determination was at the Annual General Meeting held 13 November 2019 when shareholders approved an aggregate remuneration limit of $500,000 per annum. The amount of aggregate remuneration to be approved by shareholders and the manner in which it is to be apportioned amongst the non-executive directors is reviewed annually. This limit is not currently fully utilised. The fee pool is payable only to non-executive directors.

The amount payable to non-executive directors is set by the Board after having taken regard to the size of the Company and Board, the responsibilities, demands, and accountabilities faced by those directors in discharging their duties and after seeking external advice to ensure the fees are in line with market standards. All three non-executive directors are members of the Audit Committee and the Nomination and Remuneration Committee, and the fixed annual fee received by non-executive directors is inclusive of these sub-committee commitments.

It is current SFC policy that non-executive directors do not receive shares, options or other securities and are not eligible to participate in SFC's Employee Share Option Plan. Payment of fees (including statutory superannuation) and the reimbursement of reasonable expenses are the only remuneration payable to Mrs Blain AM, Mr Schwartz and Mr Perrott AM.

Non-executive directors appointed prior to July 2003 are entitled to a retirement benefit equivalent to one year's annual director's fees. The retirement benefit was reduced from three years' to one year's annual director's fees in July 2003 (a three-year retirement benefit was in place at the time Mrs Blain AM and Mr Schwartz accepted their appointment to the Board). SFC considers the reduced benefit modest and appropriate given the benefit which historically existed. It is SFC's policy that no retirement benefit applies to new directors appointed after July 2003.

It is not a requirement of the Constitution of the Company that directors hold shares in the Company.

Relationship of company performance to shareholder wealth

Total Shareholder Return

Total shareholder return (TSR) is an accepted and understood measure of performance. SFC calculates TSR as follows:

- movement in Share Price (including bonus issues)
- plus Dividends Paid
- plus Dividend Imputation Credits

The chart below itemises the constituents to SFC's TSR by year for each of the past five years. SFC's average TSR for the past five years is 5%.

	1 Sept 2022	1 Sept 2023	1 Sept 2024	1 Sept 2025	1 Sept 2026
Tax Rate	30%	30%	30%	30%	**30%**
Share Price	$18.00	$17.10	$22.18	$21.00	**$20.00**
Ord Dividends	$0.90	$0.90	$0.90	$0.90	**$0.90**
Imputation Credit	$0.39	$0.39	$0.39	$0.39	**$0.39**
TSR	($3.34)	$0.39	$6.37	$0.11	**$0.29**
TSR	(15%)	2%	37%	0%	**2%**

At the date of this report, on an aggregate dollar paid basis, SFC paid to shareholders $12.2 million fully franked dividends in respect of 2026 and a total of $61.1 million was paid in fully franked ordinary dividends over the past 5 years.

Earnings Per Share (EPS)

SFC's average EPS over the past five years has been 166.4¢.

	2022	2023	2024	2025	2026
EPS	191.0¢	99.8¢	199.3¢	178.5¢	**163.5¢**

Remuneration of key management personnel for the year ended 30 June 2026

30-June-2026	Short-term		Long-term benefits		Post-employment		Post-employment		
	Salary & fees	Cash bonus	Long service leave(2)	Share-based payment	Super-annuation	Subtotal	Termination benefit	Total	Performance related
	$	$	$	$	$	$	$	$	
Directors									
J M Schaffer AM	1,039,877	535,703	31,240	–	30,000	1,636,820	30,297	1,667,117	32.13%
D E Blain AM	88,558	–	–	–	10,627	99,185	3,967	103,152	0.00%
A K Mayer	705,527	383,264	–	–	–	1,088,791	–	1,088,791	35.20%
M D Perrott AM	88,558	–	–	–	10,627	99,185	–	99,185	0.00%
D J Schwartz	88,558	–	–	–	10,627	99,185	3,967	103,152	0.00%
Executives									
R Leib	859,232	592,103	16,981	–	30,000	1,498,316	(38,274)(1)	1,460,042	37.93%
D Birks	391,753	355,735	(55)	–	30,000	777,433	(103,824)(1)	673,609	37.40%
J Walsh	386,435	2,500	5,997	–	30,000	424,932	–	424,932	0.59%
J Cantwell	250,433	132,320	5,405	–	28,986	417,144	–	417,144	31.72%
	3,898,931	**2,001,625**	**59,568**	**–**	**180,867**	**6,140,991**	**(103,867)**	**6,037,124**	

(1) Termination benefits for Mr Birks and Mr Leib include a provision for EPUs based on projections of future earnings and a vesting profile. This provision can increase or decrease based on vesting and profit expectations of Howe Automotive Limited.

(2) Net of long service leave taken during the period.

Remuneration of key management personnel for the year ended 30 June 2025

30-June-2025	Short-term		Long-term benefits		Post-employment		Post-employment		
	Salary & fees	Cash bonus	Long service leave(2)	Share-based payment	Super-annuation	Subtotal	Termination benefit	Total	Performance related
	$	$	$	$	$	$	$	$	
Directors									
J M Schaffer AM	1,008,259	605,942	33,662	–	30,000	1,677,863	39,775	1,717,638	35.28%
D E Blain AM	86,364	–	–	–	9,932	96,296	3,352	99,648	–
A K Mayer	746,473	370,785	–	–	–	1,117,258	–	1,117,258	33.19%
M D Perrott AM	86,364	–	–	–	9,932	96,296	–	96,296	–
D J Schwartz	86,364	–	–	–	9,932	96,296	3,352	99,648	–
Executives									
R Leib	472,053	628,918	16,981	–	29,932	1,147,884	(96,123)(1)	1,051,761	50.66%
D Birks	375,928	461,096	7,247	–	30,000	874,271	(329,145)(1)	545,126	24.21%
J Walsh	364,036	182,242	(12,952)	–	29,932	563,258	–	563,258	32.35%
J Cantwell	252,230	169,627	7,586	–	27,563	457,006	–	457,006	37.12%
	3,478,071	**2,418,610**	**52,524**	**–**	**177,223**	**6,126,428**	**(378,789)**	**5,747,639**	

(1) Termination benefits for Mr Birks and Mr Leib include a provision for EPUs based on projections of future earnings and a vesting profile. This provision can increase or decrease based on vesting and profit expectations of Howe Automotive Limited.

(2) Net of long service leave taken during the period.

Shareholding of key management personnel

Economic interests in the shares of Schaffer Corporation Limited held by Directors of the reporting entity and their related parties are as follows:

As at 30-June-2026	Balance at beginning of year	Exercise of employee share options	Net change other	Balance at end of year
Specified directors				
J M Schaffer AM	2,783,236	–	3,000	2,786,236
D E Blain AM	1,562,360	–	–	1,562,360
D J Schwartz	705,689	–	14,379	720,068
A K Mayer	354,263	–	–	354,263
M D Perrott AM	8,500	–	–	8,500
Specified executives				
R Leib	45,000	–	–	45,000
J Cantwell	32,750	–	–	32,750
J Walsh	2,903	–	–	2,903
Total	**5,494,701**	**–**	**17,379**	**5,512,080**

Share options and EPUs

a) Options issued over ordinary shares as part of an employee share scheme

There were no options over ordinary shares on issue at any time during the financial year.

b) Remuneration options: Granted and vested during the year

The table below discloses the number of share options granted, vested, or lapsed during the year. Share options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met. There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

30 June 2026								**Vested as at 30 June 2026**	
	Balance at 30-June-2025	Grant date	Value per option at grant date	Value of options granted during the year ($)	Exercise price per share	No. vested during year	No. exercised during year	Vested	Not vested
Total	–			–		–	–	–	–

30 June 2025								**Vested as at 30 June 2025**	
	Balance at 30-June-2024	Grant date	Value per option at grant date	Value of options granted during the year ($)	Exercise price per share	No. vested during year	No. exercised during year	Value of options exercised during the year ($)	Vested
R Leib	11,250	15 May 2020	$2.01	–	$10.50	–	11,250	22,613	–
J M Cantwell	2,500	15 May 2020	$2.01	–	$10.50	–	2,500	5,025	–
Total	13,750			–		–	13,750	27,638	–

30 June 2026 — Vesting status as at 30 June

	Balance at 30 June 2025	Granted as remuneration during the period	Redeemed during the period	Cancelled during the period	Balance at end of period	Vested	Not vested
D Birks	**1,200,000**	–	–	–	**1,200,000**	**1,200,000**	–
R Leib	**550,000**	–	–	–	**550,000**	**550,000**	–
	1,750,000	–	–	–	**1,750,000**	**1,750,000**	–

30 June 2025 — Vesting status as at 30 June

	Balance at 30 June 2024	Granted as remuneration during the period	Redeemed during the period	Cancelled during the period	Balance at end of period	Vested	Not vested
D Birks	1,200,000	–	–	–	1,200,000	1,200,000	–
R Leib	550,000	–	–	–	550,000	533,333	16,667
	1,750,000	–	–	–	1,750,000	1,733,333	16,667

(d) Shares issued on exercise of compensation options

No shares were issued during the current year on exercise of compensation options (2025: nil)

Employment contracts

Mr Schaffer, SFC's Managing Director, is employed under a Service Agreement. The service agreement was entered into on 18 July 1984. Mr Schaffer's employment continues until terminated by Mr Schaffer or the Company. Under the terms of the service agreement, the agreement may be terminated by the Company or Mr Schaffer after the expiration of one month's notice in writing given to one of them by the other.

Upon termination of this agreement, Mr Schaffer is entitled to receive from the Company a lump sum equal to the annual remuneration paid immediately preceding that termination, except if the termination is for reasons of gross misconduct, fraud or dishonesty resulting in a material loss or injury to the Company or if Mr Schaffer is found guilty of wilful disobedience or any other conduct resulting in a material prejudice to the Company or such as to bring the Company into disrepute.

Mr Mayer provides management services to the Automotive Leather division pursuant to a Consultancy Agreement. The agreement was renewed for the period 1 July 2024 to 30 June 2027. The Consultancy Agreement may be terminated sooner:

- by the consultee without prior notice for cause (i.e. wilful misconduct, wilfully wrongful act, gross negligence, criminal act or a prohibition by law in company management);
- by either party for any reason upon 90 days prior written notice to the other party;
- by the consultee 30 days after giving notice of termination to Mr Mayer for reason of his physical or mental incapacity on a permanent basis;
- on the death of Mr Mayer.

The Consultancy Agreement with Mr Mayer does not provide for a termination payment upon termination of the agreement.

All other senior executives are employed under standard employment contracts that define the role, duties, remuneration and benefits, leave entitlements, dismissal, and confidentiality of information conditions of employment. Notice periods are between one and three months unless termination is for serious misconduct in which case no notice period is applicable.

End of remuneration report

Tax consolidation

Effective 1 July 2003, for purposes of income tax, Schaffer Corporation Limited and its 100% owned subsidiaries have formed a tax consolidated group. Effective 1 July 2003, for purposes of income tax, Howe Automotive Limited and its 100% owned Australian resident subsidiaries for tax purposes have formed a tax consolidated group. Effective 1 July 2007, for purposes of income tax, Gosh Holdings Pty Ltd and its 100% owned Australian resident subsidiaries for tax purposes have formed a tax consolidated group.

Rounding

The amount contained in this report and in the financial statements has been rounded to the nearest $1,000 under the option available to the company under ASIC Instrument 2026/183 *Corporations (Rounding in Financial/Directors Report)*
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Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Schaffer Corporation Limited support the principles contained in the company's corporate governance statement in the corporate governance section of this annual report.

Auditor's independence and non-audit services

The directors received the following declaration from the auditor of Schaffer Corporation Limited.

Shape the future
with confidence

Ernst & Young
9 The Esplanade
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's Independence Declaration to the Directors of Schaffer Corporation Limited

As lead auditor for the audit of the financial report of Schaffer Corporation Limited for the financial year ended 30 June 2026, I declare 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Schaffer Corporation Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Timothy Dachs
Partner
18 September 2026

Non-audit services

The following non-audit services were provided by the entity's Auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act* . The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received, or are due to receive, the following amounts for the provision of non-audit services:

- Tax compliance, research and development claims $116,000

Signed in accordance with a resolution of the directors.

J M Schaffer AM
Chairman and Managing Director

Perth, 18 September 2026

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

for the year ended 30 June 2026

ASX Corporate Governance Council issued its fourth edition of the Corporate Governance Principles and Recommendations on 27 February 2019 with effect from 1 January 2020.

“Corporate Governance is the framework of rules, relationships, systems, and processes within and by which authority is exercised and controlled in corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Different entities may legitimately adopt different governance practices, based on a range of factors, including their size, complexity, history, and corporate culture.” (ASX Corporate Governance Principles and Recommendations, February 2019).

The Board of SFC is committed to best practice in corporate governance where the Board considers these practices are appropriate and add shareholder value to a company and board of SFC’s size and structure. This Corporate Governance Statement outlines the main corporate governance practices of Schaffer in the context of the principles adopted by the ASX Corporate Governance Council (Council). Unless otherwise stated below, the Company has complied with the Council’s Recommendations.

Lay solid foundations for management and oversight

- The strategic control of the business of the Group is vested with the Board. The Board’s objective to create, build and sustain shareholder value is carried out in accordance with their duties and obligations to act honestly, fairly, diligently as are imposed upon them by the Constitution, regulatory authorities and ethical standards. Key matters reserved for the Board include the following:
  Approval of the Strategic Business Plan
- Approval of the Annual Budgets
- Review of the operating results and approval of the financial accounts
- Setting the Corporate Governance practices within the Group
- Determining SFC’s dividend policies
- Approval of the Group financial policies
- Approval of the Group risk management strategies
- Review of Board nominations and composition
- Determining the terms and conditions for and evaluate the performance of the Managing Director
- Delegation of authority to the Managing Director and senior management on operational matters, or approval of matters in excess of any discretion which may have been delegated from time to time
- Acquisition, establishment, disposal or cessation of any significant business of SFC
- Approving the issue of any securities in SFC
- Approving the capital management strategy of SFC
- Approving the appointment of SFC’s External Auditor

The Board has delegated authority for the management of the Group through the Managing Director to executive management. Accordingly, the Group’s executive management team are charged with implementing Board directives and the day-to-day management and reporting of the Group’s activities.

The Board has a formal Charter setting out the roles of Board and Management. Consistent with Council Principle 1, the Board Charter has been posted to the corporate governance section of the Company’s website - www.schaffer.com.au

The Board is primarily responsible for identifying potential new Directors. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new Director with specific skills, candidates with the appropriate experience, expertise and diversity are considered. The Board undertakes appropriate checks including character, experience, education, criminal record and bankruptcy history, before appointing a person as a Director or putting forward to shareholders a candidate for election as a Director. The Board ensures that shareholders are provided with all material information in the Board’s possession relevant to a decision on whether or not to elect or re-elect a Director.

Directors and senior executives have written agreements setting out the terms of their appointment. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Board and Management Evaluation

Under the Board Charter, the Chairman is responsible for ensuring that board meetings are conducted competently and ethically and that Directors individually and as a group have opportunities to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and Company.

In this context, the Chairman undertakes a continuous review of the performance and contribution of individual Directors, whilst the Board as a whole, conducts an ongoing evaluation of its performance and that of its committees. These processes can also identify areas for additional professional development relevant to the role of Director.

The Nomination and Remuneration Committee annually assess the performance of the Managing Director. The Managing Director conducts annual reviews of all Senior Executives. Annual reviews were conducted during the reporting period.

Diversity policy

Schaffer Corporation recognises the benefits to be gained from a variety of skills, backgrounds and experiences being applied to specific work objectives. Therefore, SFC is committed to diversity throughout our workforce.

Schaffer Corporation has established a diversity policy which includes the requirement for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The copy of the Company's Diversity Policy can be accessed from the corporate governance section of the Company's website – www.schaffer.com.au

Our commitment to diversity will be supported by:

Communication – Schaffer Corporation will maintain an inclusive workplace culture via the organisation-wide awareness of workplace diversity principles and benefits. Management will ensure ongoing communication of these principles to the workforce.

Human Resource strategies – Schaffer Corporation Human Resource strategies and policies including recruitment, promotion and employee development will incorporate diversity principles to encourage a diverse workforce at all levels of the organisation. Where appropriate opportunities exist, and strong candidates are available for recruitment or promotion, diversity will be a consideration.

Action against inappropriate workplace behaviour – Schaffer Corporation does not tolerate discrimination, harassment, bullying, victimisation, and/or vilification in the workplace. Action will be taken against these types of behaviour that do not value diversity.

Flexible work practices – where appropriate, flexible work practices will be accepted to meet the differing needs of a diverse workforce.

The table below outlines the gender diversity objectives established by the Board.

Objectives	Status
Comply with the Workplace Gender Equality Agency Act as determined by the Workplace Gender Equality Agency (WGEA)	The annual compliance reporting was submitted on 25 May 2026 to the WGEA.
Ensure reporting systems satisfy the reporting requirements as stipulated by the WGEA	The monthly Board reporting includes statistics on the numbers of each gender represented in senior executive positions and the total workforce at various business units and locations. Reporting systems are established to collate Group-wide information for reporting on the gender equality indicators stipulated by the WGEA.
Provide ongoing communication, education and updates on issues related to equal opportunity in the workplace.	Staff memorandums have been distributed and displayed at various SFC business unit locations presenting SFC's policy on diversity and encouraging contribution and communication on diversity within the workplace.
Implement and revise Business Unit specific diversity plans.	Business Unit specific plans are being continually developed, reviewed, and revised according to the specific circumstances of each Business Unit.

At 30 June 2026, women represented 45% (2025: 44%) of the Group's workforce, 23% (2025: 23%) of senior executive positions, and 20% (2025: 20%) of the Board.

Structure the board to add value

The Schaffer Board currently consists of five directors: two independents; one non-executive; and two executive directors namely the Executive Chairman of the Leather division and the Group Managing Director and Chairman. The Board considers that between them, the directors bring the range of skills, knowledge, and experience (both local and international) necessary to successfully direct the Group's operations.

The Board of Directors consists of:

John Schaffer AM Chairman and Managing Director

John joined the Company in 1972 and has held the positions of Managing Director since 1987 and Chairman since 1988. John holds a Bachelor of Commerce degree with honours from the University of Western Australia and is an FCPA.

Danielle Blain AM Non-executive Director

Danielle joined the Board in 1987. Mrs Blain served as a director of Howe Automotive Limited from 1993 to 2005 and as Managing Director of Gosh Leather Pty Ltd (the furniture division) from 1993 to 2001. Mrs Blain holds a Bachelor of Arts degree from the University of Western Australia and is a member on several NGO boards. Mrs Blain is a member of the Board's Audit Committee and the Nomination and Remuneration Committee.

Michael Perrott AM Independent Director

Michael joined the Board as an independent director in February 2005 and is a member of the Board's Audit Committee and the Nomination and Remuneration Committee. Mr Perrott AM has been involved in industries associated with construction, contracting, mining and land development since 1969.

Anton Mayer Executive Director

Anton joined the Board in 2001. Anton is the Executive Chairman of Howe Automotive Limited and held the position of Howe Automotive Limited Managing Director from 1998 to June 2007. Anton is also a director of a number of the Howe Automotive Limited Group subsidiaries. Anton has over 50 years of international leather experience, broad business skills and a global business perspective.

David Schwartz Independent Director

David joined the Board in 1999 and is independent Chairman of the Board's Audit Committee and the Nomination and Remuneration Committee. David has many years' experience in successfully managing manufacturing and distribution businesses in Australia and South Africa, and over 25 years' experience negotiating acquisitions and overseeing the development of property.

The names of Schaffer's current directors, their year of appointment, status as non-executive, executive or independent directors, their economic interest in SFC and whether they retire at the next Annual General Meeting is summarised in the table below.

Director	Year appointed	Classification	Audit Committee	Nomination & Remuneration Committee	Economic interest in SFC	Retiring at next AGM	Seeking re-election
J M Schaffer AM	1972	Chairman/Executive	–	–	20.7%	N/A	N/A
D E Blain AM	1987	Non-executive	Member	Member	11.6%	No	No
A K Mayer	2001	Executive	–	–	2.6%	No	No
M D Perrott AM	2005	Independent	Member	Member	0.1%	Yes	Yes
D J Schwartz	1999	Independent	Chairman	Chairman	5.4%	No	No

Board Committees

The Board may from time to time establish committees where the Board is of the belief that the establishment of such a committee will improve the performance of the Board in accomplishing its duties. The Board operates an Audit Committee and a Nomination and Remuneration Committee. Both committees comply with Council guidelines. The Charter of each committee is summarised later in this section. Full details of SFC Audit Committee and Nomination and Remuneration Committee can be found on the Company's website.

The Board does not believe the Board it is of sufficient size to warrant the establishment of additional dedicated Board Committees.

The Audit Committee held two meetings during the year, and the Nomination and Remuneration Committee held one meeting. All members attended all committee meetings.

Board Meetings

Management provides the Board with information in a form, timeframe and quality that facilitates the Board in effectively discharging its duties. The Board meets at least 8 times per year. Board papers are, where possible, provided to directors at least four days prior to the relevant meeting. The non-executive Board members are joined at Board meetings by the Group's Managing Director, the Executive Chairman of Howe Automotive Limited and the Company's Company Secretary.

Director Independence

The Board applies the Council's independence criteria in assessing director independence. Mr Schwartz and Mr Perrott are considered by the Board to be independent directors.

In analysing Mr Schwartz's independence, the Board considered the materiality of Mr Schwartz's minority interests in the relevant syndicated property interests of the Company. Accordingly, the Board confirms Mr Schwartz's independence on the basis that (i) operating revenue from SFC's property interests represents less than 10% of Group revenue; and (ii) no interest held by Mr Schwartz represents a controlling interest in any single property.

While the Board considers Mr Schwartz independent for the above reasons, standard Board meeting procedures and governance principles apply whereby in respect of any property business where Mr Schwartz has an interest, Mr Schwartz does not receive the relevant Board papers and does not attend that part of the Board meeting where the matter is being discussed or considered.

In addition, the mere fact that Mr Schwartz and Mr Perrott have served on the Board for a substantial period does not mean that they have become too close to management to not be considered independent. Mr Schwartz and Mr Perrott contribute unbiased and differing ideas and wisdom to the Board generated from their individual and independent experience across numerous other businesses and industries.

Directors classified as not being independent directors are Mrs Blain, Mr Schaffer and Mr Mayer on the basis that:

- Mr Schaffer is an executive director, a substantial shareholder of SFC (with an economic interest of 20.7%) and has served on the Board since 1972;
- Mrs Blain is a substantial shareholder of SFC (with an economic interest of 11.6%), served as an executive director of Howe from 1993 to 2001 and has served on the SFC Board since 1987; and
- Mr Mayer is an executive director of SFC by virtue of his role as Executive Chairman of Howe Automotive Limited.

The Board does not currently comply with Council guidelines in respect of majority independence, Chairman independence and separation of the Chairman and Managing Director roles. However, the Board is currently of the view that having a competent, cohesive and functioning Board whose members have a balance of practical experience and skills relevant to SFC's business is more beneficial to maximising returns to shareholders than it would be to expand the Board by two additional members simply for the purpose of achieving majority independence pursuant to the Council's definition.

Further, the Board is not in entire agreement with the definition of independence as defined by the Council's guidelines. In the Board's view, independence is about having individuals on the Board whose interests are directly aligned with shareholders (i.e. they have a significant stake in the company) and have the capability to question and challenge management's decision-making process. On this basis, your Board is independent.

Collectively the Board has a financial interest in approximately 40% of SFC's issued capital representing a large proportion of each director's personal asset base. When the shareholders gain, so does the Board; when shareholders lose, the Board loses significantly.

Similarly, based on the strong alignment of shareholders with the Chairman, it is not considered that having an Independent Chairman and separating the roles of Chairman and Managing Director would add shareholder value at this stage.

As a result of the Company's departure from the Council Recommendations contained in this Principle, governance practices employed by the Board to support its objective and competent operation are:

Disclosure of interests and conflicts

A director is required to disclose to all directors any material personal interest they may have, or may reasonably be perceived to have, in a matter which relates to the affairs of the Company. A director is expected to disclose their interest as soon as practicable after the director becomes aware of that interest.

In the event a potential material conflict of interest arises, the director concerned does not receive the relevant Board papers and leaves the Board meeting while the matter is discussed and considered. Directors must keep the Board advised on an ongoing basis of any interests which could cause, or may reasonably be perceived to cause, a conflict with the interests of the Company. The minutes of the meeting should record the decision taken by those directors who do not have an interest in the matter.

Independent legal advice

With the consent of the Chairman, individual directors may seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. The Chairman requires the submission of a cost estimate by a director in order to establish the reasonableness of the projected fee. The Chairman's consent will not be unreasonably withheld.

Period of office

Shareholders are given the opportunity to vote on the composition of the Board such that at each Annual General Meeting, one third of the Directors (excluding the Managing Director) must retire but may stand for re-election. Each director who is required by the Constitution to retire cannot hold office for more than three years without retiring within that time frame and standing for re-election. Any director who is appointed to the Board to fill a casual vacancy during a year may only hold office until the next Annual General Meeting but may stand for re-election at that meeting.

Instil a culture of acting lawfully, ethically and responsibly

Values

Schaffer Corporation Limited's core values are:

- **Safety** – we provide safe environments for our valued employees where they can work collaboratively and thrive.
- **Excellence** – we strive for excellence, seeking outcomes aligned to shareholder wealth creation.
- **Quality** – we are committed to the production of high-quality products and service delivery that meets or exceeds our customer's expectations.
- **Relationships** – we focus on developing valuable relationships with our business partners, customers, and employees.
- **Environments** – we support sustainable methods of production that reduce environmental impacts.
- **Adaptable** – we continually respond and adapt to our changing environment through effective decision making and continual improvement of our processes and systems.

Conduct and ethics

The Company operates under a Code of Conduct a copy of which is posted to the corporate governance section of the Company's website - www.schaffer.com.au

The Company's Code of Conduct describes how SFC relates to its employees, customers, suppliers, shareholders, and the community. SFC is committed to promoting integrity and maintaining the highest standard of ethical conduct in all of its activities. Our business success is dependent on the development and maintenance of trusting relationships, underpinned by the continuous demonstration of corporate integrity.

The purpose of this Code of Conduct is to provide a common behavioural framework for all SFC personnel which recognises social responsibility, complies with applicable laws and standards, and is in keeping with the spirit and rules of the Australian and international markets in which SFC operates. This Code of Conduct applies to SFC and its controlled affiliates.

SFC's directors and management team lead by example, always demonstrating their commitment to this Code of Conduct through their personal behaviour and through guidance provided to our personnel.

SFC's Securities Trading Policy regulates dealing by SFC Directors and senior executives in SFC securities. Restrictions imposed by law on prohibiting anyone dealing in SFC's securities if in possession of unpublished SFC price-sensitive information have been supplemented by Board imposed restrictions specific to SFC Directors and senior executives. Price sensitive information is information a reasonable person would expect to have a material effect on the price or value of SFC securities.

This policy provides that in addition to Directors and senior executives being prohibited from trading in the Company's securities at any time if they possess any unpublished price sensitive information, Directors and senior executives may buy or sell the Company's securities only within limited trading windows.

Securities trading policy

The periods within which a Director or senior executive may buy or sell SFC securities is:

- from 24 hours to 4 weeks after the Company has made any Scheduled Announcement. A scheduled announcement refers to the announcement by SFC of its (i) results for the half year, (ii) preliminary final year result, (iii) Chairman's Address to the Annual General Meeting;
- from 24 hours to 4 weeks after the Company has made any Unscheduled Announcement. An unscheduled announcement refers to any other announcement of new information made by SFC pursuant to ASX Listing Rule 3.1; and
- during the period when a prospectus for securities is released by SFC until the last day for acceptance of securities issued pursuant to that prospectus.

SFC Directors and senior executives are prohibited from trading at all other times unless specifically authorised by the Chairman. For the purposes of clarity, any unscheduled ASX Listing Rule 3.1 announcement made within 4 weeks prior to a Scheduled Announcement does not enable SFC Directors and senior executives to trade SFC securities.

The senior executives Group to which these restrictive trading periods apply includes all General Manager personnel at Howe & Company Pty Ltd and Delta Corporation Limited, and SFC's Chief Financial Officer, Group Financial Controller & Company Secretary and Group Chief Accountant.

The policy also requires that Directors and senior executives do not buy or sell the Company's securities on a short-term basis. These rules also apply to trading by a related party of any SFC Director or senior executive. This Policy does not restrict participation by SFC senior executives in SFC's Employee Share Options Plan (ESOP) but applies in respect of the trading of SFC's securities to which plan participants become entitled under the ESOP.

A copy of the Company's Securities Trading Policy can be accessed from the corporate governance section of the Company's website - www.schaffer.com.au

Whistleblower Policy

SFC recognises that any genuine commitment to detecting and preventing illegal and other undesirable conduct must include, as a fundamental cornerstone, a mechanism whereby employees and others can report their concerns freely and without fear of repercussion. SFC has established a whistleblower policy as the mechanism that encourages the reporting of such conduct.

All employees, officers, contractors, partners, and consultants of SFC are encouraged to report on behaviours they honestly believe contravenes SFC's Code of Conduct, the Company's policies, or the law. All reports are investigated appropriately, and when requested, anonymously. The SFC Board is provided with information on whistleblower reports on a regular basis.

Anti-bribery and corruption policy

SFC is committed to operate within the laws of any jurisdiction in which it does business, and in a way that is consistent with the SFC Code of Conduct. SFC has established an anti-bribery and corruption policy to deter and prevent bribery and corruption, which is available at the SFC's website. The policy applies to SFC employees, officers, contractors, partners, and consultants who provide services to SFC. Employees are encouraged to report suspected corrupt activities under SFC's whistleblower policy.

Safeguard integrity in financial reporting

Written declaration by management

SFC's Managing Director and CFO report in writing to the Audit Committee that the consolidated financial statements of SFC and its controlled entities for any accounting period are based on a sound system of risk management and present a true and fair view in all material respects of the Group's financial condition and that operational results are in accordance with accounting standards. This statement is in turn supported by written statements provided by the senior management of all subsidiary companies within the Group.

Audit Committee

The SFC Audit Committee was established by the Board in 1996. The Audit Committee has adopted a formal Charter, a copy of which can be accessed from the corporate governance section of the Company's website - www.schaffer.com.au

The Audit Committee's purpose is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the company's financial reporting, risk management systems and the external audit functions. In doing so, it is the responsibility of the Audit Committee to maintain free and open communication between the Committee, external auditors and management of the Company.

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

Council guidelines require the Audit Committee to consist of at least three directors and have an independent Chairperson who is not Chairperson of the Board. The members of the SFC's Audit Committee are Mr Schwartz (Independent Chairman), Mrs Blain (Non-executive Director) and Mr Perrott (Independent Director). Accordingly, SFC's Audit Committee complies with the Council's Audit Committee structure guidelines.

Where a periodic corporate report is not required to be audited or reviewed by an external auditor, SFC conducts an internal verification process to confirm the integrity of the report, to ensure that the content of the report is materially accurate, and to provide investors with appropriate information to make informed investment decisions.

Make timely and balanced disclosure

Continuous disclosure policy

The Board is committed to ensuring that information that is expected to have a material effect on the price or value of SFC's shares is immediately notified to the ASX for dissemination to the market in accordance with the ASX Listing Rules. The Company's Continuous Disclosure Policy sets out the key obligations of the Board and senior management to ensure that SFC complies with its disclosure obligations pursuant to the ASX Listing Rules and the Corporations Act.

In fulfilling its obligations of continuous disclosure SFC has adopted and adheres to the following practices.

- SFC's Managing Director, Chief Financial Officer and Company Secretary constitute the executive team charged with management of all elements of the Company's activities. This team is responsible for assessing the materiality of information and drafting all disclosures. For administrative convenience, SFC's Company Secretary is the nominated officer of the Company responsible for communications with the ASX.

- Information is released firstly via electronic means via the ASX. Further dissemination to analysts and investors does not occur until after ASX confirms the information has been released to the market.

- The information is posted to SFC's website at www.schaffer.com.au in order to make the information accessible to the widest audience. Investor information is posted to an area on SFC's website separate from any promotional material about the Company or its products.

- SFC's Managing Director, Chief Financial Officer and Company Secretary, and Howe Automotive Limited's Executive Directors are the officers authorised to speak on SFC's behalf at investor briefings and to the media. These officers understand that when speaking on behalf of the Company it is in respect of explanation and clarification of information previously released via the ASX. As these officers have knowledge of all information previously released to the ASX (they form part of the executive team responsible for the information disclosures), the risk of inadvertent disclosure of price sensitive information when speaking to investor briefings and the media is minimised. Presentations used in briefings which may have content which would trigger a continuous disclosure obligation are lodged with ASX prior to the briefing. All presentations are posted to SFC's website.

- Comments on analysts' financial projections are confined to errors in factual information and underlying assumptions. The Company will not provide price sensitive information or earnings forecast guidelines to analysts unless it has already done so to the market via the ASX.

- Unless the executive team responsible for information disclosures believes it has an obligation to make a statement on a particular matter, SFC's policy is not to respond to market rumours or speculation.

- Copies of all material market announcements are also required to be circulated to the Board promptly, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.

Respect the rights of shareholders

Shareholder communications strategy

SFC aims to ensure that investors and the market are kept informed of all major developments affecting the Company. Information is communicated to investors and the market in accordance with SFC's periodic and continuous disclosure obligations pursuant to the ASX Listing Rules and the Corporations Act. SFC's disclosure practices are aimed at ensuring timely access for all investors to Company information.

To achieve these objectives and to satisfy regulatory requirements, SFC provides information to investors and the market in a number of ways:

- SFC's principal communication with investors is by provision of the Annual Report and financial statements, the Interim Report and the Annual General Meeting.

- Periodic and continuous disclosure announcements are released directly to the market via the ASX using ASX's electronic lodgement service. These announcements are immediately placed on the Company's website, at www.schaffer.com.au and typically mailed to shareholders.

- The release of Interim and Final results is typically followed by investor briefings and road shows. The purpose of the investor briefings/road shows is for explanation and clarification of previously released information and non-material company or industry specific information. Site visits are also arranged to give those who advise investors a better understanding of the Groups operating facilities.

- SFC's website contains further information about the Group and its activities, including copies of recent Annual and Interim Reports, the full text of notices of meetings and explanatory notes and copies of road-show presentations and presentations to brokers/analysts.

- The Annual General Meeting provides an opportunity for the Board to communicate with shareholders and investors through the presentation of the Chairman's Address and shareholders, through the Chairman, are given the opportunity to ask general questions of directors.

- SFC's external auditor attends each Annual General Meeting and is available to answer any questions shareholders may have, that are relevant to the conduct of the audit. The meeting, when possible, is held at the same convenient location on the same weekday and time each year in order to encourage shareholder participation. All substantive resolutions at a meeting of shareholders are decided by a poll, rather than by a show of hands.

- SFC's senior management meets regularly to consider its continuous disclosure obligations and assess the appropriateness of its policy in the context of any legislative amendments to the disclosure regime. Unless SFC has an obligation to make a statement on a particular matter, the Company's policy is not to respond to market rumours and media speculation.

Recognise and manage risk

Risk management

The Board has formal written policies on risk oversight and management. SFC's risk management policy provides the framework to manage the risks associated with SFC's business activities. The purpose of the policy is to identify, assess, monitor, and manage risk with the objective of minimising losses and maximising shareholder value.

SFC prepares risk profiles including a description of material risks, both financial and non-financial. SFC reviews and updates its risk profile as required. SFC implements a systematic process to assist in the identification, assessment, treatment, and monitoring of risks. SFC provides the necessary tools and resources to management and staff to support the effective management of risks. SFC ensures that the Board is adequately informed of significant risk management issues and the actions undertaken to manage risks in a timely manner.

The Board has considered the need for an internal audit function and concluded that the size and nature of the Group's operations do not warrant such a function at present.

Responsibility for implementation and effective conduct of SFC's risk management system rests with the Board, Chief Executive Officer, Chief Financial Officer, Company Secretary, General Managers, and all employees. The Managing Director and the Chief Financial Officer are required to state in writing to the Board in respect of any accounting period that:

- The statement given in accordance with the ASX Corporate Governance Council's Best Practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- SFC's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The SFC Board can oversee the entity's risk management system efficiently and effectively without establishing a separate risk committee. Executive management report to the Board on the effectiveness of our management of material business risks and they are satisfied that the risk management process enables material risks to be appropriately identified, prioritised, monitored, and managed. Strategic risks are reported to the Board on an ongoing basis.

The Automotive Leather division of SFC is materially exposed to the economic risk of foreign exchange fluctuations. To manage the foreign exchange risk arising from future commercial transactions the entity regularly considers the use of natural hedges and forward foreign exchange contracts, with reference to currency exposure levels, sensitivity, and financial capacity to tolerate rate fluctuations.

SFC does not have any material environmental or social sustainability risks.

Remunerate fairly and responsibly

Executive remuneration

SFC's Nomination and Remuneration Committee operates to support and advise the Board in fulfilling its responsibility to shareholders to ensure that the company has remuneration policies and practices which enable it to attract and retain directors and executives who will best contribute towards achieving positive outcomes for shareholders.

The committee determines the remuneration and other conditions of service of the chief executive officer and executive directors, if any. The committee makes recommendations to the Board on the remuneration of non-executive directors within the aggregate approved by shareholders in general meeting from time to time. The committee considers individual performance, company performance, internal relativity, and fairness in setting levels of remuneration and may seek appropriate independent external advice to assist in its decision making.

SFC's remuneration policy is directed at attracting, motivating, and retaining quality people. The remuneration of SFC's senior executive consists of fixed remuneration and annual and long-term incentives.

Fixed Remuneration - This includes base salary and the statutory Superannuation Guarantee Contribution (SGC) which comprises the cash component; and other non-cash benefits such as a motor vehicle. The Schaffer Corporation Limited Superannuation Fund is available to executives for superannuation contributions and life insurance. Premiums for life insurance are deducted from member accounts. Executives can elect to have the company contribute superannuation beyond the statutory SGC level by way of a salary sacrifice in lieu of cash salary.

Annual Incentives - The Company has performance-based incentive plans in place at each of its operations in which management and the labour force participate. The level of remuneration payable to participating executives is linked to the financial performance of their business. Executives are provided with cash incentives provided profitability thresholds are met.

Long-Term Incentives - SFC's senior executives (other than Mr Schaffer and Mr Mayer) participate in SFC's Employee Share Option Plan (ESOP). Howe Automotive Limited operates the Employee Participation Unit (EPU) Plan for its executives. These incentive plans have long-term vesting provisions and are designed to align the interests of the participating executives with those of all SFC shareholders.

Non-executive Director remuneration

SFC's non-executive directors receive fees for their services (including statutory superannuation) and the reimbursement of reasonable expenses. The amount payable to non-executive directors is set by the Board after having taken regard to the size of the Company and Board, the responsibilities, demands, and accountabilities faced by those directors in discharging their duties and after seeking independent advice to ensure the fees are in line with market standards.

It is current SFC policy that non-executive directors do not receive shares, options or other securities and are not eligible to participate in SFC's Employee Share Option Plan. A directors' pool limit of $500,000 per annum was approved by shareholders at SFC's 2019 Annual General Meeting. This limit is not currently fully utilised. The fee pool is payable only to non-executive directors. Non-executive directors were paid annual fees for the 2026 financial year of $99,185 (2025: $96,296) each from the fee pool (inclusive of superannuation).

Non-executive directors appointed prior to July 2003 are entitled to a retirement benefit equivalent to one year's annual director's fees. The retirement benefit was reduced from three years to one year's annual director's fees in July 2003 (a three year retirement benefit was in place at the time Mrs Blain AM and Mr Schwartz accepted their appointment to the Board). SFC considers the reduced benefit modest and appropriate given the benefit which historically existed. It is SFC's policy that no retirement benefit applies to new directors appointed after July 2003.

ASX ADDITIONAL INFORMATION

for the year ended 30 June 2026

Additional information required by the Australian Securities Exchange is as follows.

Total share capital

Issued as at 1 September 2026:

	Holders	Number
Ordinary fully paid shares	**1,374**	**13,448,179**

Share registry address

C/o Computershare Investor Services Pty Ltd
Level 17, 221 St George's Terrace, Perth WA 6000

Postal address: GPO Box D182, Perth WA 6840 Australia

Securities exchange listing

The shares of the Company are listed on the Australian Securities Exchange. The home exchange is Perth.

Voting rights

Subject to any restrictions from time to time being attached to any class or classes of shares at general meetings of Members or classes of Members:

(1) each Member entitled to vote may vote in person or by proxy, attorney or representative;

(2) on a show of hands, every person present who is a Member or a proxy, attorney or representative of a Member has one vote;

(3) on a poll, every person present who is a Member or a proxy, attorney or representative of a Member shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of holdings as at 1 September 2026

Shareholdings	Shareholders
1 – 1,000	751
1,001 – 5,000	421
5,001 – 10,000	95
10,001 – 100,000	89
100,001 – and over	18

Number of shareholders holding less than a marketable parcel i.e. less than 25 shares: 65.

Annual general meeting

The Annual General Meeting of Schaffer Corporation Limited will be held at Perth on Wednesday, 18 November 2026 at 11:30am. Further information regarding the meeting including the business to be dealt with is contained in the separate notice of meeting.

Substantial shareholders

As at 1 September 2026 the substantial shareholders of the company summarised below, were:

	Number of shares	Economic interest as a percentage of issued ordinary shares
Mr J M Schaffer AM & Associates	2,133,549	15.87%
50% of interest held by Swan Holdings Pty. Ltd.	652,687	4.85%
	2,786,236	20.72%
Mrs D E Blain AM & Associates	909,673	6.77%
50% of interest held by Swan Holdings Pty. Ltd.	652,687	
	1,562,360	11.62%
* Combined interest of Mr Schaffer & Mrs Blain	4,348,596	32.34%
Sterling Equity Pty Limited and associates	1,514,437	11.26%
Mr D J Schwartz and associates	720,068	5.35%

*Pursuant to the Corporations act 2001 , by virtue of the Swan Holdings Pty Ltd Voting Deed conferring on Mr Schaffer the power to vote all Swan Holdings Pty Ltd's interest in Schaffer Corporation Limited's shares.

Mr Schaffer is also deemed to have an interest in all the Schaffer Corporation Limited shares held by Mrs Blain and her associates, and vice versa. The consequence of this is that each of the Substantial Shareholder notices lodged with the Regulatory Authorities by Mr Schaffer and Mrs Blain show Mr Schaffer's and Mrs Blain's combined interest at 32.34%, not their individual economic interests of 20.72% and 11.62% respectively.

Twenty largest shareholders

	Number of shares	Percentage of issued ordinary shares
Mutual Trust Pty Ltd	1,323,863	9.84
Swan Holdings Pty Ltd	1,305,374	9.71
Cimbrook Nominees Pty Ltd	1,132,982	8.42
Mrs Danielle Eva Blain	907,570	6.75
Mr John Michael Schaffer	799,554	5.95
Citicorp Nominees Pty Limited	594,997	4.42
Jobling Investments Pty Ltd	507,812	3.78
Circlestar Pty Ltd <David Schwartz Family A/C>	447,054	3.32
Peter Canaway Pty Limited <Peter Canaway Superfund A/C>	250,000	1.86
The Sports Cafe (Australia)	226,072	1.68
Mr Kenneth John Beer + Mr Alexander Charles Beer <Beer Super Fund A/C>	222,177	1.65
Maitri Pty Ltd <Coci Super Fund A/C>	210,000	1.56
Frederick Bruce Wareham	160,006	1.19
Glennlin Pty Ltd <Marilyn May Bookham D/T A/C>	143,252	1.07
Shann Investments Pty Ltd <Lynda Maree Jobling D/T A/C>	143,252	1.07
Leopard Capital Pty Ltd <Leopard A/C>	134,393	1.00
Netwealth Investments Limited <Wrap Services A/C>	103,638	0.77
BNP Paribas Noms (NZ) Ltd	100,581	0.75
Ravenscourt Proprietary Limited	100,000	0.74
Mr Milton Yannis	95,472	0.71
	8,908,049	**66.24**

SHAREHOLDER INFORMATION

as at 1 September 2026

Annual general meeting

Schaffer Corporation will hold its Annual General Meeting on Wednesday 18 November 2026 at 11:30am at Pagoda Resort and Spa, 112 Melville Parade, Como, Western Australia.

Direct credit of dividends

In line with the Australian Government's planned phase out of cheques over the coming years, we will no longer issue payments by cheque.

Payments can be made directly to bank accounts held with financial institutions in Australia. If you do not hold an Australian bank account, you may elect to receive your payments through Computershare's Global Wire Service to an eligible overseas bank account.

Change of addresses/provide or update banking details

Shareholders who have changed their address or banking particulars should advise our share registry of their new details:

Computershare Investor Services Pty Limited GPO Box D182, Perth WA 6840 Australia Telephone: 1300 557 010 (in Australia) or +61 8 9323 2000 Facsimile: +61 8 9323 2033 Website: www.computershare.com/au

Corporate directory

Schaffer Corporation Limited
ABN 73 008 675 689 ·
ASX Code: SFC

Head office and registered office

1305 Hay Street, West Perth WA 6005 Australia
Telephone: +61 8 9483 1222
Facsimile: +61 8 9481 0439
Website: www.schaffer.com.au

Board of Directors

Executive Directors

JM Schaffer AM, BCom(Hons), FCPA (Chairman and Managing Director) AK Mayer (Executive Chairman – Howe Automotive Limited)

Non-executive Directors

DE Blain AM, BA MD Perrott AM, BCom, FAIM FAICD DJ Schwartz

Chief Financial Officer

R Leib, BComm BAcc

Group Financial Controller and Company Secretary

J Cantwell B Bus(Acc), CPA, MBA, GIA(Affiliated)

Share Registry

Computershare Investor Services Pty Limited GPO Box D182, Perth WA 6840 Australia Telephone: 1300 557 010 (in Australia) or +61 8 9323 2000 Facsimile: +61 8 9323 2033 Website: www.computershare.com/au

Auditors

Ernst & Young 9 The Esplanade, Perth WA 6000 Australia Telephone: +61 8 9429 2222 Facsimile: +61 8 9429 2436