Schaffer Corporation Limited

18 November 2026

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

Dear Sir/Madam,

SCHAFFER CORPORATION LIMITED (ASX:SFC) ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Please find attached the Chairman's Address to the Annual General Meeting of SFC.

The Chairman has authorised the document to be released to the ASX.

For further information, please contact:

Mr John Schaffer
Chairman
Schaffer Corporation Ltd
+61 8 9483 1201

Mr Ralph Leib
Chief Financial Officer
Schaffer Corporation Ltd
+61 8 9483 1208

Yours sincerely

Jason Cantwell
Company Secretary



Good morning, ladies and gentlemen.

My name is John Schaffer. I am the Chairman and Managing Director of Schaffer Corporation. It is my pleasure to welcome you all to the 72nd Annual General Meeting of Schaffer Corporation Limited.

I would like to acknowledge that we meet on the homelands of the Noongar Whadjuk people who are the traditional custodians of this land. I pay respect to elders past, present and emerging, and extend that respect to other Aboriginal people here today.

As it is now the nominated start time and we have a quorum, I declare today's Annual General Meeting open.

Firstly, I would like to present the Board of Directors and Senior Executives of the company to you beginning with my fellow Executive Director, Mr. Anton Mayer. Mr. Mayer is Executive Chairman of the Automotive Leather division who joins us today, having travelled from Miami, Florida in the US.

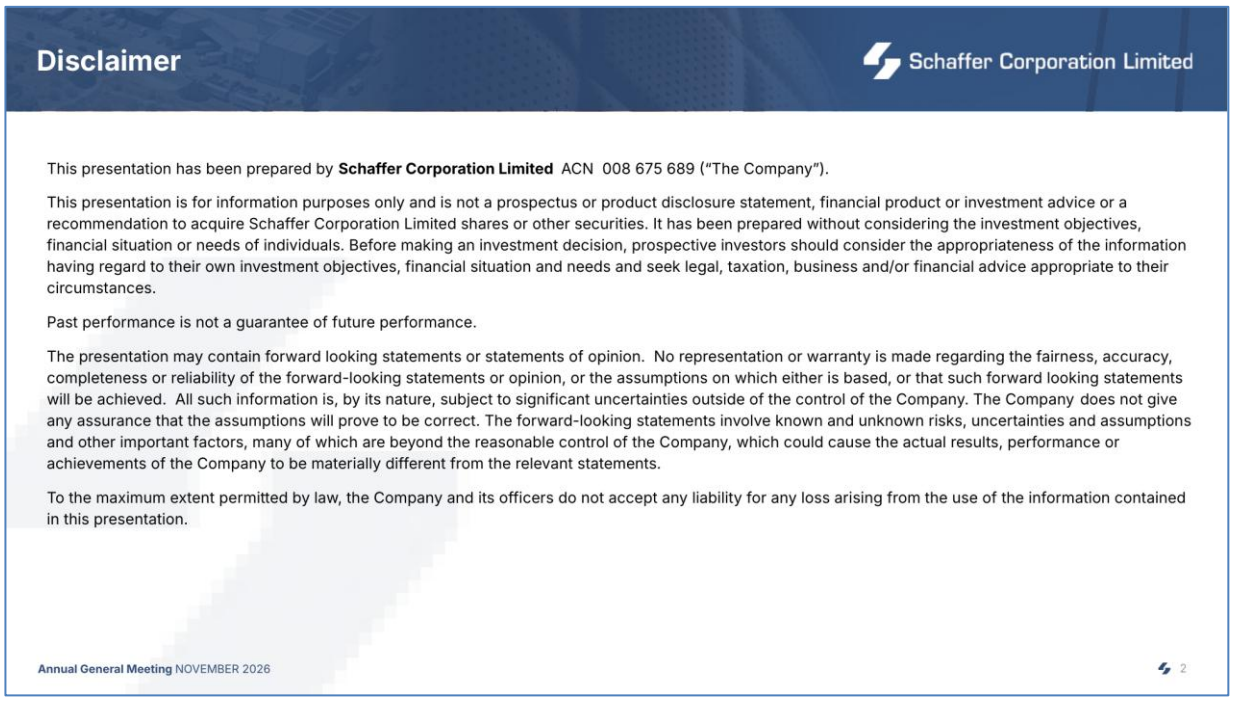
Next, I would like to introduce the Company's Non-executive Directors:

Mrs. Danielle Blain AM;
Mr David Schwartz; and
Mr. Michael Perrott AM.

I would also like to introduce our Chief Financial Officer and Automotive Leather's Chief Executive Officer, Mr. Ralph Leib, our General Manager of Automotive Leather, Mr. Dan Birks, General Manager of Delta Corporation, Mr. Jason Walsh and our Company Secretary, Mr. Jason Cantwell.

I also welcome Mr. Todd Schaffer of TJS Advisory, who manages our property assets.

Finally, I would like to introduce Tim Dachs, our Audit Partner from EY who has completed his five-year rotation this year.



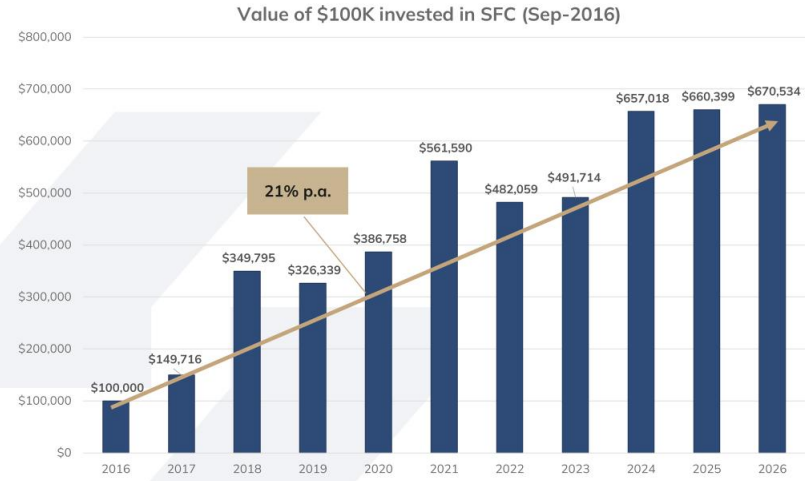
Schaffer Corporation's Annual Report, including reports of the Directors and the Auditors, for the year ended 30 June 2026 have been in members' hands for the statutory period.



I will now commence my Chairman's address after which I will invite questions and comments from shareholders.

Total Shareholder Return (TSR)

Schaffer Corporation Limited



- 10-year TSR to September 2026 of 21%* p.a.
- $100,000 invested in SFC in September 2016 for 10-years, would be worth $670,534 by September 2026. *

* *Assumes reinvestment of dividends and includes benefits of franking credits at tax rate of 30%.*

Total Shareholder Return (TSR*) measures the combined returns to shareholders from share price movements, the re-investment of dividends, and dividend imputation credits.

Over the past 10 years, Schaffer Corporation's TSR equates to 21% per year.

If an investor had invested $100,000 in Schaffer Corporation in September 2016, and re-invested all dividends received, that investment would have grown to approximately $671,000 at September 2026.

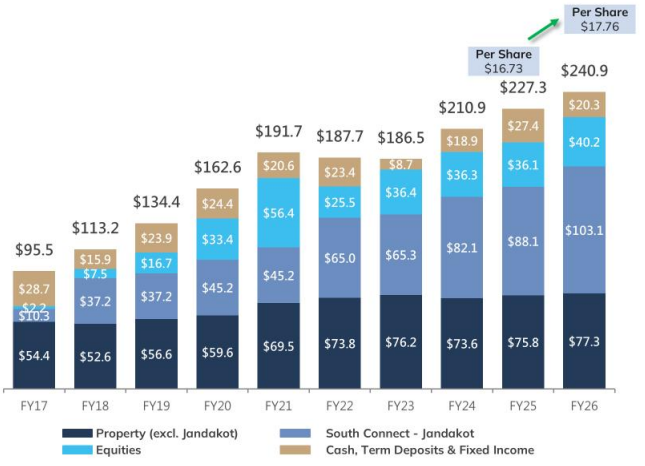
Total Investment Portfolio[3]

Schaffer Corporation Limited

Pre-Tax Net Equity Value[1] of $240.9m or $17.76/share, up 6%

Over the past nine years:

- Pre-Tax Net Equity Value[1] has increased by $145m
- While having:
  - paid shareholders $88 million in fully franked dividends and
  - bought back around $9 million of SFC shares
- Post June 2026 we bought back a further $2.2 million of SFC shares



1. *Pre-Tax Net Equity Value = market value less debt (including syndicated property debt)*
2. *All values represent SFC's share, i.e. 83.17% for Gosh Capital and other subsidiary held assets.*
3. *Total Investment Portfolio includes Group Investments and South Connect Jandakot*

Total Investment Portfolio

Schaffer Corporation's underlying valuation continues to be underpinned by tangible assets.

Group Investments aims to maximise shareholder value over the medium and long-term by continuing to grow our investment portfolio while remaining flexible and opportunistic.

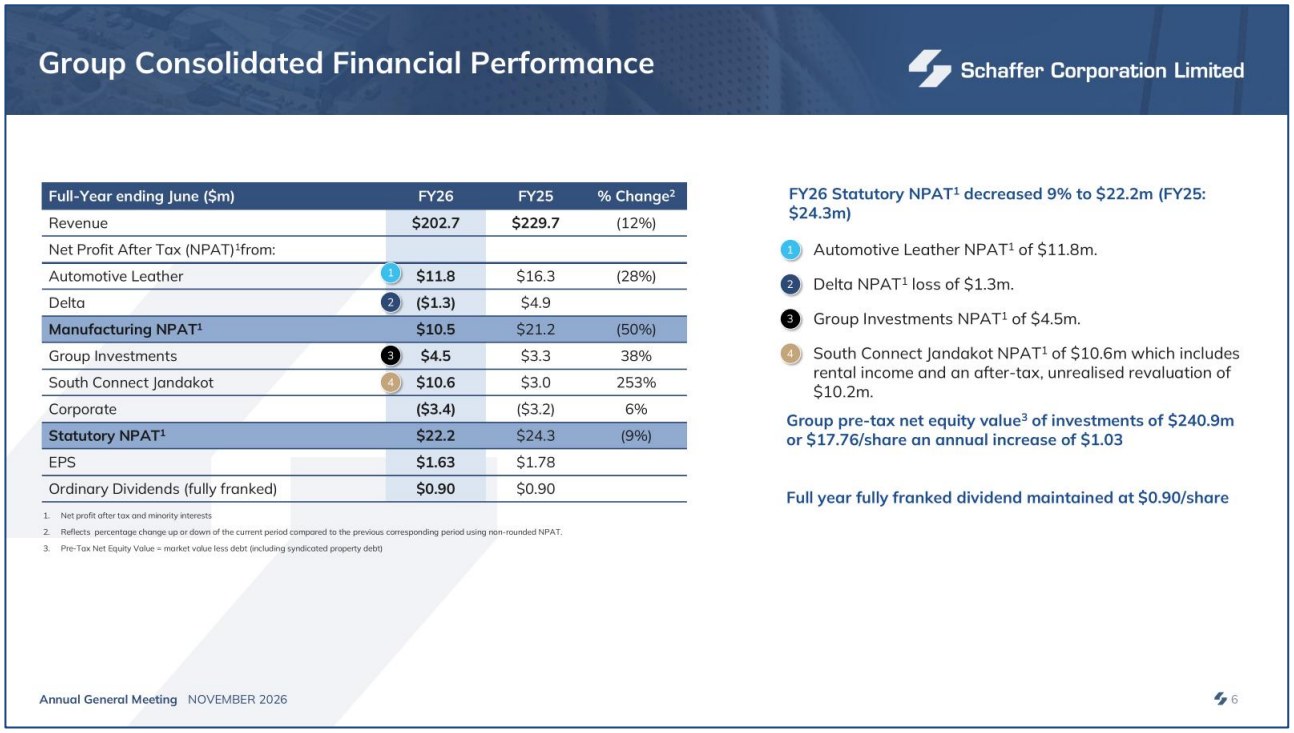
Over the past nine years, pre-tax net equity value of Total Investments has increased by $145 million, after having paid out $88 million of fully franked dividends to our shareholders and having bought back around $9 million in shares. Post June 2026, SFC has bought back a further $2.2 million of shares.

At 30 June 2026, the Total Investment Portfolio (including our share of subsidiaries) had an estimated pre-tax net equity market value of $241 million, compared to $227 million for the prior year. That is $17.76 per share.

Approximately 75%, or $180 million, of Total Investment's assets are property, the largest portion being South Connect Jandakot. Most of the property assets are value-add opportunities, focusing on potential medium-to-long-term capital gains.

A further 19%, or $40 million, of Total Investment's assets are invested in cash deposits and highly liquid equities with a bias towards quality and value, through an internally managed SFC Global equity fund and other externally managed equity funds.

I now hand over to Ralph Leib. Ralph is Schaffer Corporation's Chief Financial Officer and the Automotive Leather division's Chief Executive Officer. Ralph will review the financial performance of the Group and Automotive Leather division.



Thank you, Chairman, and good morning, ladies and gentlemen. I am pleased to share with you the results for financial year 2026.

Following a challenging first half for our manufacturing divisions, it was another good year for Schaffer Corporation Limited (SFC), with a strong second-half recovery from Automotive Leather and an exciting milestone at South Connect Jandakot, our large logistics estate, where construction of our first warehouse commenced in February 2026.

Group Revenue was down 12% to $203 million, and Manufacturing profits decreased to $10.5 million from $21.2 million.

Automotive Leather profits decreased to $11.8 million (FY25: $16.3 million). The first half was impacted by the cyberattack at Jaguar Land Rover, which halted their production for around two months. A strong second-half recovery drove a 17% increase in revenue and a 57% increase in profit to $7.2 million compared to 1H26.

Delta incurred a loss of $1.3 million compared with a profit of $4.9 million in the prior year, as fewer large infrastructure projects in Western Australia led to more competition and lower margins.

Total Investments includes:

- South Connect Jandakot,
- our syndicated property investments,
- equity investments, and
- cash

Total Investments profit of $15.1million includes the following key components:

- Profit of $10.6 million from South Connect Jandakot which includes a $10.2 million after-tax unrealised revaluation, with the balance from rental income.
- Profit of $4.5 million from Group Investments – which mainly comprises rental and investment income and realised and unrealised gains/(losses) on investments.

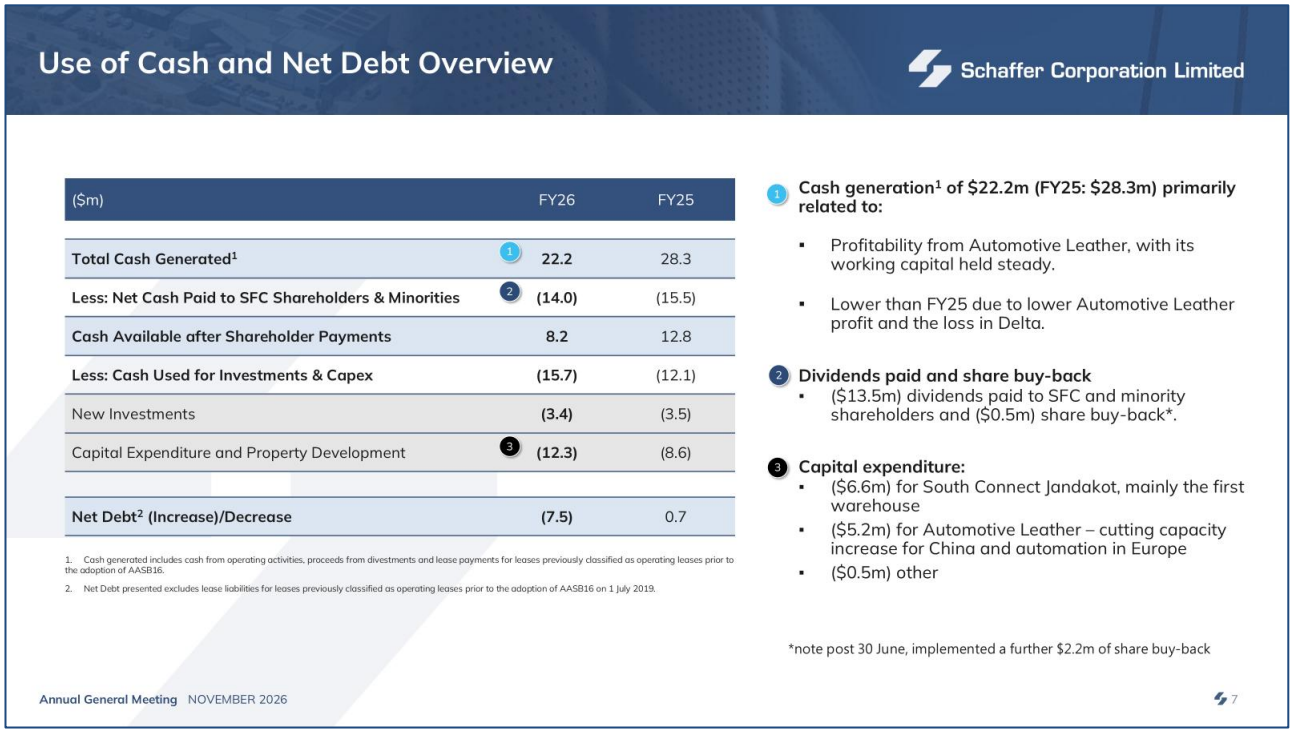
SFC's largest investment, South Connect Jandakot, increased its pre-debt value to $121.4 million from $100.2 million in the prior year.

Overall, the pre-tax net equity value of Total Investments increased 6% to $241 million from $227 million and represents tangible pre-tax value of $17.76 per share compared to last year of $16.73 per share.

The full year fully franked dividend was maintained at $0.90/share.

It is important to note that our profits include the financial impacts from unrealised, non-cash revaluations of our investments, in accordance with required accounting standards.

These unrealised, non-cash gains or losses can lead to volatility in our reported earnings, notwithstanding very little may have changed in the underlying operations of our businesses.



The Group generated $22 million of cash.

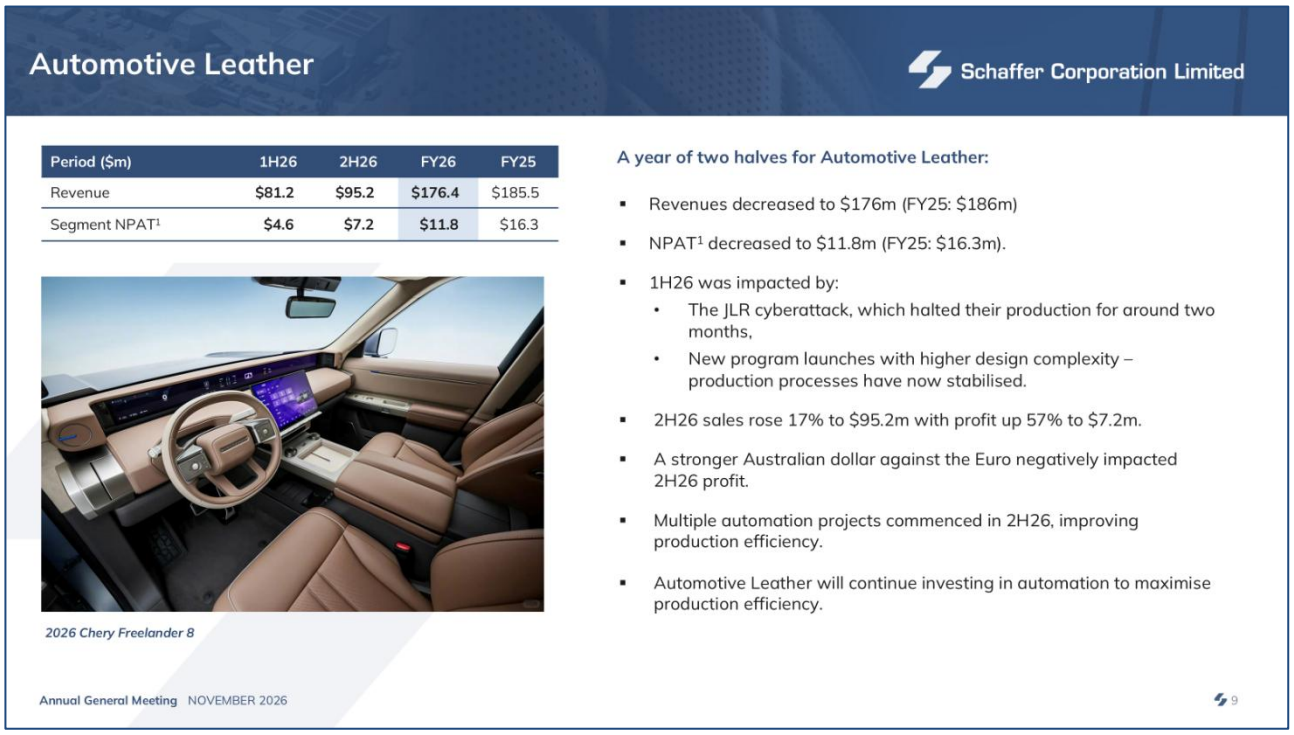
Cash generation was mainly due to profitability from Automotive Leather. This was partially offset by the loss in Delta.

During the year we:

- Returned $14 million to our shareholders and minority investors through dividends and share buy-backs.
- Invested $12 million in capital expenditures including:
    - $7 million for the development of South Connect Jandakot, mainly work-in-progress of our first warehouse; and
    - $5 million for Automotive Leather, to increase finishing and cutting capacity associated with the new China program and automation projects in Europe.

We invested $3.4 million in new investments, mainly in local property syndicates.

Overall, Group net debt increased by $7.5 million to $40.4 million.



Automotive Leather

FY26 was a year of two distinct halves for Automotive Leather, with early operational headwinds giving way to a strong second-half recovery.

Full-year revenue eased 5% to $176 million (FY25: $186 million), with profits at $11.8 million (FY25: $16.3 million).

First-half performance was weighed down by two temporary factors:

- a cyberattack at Jaguar Land Rover (JLR) that halted their production for roughly two months, and
- initial ramp-up challenges across complex new European program launches.

Pleasingly, JLR volumes normalised from November 2025, and our European production processes for the new programs are now stabilised.

As volumes recovered and manufacturing efficiencies improved, second-half revenue rebounded 17% to $95 million and profit increased 57% to $7.2 million compared to the first half.

On the currency front, a stronger Australian dollar against the Euro—our primary revenue currency created a headwind for second-half earnings, which was partially offset by a weaker Australian dollar against our main cost currency, the US dollar.

During the second half, multiple automation projects in Europe commenced, positively driving production efficiencies.

We continue to invest in automation to maximise our competitive positioning and production efficiencies.



2026 Chery Freelander 8

Automotive Leather 1H27 update

Volumes on our new China program are well below the OEM's original forecast. As a result, we are carrying excess hide and chemical inventory which we expect to largely use through this financial year.

Separately, JLR has paused the launch of our new program while it completes an internal restructure.

Management has acted quickly in aligning our cost base to current forecast volumes. Our investment in automation continues to deliver measurable efficiency gains. These actions leave the business well placed for the year ahead.

Notwithstanding the above challenges and subject to the risks below, profitability for 1H27 should be similar to 2H26.

The risks for Automotive Leather division include:

- A competitive automotive environment.
- Global economic uncertainties, including a global economic slowdown.
- Adverse impact from tariffs on sales volumes for our models.
- Adverse currency volatility.
- And Geopolitical risks which may cause elongated supply chains.

I now hand over to Dan Birks, General Manager of the Automotive Leather division



Thanks Ralph

Good morning to everyone.

Today I would like to share some comments on recent vehicles that we have launched in China.

Firstly, the “Freelander 8” which is a vehicle designed by JLR in the UK and built and engineered by Chery in China. The Chinese launch during the second half of calendar 2026 has been soft but the vehicle was ultimately designed with a focus on the international market. During 2027, the vehicle will be progressively launched in the Middle East, UK, Europe and Australia through the Chery dealerships.



Secondly, a new model of the ROX brand called “Adamas” – Howe has been supplying this brand for a number of years now and it is slowly building sales in the international market. This particular model is sold mostly in the middle east but will also be sold in the Australian market in 2027.

You will note that both vehicles display the box like design inspired by the Land Rover Defender and popular in China for all SUVs

Chery plan to roll out 6 models under the Freelander Brand over the next 5 years and we are well positioned to benefit from this.

At this point I hand back to the Chairman



Thank you, Dan.

Delta

Delta reported a loss of $1.3 million (FY25: profit of $4.9 million) on revenues of $13.8 million (FY25: $31.6 million).

Compared to the past few years, 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.

During the second half, the construction market saw a modest rise in the value of new work, and Delta secured key projects including the New Women and Babies Hospital. Delta finished the financial year with a strong order book.

Outlook for 1H27

Notwithstanding a strong order book for FY27, Delta is expected to make a loss during the 1H27.

Profitability is under pressure from design complexity, changes and delays, specifically on one key project, and from skilled labour shortages that keep pushing costs up.

At this juncture, I now hand over to Todd Schaffer. Todd manages the various Schaffer property investments including South Connect Jandakot.



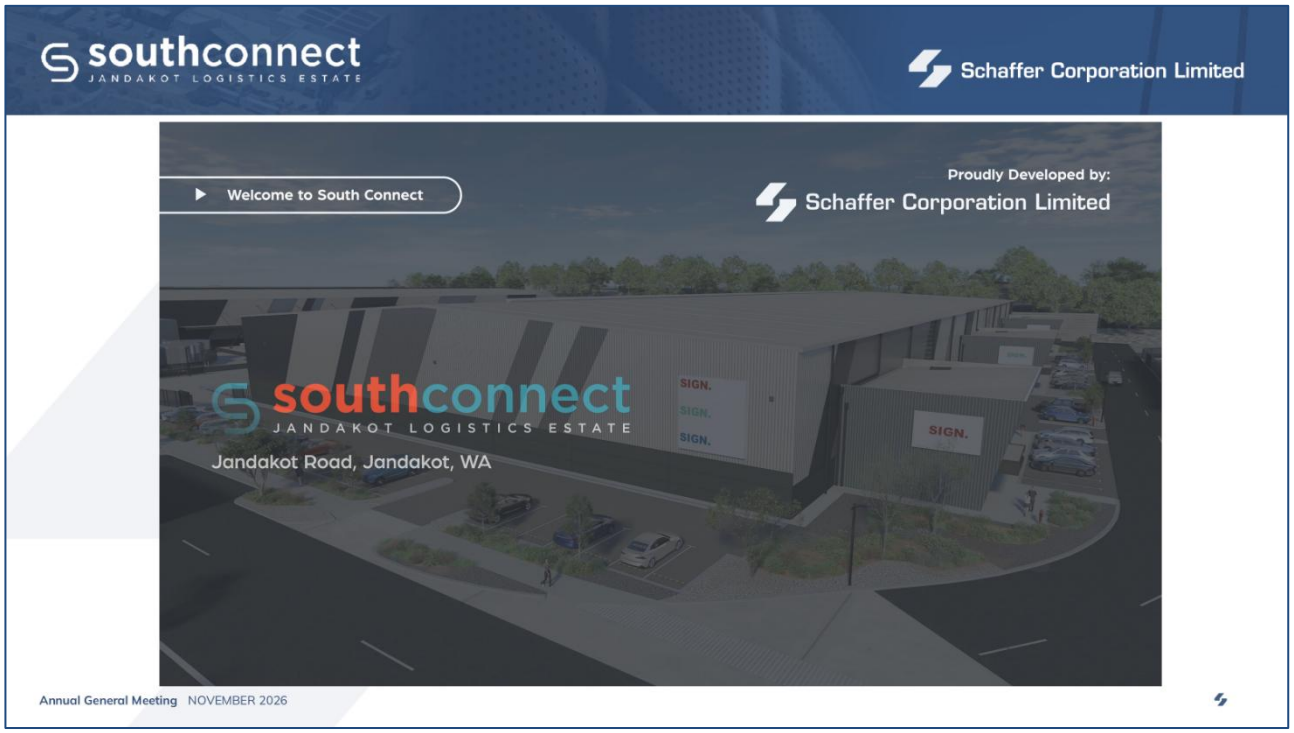
Thank you, Mr Chairman, and good afternoon, everyone.



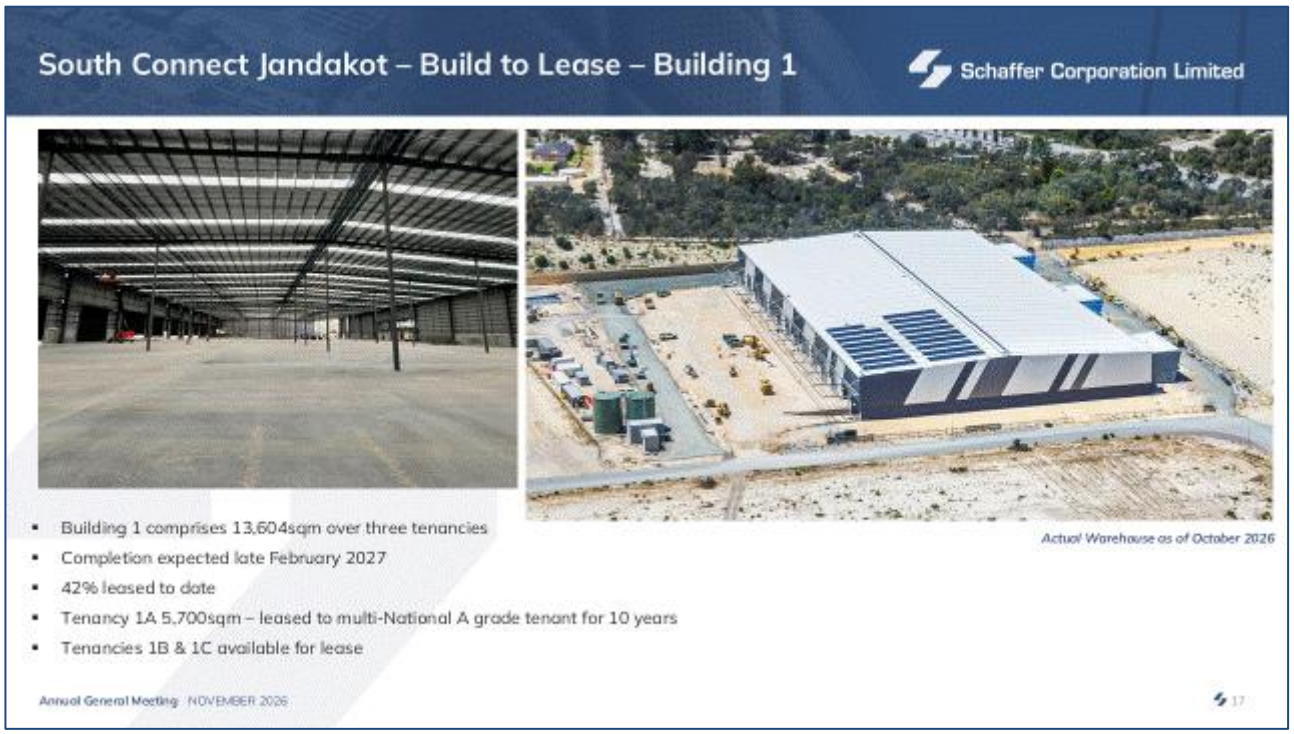
South Connect Jandakot is an institutional-grade, master-planned industrial estate. It is well located to benefit from the strong demand for logistics and “last-mile” warehousing in Perth's south, approximately 15 minutes from the city.

The estate has around 34 hectares of developable land across five proposed superlots. In the short to medium term, we see the potential for around 100,000 square metres of buildings across three of those superlots. Over the longer term, a further 50,000 square metres could be developed on the remaining two superlots. In total, that's more than 150,000 square metres of lettable area.

Our approach has been deliberately conservative. We're developing in stages, we're focused on securing leases, and we're keeping the designs flexible so we can offer both design-and-construct and speculative buildings, depending on what the market wants.



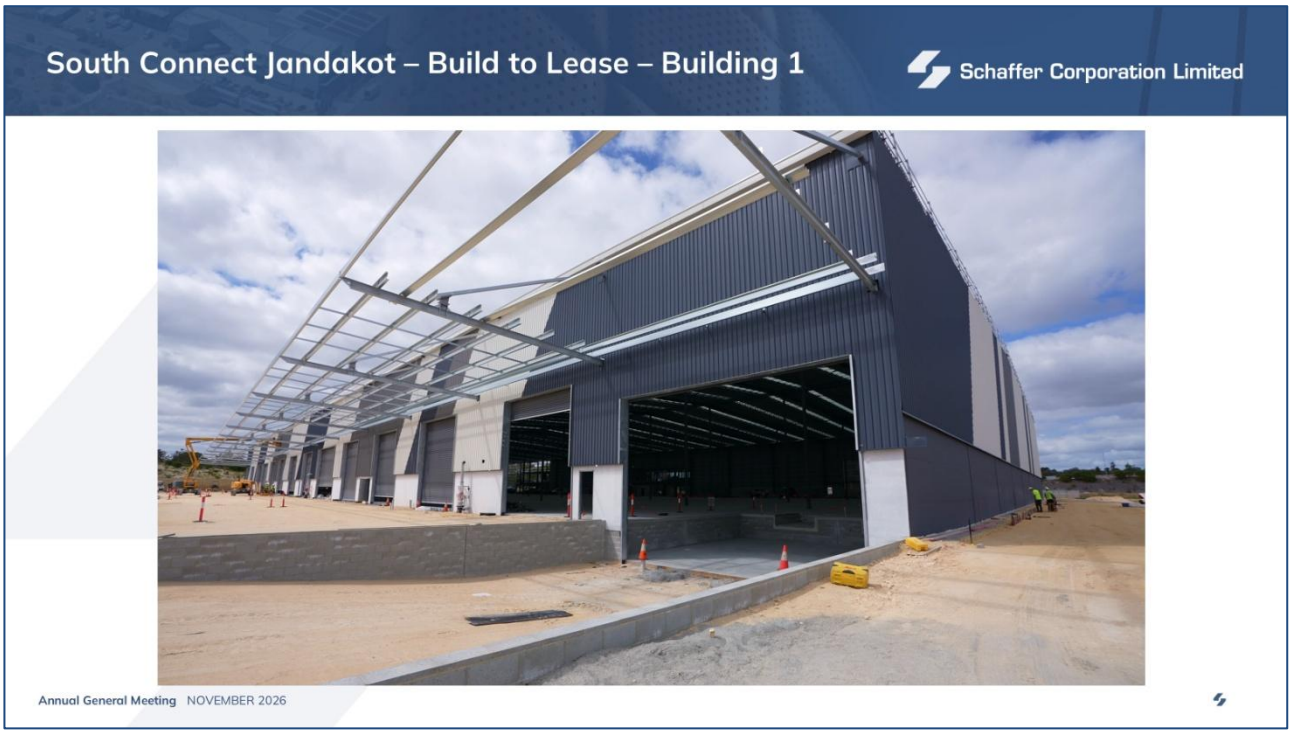
I would now like to present a marketing video of the estate *(please refer to https://www.realcommercial.com.au/for-lease/property-south-connect-jandakot-jandakot-wa-6164-505133432)*

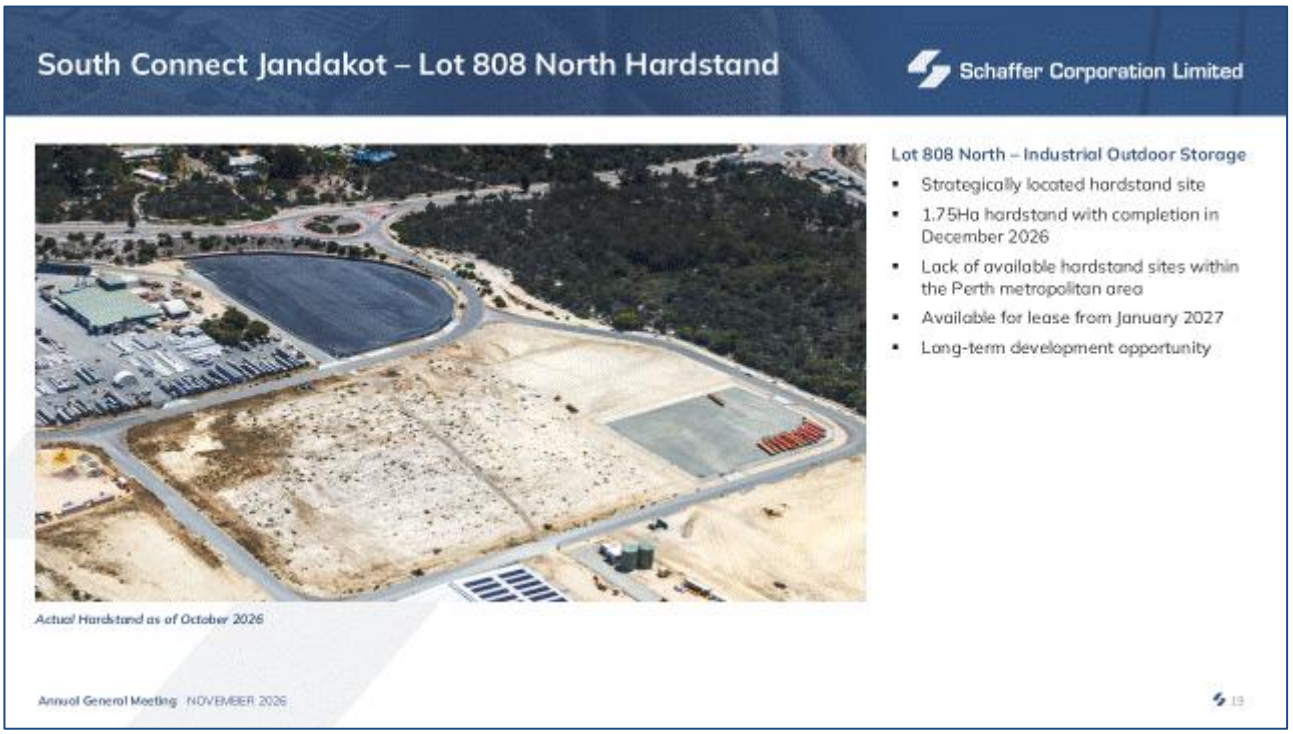


What you've just seen is Building 1, our first warehouse and the showcase for the estate. Construction began in February 2026, and we expect to finish in late February 2027.

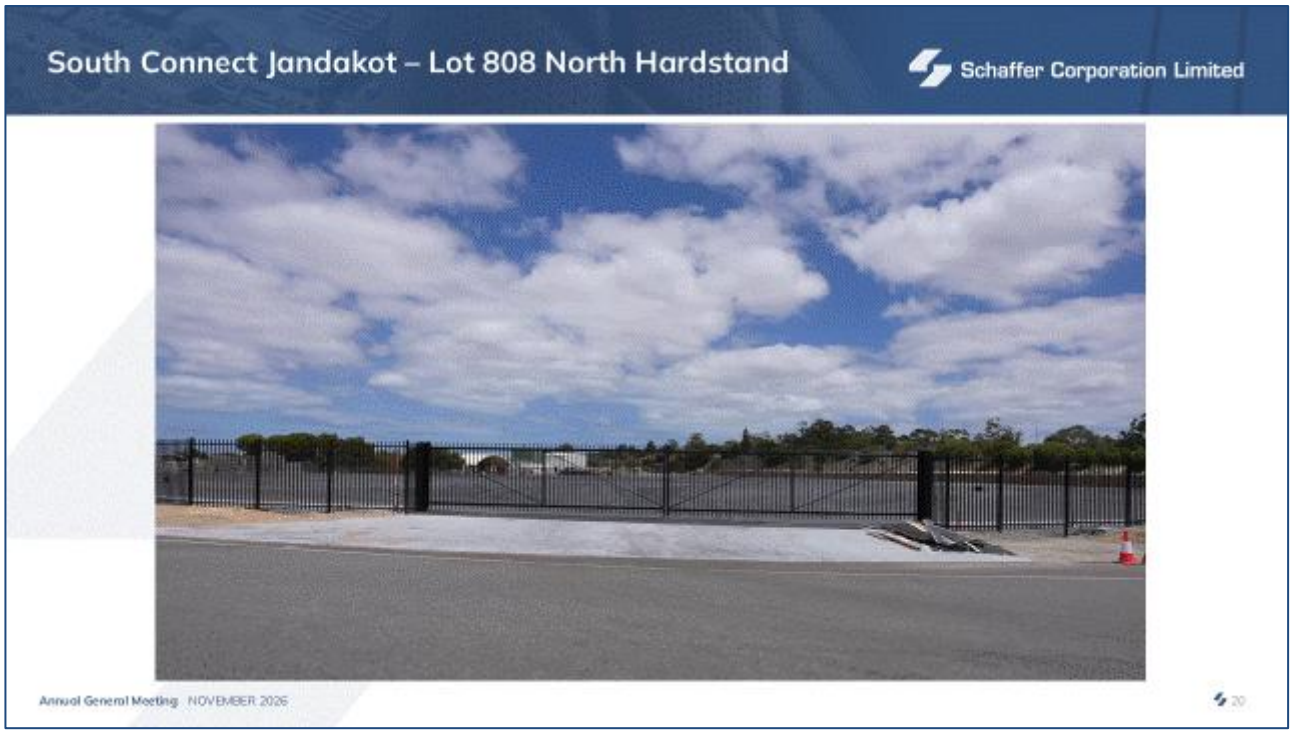
Building 1 is about 13,600 square metres over three tenancies. It includes market-leading features such as solar power, with provision for batteries in the future. The total cost is around $22 million, funded by debt.

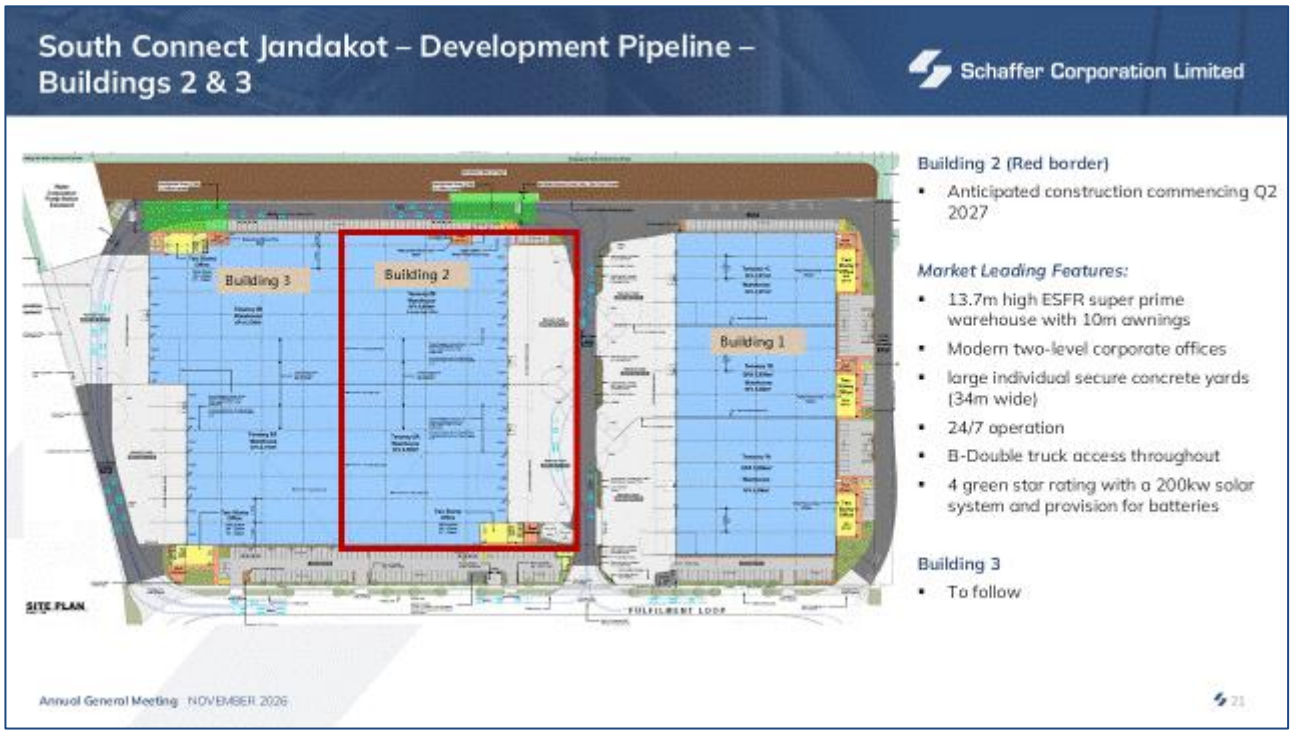
I'm pleased to report that Building 1 is already 42 per cent leased. Tenancy 1A, about 5,700 square metres, is under a binding agreement for a 10-year lease with a multinational, A-grade tenant, starting when the building is complete. We're now actively marketing Tenancies 1B and 1C.





We've also developed some hardstand. On Lot 808 North, we've built a 1.75-hectare asphalt hardstand site for industrial outdoor storage at a cost of around $4 million, also funded by debt. Hardstand sites are in very short supply across metropolitan Perth, so this is a valuable offering. It will be available for lease from December 2026, and longer term it remains a warehouse development opportunity.





Looking ahead, we expect construction of Building 2 to commence in the second quarter of 2027. It will be a super-prime warehouse similar to Building 1 with:

- a 13.7-metre clearance,
- fire sprinklered
- modern two-level offices
- large, secure concrete yards at 34 metres wide with 10m awnings
- 24/7 operation and B-double access throughout, and
    - a 4 Green Star rating, with a 200-kilowatt solar system and provision for batteries.

Building 3 will follow.

Another recent milestone is the gazettal of an approved Scheme Amendment. It broadens the permitted uses on the estate to include light industry, service industry, motor vehicle sales and other uses typical of a light industrial area. That gives us more flexibility and a wider pool of potential tenants.



The market backdrop for industrial warehousing is strong. CBRE puts Perth's industrial vacancy below 2 per cent, one of the tightest markets in the country. Prime warehouses above 5,000 sqm are especially scarce.

Supply is also set to tighten further. CBRE forecasts new supply falling from roughly 230,000 sqm a year over 2023 to 2026 to around 71,000 sqm a year over 2027 to 2030, a drop of nearly 70 per cent.

We are well placed to respond. We are proposing around 100,000 sqm of development over the short to medium term, and we are one of only a handful of developers with zoned land ready to deliver at that scale.

On the economics, we expect build costs of $1,400 to $1,600 per sqm, before land, finance and fees. Market net face rents are currently $175 to $195 per sqm. Rental growth is moderating after a period of strong increases. Incentives are around 10 to 15 per cent, and lease terms are typically five to ten years.



Turning to the financials for the year ended 30 June 2026, the estate's “as is” valuation rose by $21.2 million to $121.4 million. That increase includes $6.6 million of capital expenditure, mainly on Building 1, and an after-tax unrealised revaluation gain of $10.2 million. Net profit after tax was $10.6 million, up from $3 million the prior year.

At 30 June, debt was $18.3 million, a conservative level of gearing against the value of South Connect Jandakot. That leaves us with significant capacity to fund the next stages of development with debt.

In summary, South Connect Jandakot offers shareholders exposure to one of Australia’s tightest industrial markets, backed by a strong balance sheet, zoned land and a clear development pipeline. We look forward to updating you on our progress when we report our results.

I now hand you back to the Chairman.



Conclusion

In conclusion, economic and geopolitical conditions have many uncertainties and risks, including:

- A competitive automotive environment.
- Global economic uncertainties, including a potential global economic slowdown.
- Adverse impact from tariffs on sales volumes for the Automotive Leather Division's models.
- Adverse currency volatility.
- Geopolitical risks which may cause elongated supply chains.
- Skilled labour shortages, inflationary cost pressures and project delays for Delta.

For Automotive Leather, 1H27 profitability should be similar to 2H26.

For Delta, a loss for 1H27.

For Total Group Investments, our primary focus is the development of South Connect Jandakot.

The Board remains conscious of the risk factors mentioned above for the Group.

Dividends

Subject to Board approval in February, we expect to continue to pay a $0.45 fully franked dividend.

I would like to thank the management teams across our group and all our employees for all their hard work, perseverance, and performance during this financial year.

In a rapidly evolving business environment driven by automation, technology, and Artificial Intelligence, I am pleased to advise that we have the depth and capabilities in our core leadership team to take advantage of these opportunities.

On behalf of the Board, we would also like to sincerely thank you all our employees for their efforts during FY26 and you our shareholders for your continued support.



I now invite questions or comments from members regarding the accounts and reports, and the management of the company. Members are also invited to ask our auditors questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

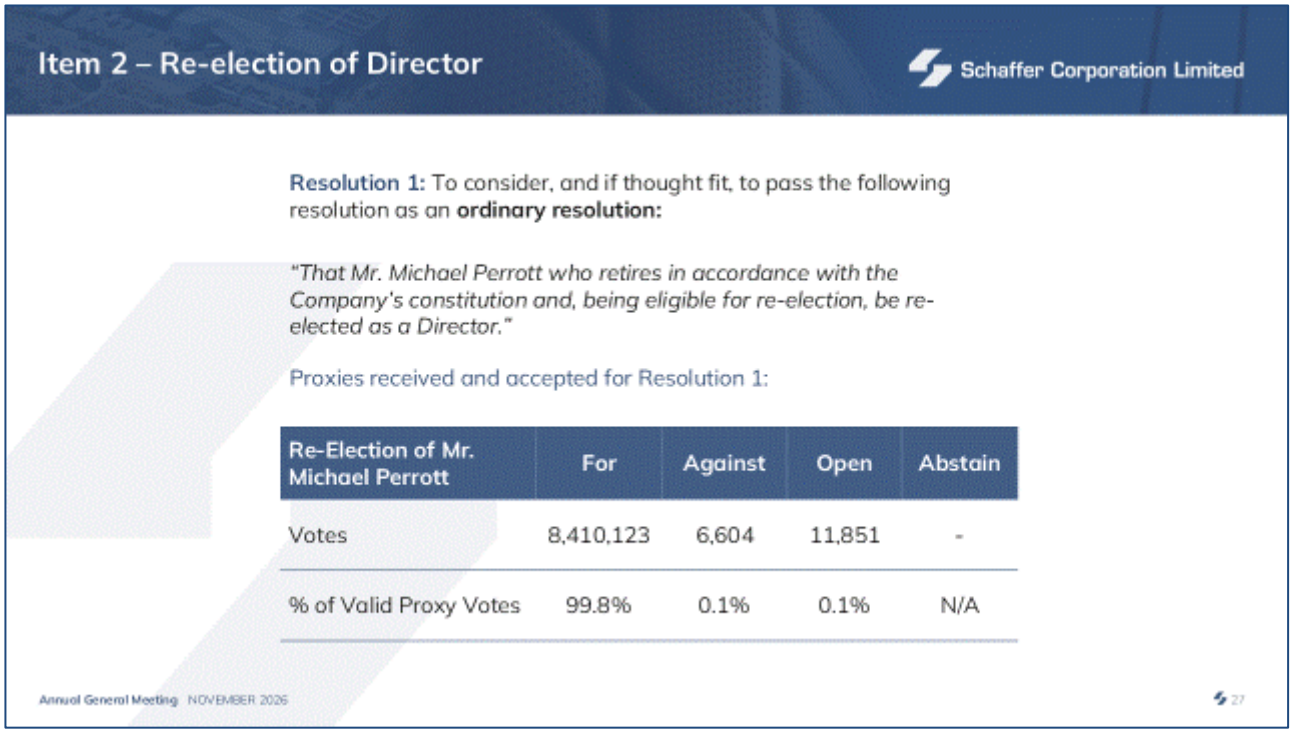


I now turn to the first item of ordinary business in the Notice of Meeting

"To receive and consider the annual financial statements and reports of the directors and the auditors for the period ended 30 June 2026"

The Corporations Act requires that the Annual Financial Report, including the Directors' declaration for the year ended 30 June 2026 and the related Directors' Report and Audit Report be received and considered at the AGM. However, this does not require voting by shareholders.

Assuming there are no further comments or questions from shareholders, I will move on to the next item of business.



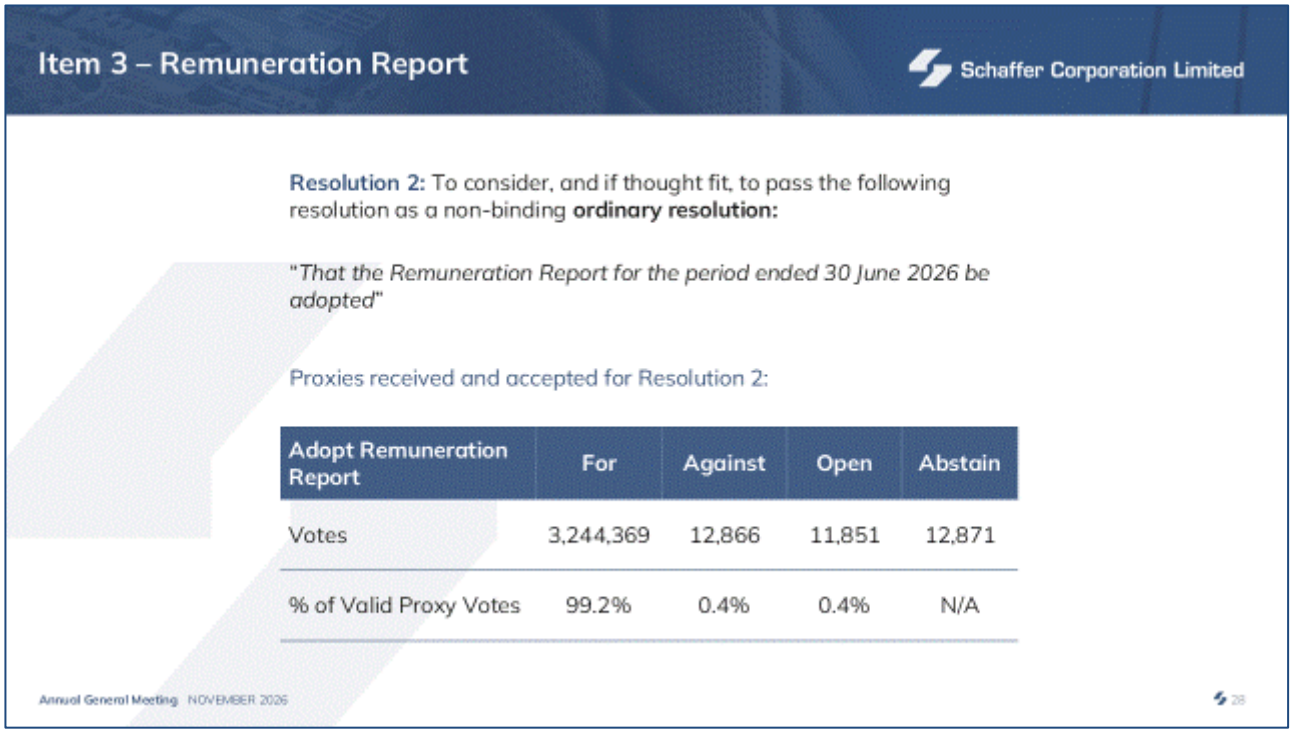
I would now like to move to Resolution 1, Re-election of Director

"That Mr Michael Perrott, who retires in accordance with the Company's constitution and, being eligible for re-election, be re-elected as a Director"

A total of 8,428,578 proxies were received, which represents 63% of the Company's issued capital.

Proxies submitted for Resolution 1 are shown on the screen.

Proxies at the Chairman's discretion will be voted in favour of the resolution and the Board supports the re-election of Mr Michael Perrott.



I would now like to move to Resolution 2, Remuneration Report

"That the Remuneration Report for the period ended 30 June 2026 be adopted".
Full details of the Company's approach to remuneration for Directors and Senior Executives are included in our Remuneration Report contained within this year's Annual Report. As provided for in the Corporations Act and as noted in our Notice of Meeting, the vote is of a non-binding nature.

A reminder that Key Management Personnel and closely related parties of Key Management Personnel are excluded from voting on this resolution as outlined in the Notice of Meeting.

Also, there are no proxies to be voted at the Chairman's discretion on Resolution 2 as outlined in the Notice of Meeting and Proxy Form.

A total of 3,269,086 proxy votes were received.

Are there any questions from shareholders on the Remuneration Report?

Proxies submitted for Resolution 2 are shown on the screen.



As there is no further business to be transacted and the formal proceedings have been completed, I declare the meeting closed.