

Skellerup Holdings Limited ASM Chair Address

Good afternoon, ladies and gentlemen. I am pleased to once again provide some Chairman's remarks on the last year here at Skellerup, as a precursor to Graham's address shortly.

Once again, it was another very successful year for Skellerup. One in which we continued to demonstrate the strength, resilience and relevance of our business model.

You might remember I spent a fair bit of energy at the last ASM warning shareholders about false expectations around recurring records. That caution now seems a bit.... cautious. Once again, we have achieved a number of record results.

Let's look at the financials.

FY26's net profit after tax (NPAT) before non-recurring items was \$64.2 million – a record result, up 18% on the FY25 NPAT of \$54.5 million. The after-tax effect of non-recurring items was \$3.5 million, bringing the FY26 NPAT after non-recurring items to \$67.7 million. This result is off revenues of \$390.1 million and earnings before interest and tax (again before non-recurring items) of \$89.3 million (up 14% on FY25).

Stronger post-tax earnings have flowed through to cash flow. The FY26 operating cash flow of \$83.6 million was a record result too, up 26% on the prior corresponding period.

This result was achieved in the context of a world that – I need scarcely remind shareholders – did not have the courtesy to stand still. Global uncertainty reigned. Added to foreign exchange movements and tariffs this year, was raw material availability (courtesy of the Middle East developments no one could have anticipated). This loomed as a significant potential headwind against FY26 profitability.

The Group has again benefited from disciplined execution, strong customer relationships and sustained demand for high-performance products across our core industrial and agricultural markets.

In terms of operational performance – this year, contributions to the record results came from both our business divisions (Industrial and Agri). Stronger sales into potable water, wastewater, dairy, footwear and sports and leisure applications all contributed.

The diversified nature of Skellerup's customer base – in terms of geographies as well as markets – allowed us to ride out pockets of soft demand. Once again, the United States markets were a key contributor (38% of total FY26 group revenues). As anticipated, we were able to mitigate the impacts of tariffs there, through a combination of sales growth, pricing, costing and manufacturing initiatives. We were also a beneficiary of the US Supreme Court's ruling that certain tariffs imposed by the US administration under the International Emergency Economic Powers Act were not authorised. Inevitably, that relief has been temporary, and mitigation strategies again have come to the fore.

Last year I mentioned a likely need to consider the development of "in market" manufacturing capability, most obviously in the US. I said that the luxury of a "wait and see" strategy was "highly likely" to come to an end in FY26.

This 'jolt' has not materialised. We continue to target expansion in our key offshore markets, having regard to the product demand of key customers, but will always seek to resource production in a manner which optimises results for both Skellerup and our customers.

We continue to invest – in people and in plant – for the future. Total capital expenditure in FY26 was \$15.1 million (up \$5.9 million on FY25), comprising ongoing investment in standardised machinery, additional capability and product development. Standardisation of processes will be a major platform for any expansion of further manufacturing capacity overseas. The Board is by disposition very supportive of capital expenditure investment, where (of course) it stacks up.

We are in the early stages of a more deliberate expansion of our markets in Europe and China. Our preference in these markets is a direct path to customers. In FY26 we purchased (at modest cost) one of our Chinese dairy distributors. Early indications of the attractiveness of our product offering in that market are very encouraging.

We have also added additional people and resources into Europe, but it is early days in that market.

We continue to explore potential opportunities to accelerate expansion into our overseas markets, through acquisition. With very modest debt levels and a market capitalisation of circa \$1.35 billion (as of 31 July 2026), there is clearly scope for a debt-funded acquisition.

As ever, though, we remain cautious about the deployment of capital into acquisitions; a 'build' strategy is slower but will usually carry less risk. The Board is clear that we will only contemplate acquisitions in businesses and/or markets which are compatible with Skellerup's existing core competencies. Our view is that, beyond that, diversification is something that shareholders should be best do themselves.

In the past we have often talked about the strength of Skellerup's relationships with our OEM customers – where we manufacture customer-branded componentry on the customer's behalf, for integration into their products. Meeting customer requirements, and solving their problems through our technical team, creates strong relationships and embedded revenues.

While this remains a core part of what we do, especially within certain business units, Skellerup-branded products represent an increasing proportion of our revenue stream, usually at better margins. Accelerating investment in our own brands where appropriate will continue to be a deliberate strategy.

Climate-related disclosures again comprise a substantial part of this annual report. Our people continue to undertake very effective work in this area. Emissions reduction plans are now in place for five of our largest facilities, and the actions implemented as part of these plans are delivering sound environmental and economic benefits. The revenue growth achieved is being aided by investment in more efficient equipment, which again helped reduce the intensity of our scope 1 and 2 greenhouse gas emissions during FY26.

A brief word about succession considerations. We have of course seen a successful and seamless change in the senior leadership team. The Board is conscious that succession considerations also apply to... itself. Today, David Cushing offers himself for re-election (and I commend him to you by the way), but in doing so has indicated that he intends to step down from the board in a year's time, after 10 years of service to the Company.

The Board is grateful to David for giving us this early notice of his intentions, as this now gives us the time to identify his successor (replace the irreplaceable...). In addition, as none of us are getting any younger, there will obviously be a need to plan for a medium term refresh this board. We don't have

any solutions to any of this yet, but I did want to acknowledge the topic today and let you know – we're working on it.

Back to some numbers. As a reflection of the strong cash flows described above, we continue to maintain a strong balance sheet. Net debt (excluding lease liabilities) at the end of FY26 stood at \$2.0 million, down \$10.4 million on the prior year-end.

This allows the Board to maintain a strong dividend policy. The total FY26 dividend of 30.0 cents per share equates to an estimated pay-out ratio of 91.6% of normalised FY26 NPAT. This is entirely sustainable considering historic and budgeted earnings, cash flow and capital expenditure. Our approach to dividends remains guided by the objective of providing shareholders with an attractive return while retaining sufficient flexibility to invest in growth, capability and resilience.

In FY27 we anticipate additional conscious investment in business processes and resources, people and market development that will likely reduce the rate of growth at least relative to FY26. As always, it is a case of managing healthy near-term growth while investing for the longer term.

We have, however, now achieved 10 consecutive years of EBIT growth, a record which the investment markets are certainly now very alert to. We have seen some share price appreciation, and that is gratifying for both the Board and management. We continue to target (and forecast, as you will hear shortly) further growth and so – yes – more records.

On behalf of the Board, I would like to thank our Chief Executive Officer, Graham Leaming, the senior leadership team and all Skellerup's people for their commitment and performance throughout the year.

Sometimes it feels like the winds of populism and nationalism are against global businesses like Skellerup. But while FY 26 was another non-dull year on world markets, management has responded to each development with agility and aplomb. FY26 results again reflect a very good performance by our entire team.

I thank our shareholders for their support for, and confidence in, Skellerup. The Board believes Skellerup is well positioned for the future, with a clear strategy, strong market positioning and a proven team capable of delivering sustainable growth.