CAPRAL ALUMINIUM
SHAPING THE FUTURE

Capral Limited
ABN 78 004 213 692

15 Huntingood Drive
Huntingwood, NSW 2148

capral.com.au

CAPRAL ASX ANNOUNCEMENT

Capral delivers another strong earnings result for Full Year 2024, exceeding guidance

Wednesday, 26 February 2025

Capral Full Year 2024 Results

Capral Limited (ASX: CAA) ("Capral"), Australia's largest extruder and distributor of aluminium products, releases its financial results for the 12 months ending 31 December 2024 (FY24). The full year earnings were slightly down from the prior year's record and ahead of guidance, supported by Capral's diversified industry exposure.

Key highlights:

- Volume down 5% to 67,800 tonnes (FY23: 71,100 tonnes)
- EBITDA[1] down $3.2 million to $58.3 million (FY23: $61.5m) underpinned by improved sales mix
- EBIT $34.5 million (F23: $38.5m)
- Reported NPAT $32.5 million (including income tax benefit $3.6m) (FY23: $31.8m)
- Earnings per share at $1.88 (FY23: $1.77)
- Strong balance sheet with net cash of $68.9 million
- NTA per share $11.25 (FY23: $10.03)
- Unfranked final dividend of 40cps declared
- Total distributions to shareholders 76cps (FY23: 72.5cps), included share buy-back equivalent of 36cps
- Carbon emissions reduction tracking ahead of target.

Commenting on the FY24 results and outlook for FY25, Capral's Managing Director, Tony Dragicevich, said:

"Delivering strong earnings for yet another year is a very satisfying result and a reflection of how far Capral has progressed in being able to deliver solid earnings during a continued softness in the housing market.

"Capral has remained resilient in the face of higher interest rates and ongoing inflationary pressures that have impacted the broader market.

"Capral remains in a good position to capitalise on its extensive capabilities, take opportunities as they present, and grow the business for the future."

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"The overall market for Capral's products is forecast to remain steady during 2025, and we expect to see a lift in the residential market later in the year. On this basis, at this time and absent any unforeseen events, we expect earnings for FY25 to be broadly in line with the prior year. Therefore, Capral should be in a position to continue to return capital to shareholders by way of share buy-backs and unfranked dividends as required."

Investor and analyst conference call

Capral's Managing Director and CEO, Tony Dragicevich, and Chief Financial Officer, Tertius Campbell will host an Investor conference call at 9:00 am (AEDT) today.

Participants can register for the conference call by navigating to:

https://s1.c-conf.com/diamondpass/10044582-r7b4kl.html

Please note that registered participants will receive a confirmation email with details on how to join the conference call upon registration.

Approved and authorised for release by Capral's Board of Directors.

For further information please contact:

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[1] EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation, and in accordance with AASBI6, excludes rent payments

Capral Limited

THE PRELIMINARY REPORT GIVEN TO ASX UNDER LISTING RULE 4.3A

Appendix 4E - Preliminary Final Report

Name of Entity	**CAPRAL LIMITED**
A.B.N	**78 004 213 692**
Year Ended	**31/12/2024**
Reporting Period	**1 January 2024 to 31 December 2024**
Previous Period	1 January 2023 to 31 December 2023

Results for announcement to the market

		31 December 2024 $'000	31 December 2023 $'000	Change $'000	Change %
2.1	**Revenues from ordinary activities**	**649,698**	656,859	(7,161)	(1.09)
2.2	**Profit from ordinary activities after tax attributable to members**	**32,487**	31,839	648	2.04
2.3	**Net profit for the period attributable to members**	**32,487**	31,839	648	2.04

		31 December 2024		31 December 2023	
2.4	**Dividends**	Amount per security	Unfranked amount per security	Amount per security	Franked amount per security
	Interim Dividend	**-**	**-**	20 cents	20 cents
	Final Dividend	**40 cents**	**40 cents**	35 cents	35 cents

2.5 Record date for determining entitlements to and the date for payments of the dividends (if any)

5 March 2025

2.6 Explanation of 2.1 to 2.4

Please refer to the Managing Director's Operations and Financial Review (included with this Report) for explanation of the results.

3.0 Net Tangible Assets per security

	31 December 2024	31 December 2023
NTA ($ per share)	**11.25**	10.03
Number of shares	**17,033,185**	17,687,010

4.0 Entities over which control has been gained or lost

Not Applicable

5.0 Individual and total dividends

A final dividend in respect of the financial year ended 31 December 2023 was paid on 19 March 2024, at 35 cent per ordinary share fully franked. The Board declared that a final dividend of 40 cents per ordinary share, unfranked, be paid on 26 March 2025.

6.0 Dividend or dividend reinvestment plans

The dividend reinvestment plan (DRP) will not be available for the final dividend.

7.0 Associates and joint venture entities

Not Applicable

8.0 Basis of Preparation of Preliminary Final Report

This Report has been prepared in accordance with ASX Listing Rule 4.3A and has been audited.

CONTENTS

CHAIRMAN'S REPORT

Annual Review

Capral delivered a resilient operational performance in FY24 despite the more challenging economic conditions. With increasing diversification in the channels that Capral operates in, the business is better positioned to perform strongly through cycles. The robustness of Capral's performance is also underpinned by the 2019 operational restructure that permanently lowered Capral's cost base, enabling the business to better leverage the capacity utilisation of its extrusion plants.

For the year ended 31 December 2024 Capral delivered EBITDA[1] of $58.3 million compared to $61.5 million in the prior year. EBIT[1] fell 10% to $34.5 million as compared to $38.5 million in 2023. Net Profit After Tax (NPAT) of $32.5 million compares to $31.8 million in 2023. NPAT in 2024 was assisted by a tax benefit of $3.6 million from the increased recognition of deferred tax assets (2023: Nil).

Revenues of $650 million in 2024 were on par with the prior year. Average selling prices increased by 4% as a result of higher global aluminium prices (LME), this largely offset the impact from 5% lower volume.

In FY24 Capral delivered earnings per share of $1.88 (including $0.21 of tax benefit), compared to prior year of $1.77.

Demand in Capral's key industrial sectors remained solid through the year with 2024 volumes growing compared to the prior year. This was driven by; recent acquisitions, retention of market share gains against imports, and strength in the transport and infrastructure segments. The residential construction segment, which contributes around 40% of Capral's volume, slowed through the year as expected. Capral's extrusion operations responded in line with the lower volume by reducing production shifts, cost reduction activities, and operational efficiency programs. Capral expects residential construction activity to improve during the second half of FY25.

Capral completed two further distribution business acquisitions during the year to fill gaps in its network and grow this channel. The acquired businesses have been successfully integrated into the Capral network.

Working capital was $87.7 million at the of FY24, slightly higher than $86.7 million at the end of FY23. Capral continues to have a strong balance sheet with a year-end net cash balance of $68.9 million which enables the business to invest in ongoing operations, seek growth opportunities, and deliver to shareholders sustainable capital management strategies.

Capral continued its work on anti-dumping of aluminium extrusions into the Australian market to help ensure fair competition in the markets in which we operate. This will continue in FY25 and beyond.

Capital Management

The Capral board is committed to ensuring that capital allocation priorities are balanced between investment opportunities for growth through acquisitions, growth and maintenance capital expenditure, working capital funding, and distributions to investors.

Having prioritised the return of franking credits to shareholders in prior years, the payment of the fully franked final dividend of 35 cents per share for the year ended 2023 exhausted all franking credits. Capral still has substantial tax losses to carry forward, therefore any dividends which may be paid in the medium term will be unfranked.

Capral began an on-market share buy-back in 2023, and commenced another on-market share buy-back in March 2024 which resulted in an equivalent distribution of 36 cents per share in FY24.

In addition, Capral has declared an unfranked final dividend of 40 cents per ordinary share (2023: 35 cents fully franked) to be paid on 26 March 2025 in respect of FY24. The dividend will be paid to all shareholders on the register of members as at the record date of 5 March 2025. The Dividend Reinvestment Plan will not be active for this dividend.

For FY24 Capral will have returned the equivalent of 76 cents per share consisting of 40 cents in cash dividends and 36 cents by way of share buy-backs completed during the year. This compares with the equivalent of 72.5 cents for FY23 (55 cents dividends and 17.5 cents share buy-backs).

Capral will commence another on-market share buy-back of up to 10% of its issued shares on or about 3 March 2025. Capral's board will continue to ensure that distributions to shareholders remains a key component of Capral's capital allocation policy. It is anticipated that, subject to share trading liquidity, share buy-backs will form a major portion of value returned to our shareholders.

Safety and Sustainability

Capral remains committed to pursuing excellence in its delivery of effective safety and sustainability programs across all parts of its business. While the number of reportable injuries increased in FY24, Capral's injury rate remains below reported peer averages.

The environment is a key priority for Capral. We have committed to Net Zero by 2050 (scope 1 and 2 emissions), and a 20% reduction in emissions by 2030, we are on-track to meet these targets.

Capral retained its Aluminium Stewardship Initiative (ASI) certification in both performance standard and chain of custody that it achieved in 2023. In addition, Capral is well advanced with its plans to meet the new climate changes reporting requirements for 2025.

Capral's LocAl[(R)], our lower carbon aluminium brand, continues to be a focus with volumes growing significantly in 2024. In addition, Capral has trialled recycling mill scrap aluminium back into the billet casting process through the Rio Tinto Boyne smelter. Investigations with other smelters to recycle extrusion scrap are also ongoing.

The Sustainability Report in the annual report details the many well-advanced initiatives in progress.

Board Renewal

As previously announced Rex Wood-Ward retired from the board and as chair at the conclusion the AGM on 8 May 2024. On behalf of the Board, I would like to take this opportunity to thank Rex for the significant contribution he has made to Capral since his appointment in 2008.

Looking Ahead and Acknowledgements

We expect the detached housing sector to start recovering in FY25 with the benefits flowing through in the second half. The industrial sector is forecast to maintain its current resilience. External factors are likely to result in a continuation in the volatility of commodity prices. Inflation and other cost increases, particularly in energy and labour costs, will also have an impact.

Capral remains committed to continuing to improve its operational efficiency throughout the organisation together with its commitment to investing in growth and returning capital to shareholders going forward.

On behalf of the board I want to thank our shareholders, all of the Capral team, and our other stakeholders for their strong support during 2024. Thank you to my co-directors for their contributions throughout the past year.

Shareholders are directed to the Results Presentation released to the market today.

Mark White

Mark White
Chairman

[1] EBITDA, EBIT and Earnings per Share are presented with reference to the ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011.

Performance Measures	**2024 $ million**	**2023 $ million**
Profit After Income Tax	32.5	31.8
Less: Income Tax Benefit	(3.6)	-
Profit Before Income Tax	28.9	31.8
Add: Finance Costs	5.6	6.7
Add: Depreciation and Amortisation	23.8	23.0
EBITDA (Earnings Before Income Tax, Depreciation and Amortisation)	58.3	61.5
Less: Depreciation and Amortisation	(23.8)	(23.0)
EBIT	**34.5**	**38.5**
Profit After Income Tax	32.5	31.8
Less: Income Tax Benefit	(3.6)	-
Net Profit Before Income Tax	**28.9**	**31.8**
Weighted Average Number of Ordinary Shares on Issue (Basic)	17.3	17.9
EPS	**$1.88**	**$1.77**

MANAGING DIRECTOR'S OPERATIONS AND FINANCIAL REVIEW

Highlights

- Strong earnings result in a soft market, and 8% above top-end guidance
- Sales revenue $650 million, on par with last year
- Volume at 67,800 tonnes, 5% down on last year
- EBITDA[1] $58.3 million, down $3.2m on last year
- EBIT[1] $34.5 million, down $4.0m on last year
- NPAT $32.5 million (included $3.6m tax benefit), up $0.7m on last year
- Earnings per share at $1.88, up $0.11 on last year
- Balance sheet strong with net cash of $68.9 million
- Unfranked final dividend of 40 cps declared, total FY24 dividend of 40 cps (FY23:55cps)
- Total distribution to shareholders 76 cps, includes share buy-back equivalent of 36 cps
- Good safety performance with a TRIFR of 7.7
- Carbon emissions reduction tracking ahead of target

Financial Review

Market conditions were softer in 2024 mainly due to a slow-down in activity in the residential housing market. Capral also experienced reduced demand from aluminium distributors as import supply chains returned to normal. Volume however remained solid in our industrial markets which allowed Capral's manufacturing plants to run at good levels of efficiency.

The residential housing market slowed, impacted by high interest rates and affordability. Housing starts are estimated to be 167,800[2] in 2024, slightly above the prior year and down around 25% from the highs of 2021 and 2022. Commercial construction activity also slowed during the year. Key industrial markets remained relatively strong, especially the transport and infrastructure segments, and we retained market share gains in the metal fabrication sector.

The international LME price of aluminium lifted during the year finishing at two year highs, driven primarily by international trade and tariff concerns post the USA election. Capral's average LME cost for 2024 was 5% above last year. This flowed through to higher selling prices and working capital levels.

Despite the slower economic conditions Capral delivered another very good profit result in 2024 with EBITDA of $58.3 million (2023: $61.5m) on 5% lower volume, and EBIT of $34.5 million (2023: $38.5m). A very pleasing result, demonstrating how far Capral has progressed in being able to deliver solid earnings during a slow-down in the housing market.

Capral ended 2024 with a Net Cash balance of $68.9 million. Debtor collection performance remained very good. Inventory levels rose slightly but higher LME prices lifted inventory value, leading to higher working capital levels which will likely continue to rise in the year ahead.

Capral will pay an unfranked final dividend of 40 cents per share (FY23: 55cps). Capral completed an on-market share buy-back during the year equivalent to 36cps, taking total 2024 distributions to shareholders to 76cps (FY23: 72.5cps). Capral will continue its on-market share buy-back program during 2025 under the 12-10 rule. As advised last year, Capral exhausted its franking credit balance in 2023, therefore shareholder distributions in the medium term will be by way of unfranked dividends and/or share buy-backs.

Key Initiatives and Strategies

Key high-level strategies remain consistent with prior years

- Build on our strengths - product offer, scale, capability, and our people
- Optimise what we do – continuous improvement in all aspects of our business
- Grow for the future - develop innovative products, enhance our capability, expand our footprint

In 2025 we will continue to focus on our Smithfield and Penrith extrusion plants. Smithfield will focus on upgrading equipment to improve plant reliability and productivity. The first stage of the Penrith plant upgrade, replacing the extrusion press, was completed during 2023. The second stage, replacing the billet furnace and saw, will be completed in 2025.

We will continue to grow Capral's distribution operations with the objective of increasing the volume and profitability of Capral's direct-to-market channel. During 2024 we added two Aluminium Trade Centres to the Capral distribution footprint with acquisitions of existing businesses in Melbourne and Brisbane. This makes a total of four new sites over the last few years. We continue to seek other opportunities to expand our distribution footprint and into other adjacent market segments.

Fair Trade

Capral continues to lead the local industry in the pursuit of fair trade. Key points to note are:

- Application submitted for continuation of measures on Chinese imports for a further five years.
- China recently announced the removal of export VAT rebates which should see a lift in import pricing in 2025.
- Measures against Malaysian and Vietnamese imports remain in place until 2028.

While some share gains have been made over the last few years, imports still represent over a third of the total Australian extrusion market. Now that supply chains have normalised, and international trade flows are in a state of flux, it is even more important that we continue the fight to retain a fair share for the local extrusion industry which contributes over 2,000 direct jobs to the Australian economy.

Safety

Safety is the first of Capral's five key values. We continue our focus on risk assessment, training, systems, and our safety culture. Capral recorded a total reportable injury frequency rate (TRIFR) of 7.7, slightly better than our peer group average. Lost time injuries remained at four, but medical treatment injuries increased by five to nine. Importantly, lost and return to work hours fell by 38% on the prior year.

Sustainability and ESG

Capral's journey to net zero emissions by 2050, with a 20% reduction target by 2030, is on-track and progressing well. During the 2023/24 year Capral's scope 1 & 2 total emissions fell by 9% and intensity fell by 5%. This was a result of operational energy efficiencies and an increase in renewable energy sources.

During 2024 Capral increased its focus on waste management and recycling by introduction various programs at key sites. These initiatives lead to an increase in recycling and a 12% reduction in waste from baseline.

Capral maintained its Aluminium Stewardship Initiative (ASI) certification and remains the only extruder in the region to secure this globally recognised certification. This enables Capral to offer certified lower carbon aluminium options to the Australian market through our trademark brand LocAl®. This is gaining traction in the market with volumes lifting by close to four times over the prior year.

Capral has considered the overall impact of current ESG issues and has not discovered any resulting material impact on our consolidated financial statements at this point. Capral is well-placed to meet the requirements of new climate reporting standards for FY25. Further details are contained in Capral's Sustainability Report.

Key Operating Risks

Capral has a robust risk assessment process and active risk mitigation programme, key risks include:

- Significant slow-down in economic activity, particularly the new housing market
- Increased level of imported aluminium extrusion and increased local competition from new entrants
- External IT threats such as cyber attacks
- Changes in construction methodology to meet more stringent sustainable building codes

Outlook

Forecasts for the residential market show detached housing approvals lifting in 2025 as interest rates start to fall. Total residential starts in 2025 are forecast[2] to be slightly higher than 2024, however the pipeline of work that sustained volumes over the past two years has been completed. The non-residential market is forecast to be steady in 2025 as are our key industrial markets.

LME is volatile and subject to international influences. The threat of tariffs by the new elected USA government led to LME soaring in early 2025 to its highest level since the Russian invasion of Ukraine in 2022. Based on external forecasts[3], Capral expects LME to remain at elevated levels throughout the coming year on the back of higher global demand and uncertainty. This will lead to increased working capital levels in 2025. The recently announced 25% tariff by the USA government on steel and aluminium will not have a direct impact on Capral. However, it could influence international trade flows and Australia must be vigilant in maintaining a robust anti-dumping regime to ensure a level playing field for local manufacturers.

The overall market for Capral's aluminium products is forecast to remain steady during 2025, and we expect to retain a good proportion of post-Covid market share gains from imports. On this basis, at this time and absent any unforeseen events, we expect earnings for FY25 to be broadly in line with prior year. Therefore Capral should be in a position to continue to return capital to shareholders by way of share buy-backs and unfranked dividends.

The focus in the year ahead will be to deliver benefits from the recent Trade Centre acquisitions in Victoria and Queensland, complete the second stage of the Penrith plant upgrade, and continue to grow our distribution business through both acquisition and organic growth. We plan to enhance our range, service, and capability to grow our customer base and deliver strong ongoing profitability.

I wish to thank the Capral team for their contribution to a very pleasing 2024 result. Capral remains in a good position to capitalise on its extensive capabilities, take opportunities as they present, and grow the business for the future.

Tony Dragicevich
Managing Director
26 February 2025

[1] Refer to EBITDA, EBIT and Earnings per Share (EPS) explanation in footnotes to Chairman's Report
[2] HIA February 2025
[3] LME forecast - Harbour Aluminium Consensus Forecast (February 2025)

BOARD OF DIRECTORS

Directors in office during the financial year and up to the date of this report (unless otherwise stated):

MARK WHITE B. Com, M. Com, ACA, GAICD
Chairman of the Board (Independent)
Appointed 1 September 2021

Chairman of the Board (appointed 8 May 2024)
Member of the Audit & Risk Committee
Member of the Remuneration & Nomination Committee.

Mr White has extensive experience obtained from executive management and leadership positions from over 25 years in the aluminium and building materials sectors in Australia and Asia. He has deep operational experience and is a proven P&L leader with strategic management in complex and high risk operating environments. Until July 2024, Mr White was General Manager of CSR Limited’s aluminium business with its share in the Tomago aluminium smelter joint venture. Mr White was also Executive Director on the Board of Tomago aluminium smelter for more than 13 years and was Chair of Tomago’s Audit and Risk committee.

Directorships of other listed companies held in last 3 years before end of the Financial year: None

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REX WOOD-WARD
Previous Chairman of Board (Independent)
Appointed 6 November 2008
Retired 8 May 2024

Chairman of the Board
Member of the Audit & Risk Committee
Member of the Remuneration & Nomination Committee

Mr Wood-Ward has 50 years of experience in general management, mergers and acquisitions, corporate strategy, and structuring, including in manufacturing and distribution. Over his career he has been a director of over 10 publicly listed companies in Australia, the United Kingdom, and South Africa.

Directorships of other listed companies held in last 3 years before end of the Financial year: None

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TONY DRAGICEVICH B. Comm A.C.A
Managing Director (Non-independent)
Appointed 15 April 2013

Mr Dragicevich joined Capral in January 2013 and became the Managing Director and Chief Executive Officer on 15 April 2013. Mr Dragicevich is an experienced CEO and business leader who has been involved in the improvement of a number of businesses, having previously served as Managing Director of the Wattyl Group, and as Chief Executive of GWA Bathroom and Fittings, Managing Director of the Red Paper Group and General Manager of Tasman Insulation.

Directorships of other listed companies held in last 3 years before end of the Financial year:

- Non-executive director of Fletcher Building Group: 1 August 2024 to date of this report.

KATHERINE OSTIN B. Comm, GAICD, F FIN, CA
Non-executive director (Independent)
Appointed 17 June 2020

Chairman of the Audit & Risk Committee.
Member of the Remuneration & Nomination Committee

Ms Ostin is a Chartered Accountant and an experienced company director with significant experience in finance and accounting, audit, risk, governance, strategy and business development. She is currently a non-executive director of a diverse portfolio of both listed and non-listed companies and is Chair of the respective Audit & Risk Committees. She has also previously served as a non-executive director of several not-for-profit entities. Ms Ostin was a senior Partner in Audit Assurance & Risk Consulting with KPMG, holding various leadership roles over her 12 years as a Partner from 2005 to 2017. In her 24 years with KPMG she worked across a broad number of sectors in Australia, Asia, the US and the UK.

Directorships of other listed companies held in last 3 years before end of the Financial year:

- Non-executive director of Swift Media Ltd: 1 October 2019 to 19 November 2021.
- Non-executive director of Dusk Group Ltd (ASX: DSK): 16 September 2020 to date of this report.
- Non-executive director of 3P Learning Ltd (ASX: 3PL): 6 August 2021 to date of this report.
- Non-executive director of Next Science Limited (ASX: NXS): 24 October 2023 to date of this report.
- Non-executive director of Elanor Investor Group Limited (ASX: ENN) and Elanor Commercial Property Fund (ASX: ECF): 1 January 2024 to date of this report.
- Non-executive director of Healius Ltd (ASX:HLS): 1 December 2024 to date of this report

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BRYAN TISHER B. Eng, MBA
Non-executive director (Independent)
Appointed 24 February 2022

Chairman of the Remuneration & Nomination Committee from 27 April 2023
Member of the Audit & Risk Committee.

Mr Tisher has extensive experience in the resources, building materials and electrical products sectors. He is currently the Chief Executive Officer of Legend Corporation, an Australian leader in industrial and electrical products and previously held senior positions at Orica, Boral, and Rio Tinto.

Mr Tisher was the Managing Director of Orica Asia responsible for manufacturing and distribution operations covering 14 countries, and the Divisional Managing Director of Boral Building Products responsible for the Plasterboard Australia, Timber, Bricks, Roofing, Masonry and Windows business units. He has had extensive board experience as an Executive Chairman for six joint ventures in Asia and the Boral Carter Holt Harvey Softwood Manufacturing Joint Venture at Oberon, and, as a Non-executive Director at Sustainable Timber Tasmania and Cape York Enterprises.

Directorships of other listed companies held in last 3 years before end of the Financial year: None

ESG AND SUSTAINABILITY REPORT

Safety

At Capral, maintaining a secure and healthy workplace is our first priority. We view safety as an ongoing journey of collaborative improvement. Our approach integrates targeted training and proactive data analysis to help ensure a safe working environment where risks are effectively managed and mitigated.

During the past year Capral’s Integrated Management System (IMS) was enhanced by adding mobile capabilities. Deploying tablets across our sites has enabled real-time data capture, providing immediate identification of hazards and implementation of corrective measures. This ensures that every incident, near-miss, or potential risk is recorded and addressed promptly, thereby enhancing our overall responsiveness.

We also introduced an in-house safety training program. This training empowers our teams with the skills necessary to identify and control hazards on site. By focusing on practical, site-specific scenarios, the program ensures that our workforce is not only aware of potential risks but also equipped to act decisively when challenges arise. This has driven a proactive risk management culture.

To further reinforce our safety strategy Capral has integrated advanced data analytics into our systems. By leveraging predictive tools, we can analyse both historical and real-time data, identifying emerging patterns and potential areas of concern before they evolve into significant issues. This allows us to implement preventative measures more effectively, strengthening our safety protocols and reducing the likelihood of incidents.

Capral's Total Reportable Injury Frequency Rate increased to 7.7 as reportable injuries increased by 4 in 2024. This continues to be below the average for listed building products manufacturers and reflects our commitment to maintaining high safety standards and the success of our integrated approach to risk management.

ESG & Sustainability

In 2021 Capral embarked upon a journey to lower carbon emissions across our operations. Reducing our environmental impact is an essential element of our corporate responsibility framework and our vision for a sustainable future. Our Sustainability Roadmap is closely aligned with the UN Sustainable Development Goals and the Global Reporting Initiative. This year, we have taken significant steps to enhance transparency and accountability in our reporting and day-to-day operations.

Our improved clarity of greenhouse gas emissions across Scope 1, 2, and 3 is a significant development. We have refined our tracking systems to deliver comprehensive data on our emissions, from cradle to gate. Capral's IMS incorporates lifecycle assessments and tracking of Scope 3 emissions, giving a more complete picture of our environmental impact. This increased transparency not only supports our internal targets but also provides our customers with accurate insights into the ecological footprint of our operations.

Our ongoing efforts to reduce emissions are supported by strategic investments in energy-efficient technologies and a gradual transition towards renewable energy sources. The advancements achieved in lowering carbon emissions across our operations demonstrates our commitment to meeting our long-term sustainability goals.

Capral’s lower carbon aluminium, marketed under our proprietary LocAl brand, has gained substantial industry interest and has reinforced Capral's position as the leader in sustainable aluminium extrusion production in Australia. Combined with our Aluminium Stewardship Initiative (ASI) certification, this underlines our commitment to producing more sustainable materials. We have initiated the process of aligning our sustainability reporting with the Australian Sustainability Reporting Standards (ASRS). This will ensure that our environmental performance data is accurate and transparent to our stakeholders. This year, to align with ASRS, we are reporting calendar year sustainability data to line-up with Capral’s December financial year.

Alongside these initiatives, we have been evaluating the inclusion of recycled content aluminium into our process. This is a component of our broader commitment to enhancing our circular economy, optimising resource utilisation, and minimising waste across our operations.

Through these initiatives Capral is advancing its sustainability position and will keep our stakeholders informed as we progress towards a more sustainable future.

Aluminium Stewardship Initiative (ASI) and Lower Carbon Aluminium (LocAl)

Capral remains the only ASI certified aluminium extruder in Australia. ASI is a globally recognised accreditation body that sets rigorous standards for responsible practices across the aluminium value chain including focus on ESG requirements. This places Capral among a select group of businesses that meet the highest international benchmarks.

In parallel, we continue to focus on innovation in sustainable product development. Capral's lower-carbon aluminium, LocAl, is produced with energy generated from lower carbon emitting sources during the smelting phase.

By incorporating audit processes, product innovation, and certification systems Capral is setting new industry benchmarks in terms of sustainable aluminium supply.

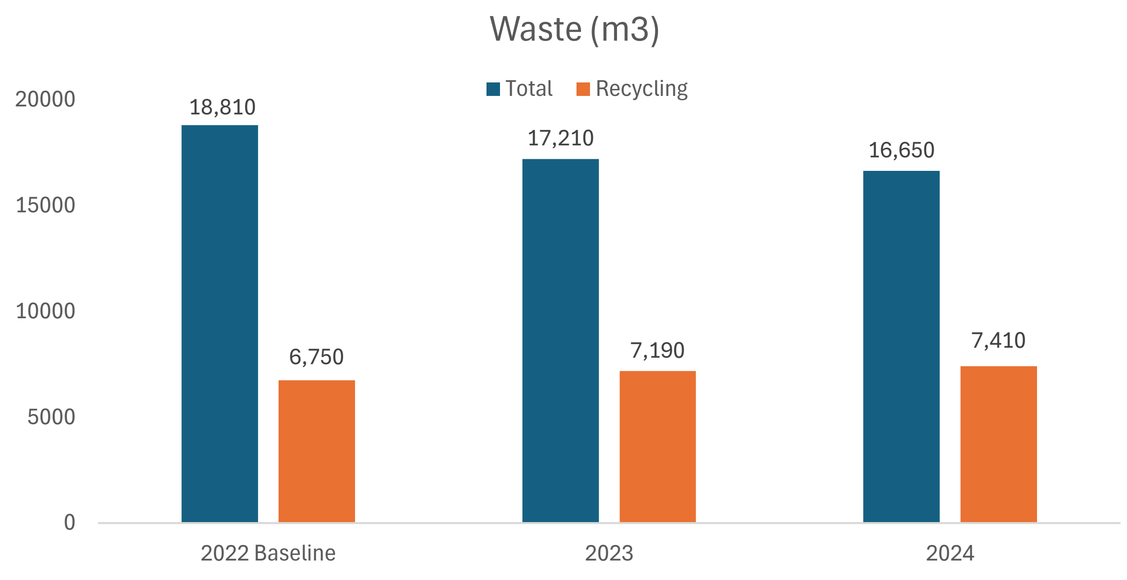
Waste Management and Circular Economy

Capral acknowledges that effective waste management is important as it constitutes a secondary production chain. By leveraging data analytics, we have mapped our national network across waste streams, from packaging and chemicals to general waste. This comprehensive approach provides us with a clear understanding of waste generation at every stage of our operations.

Over the past year, we have conducted waste trials at several sites to identify best practices that can be implemented on a national scale. These trials yielded valuable insights into the most effective strategies for reducing waste and optimising recycling processes. By understanding the specific challenges and opportunities within each waste stream, we are better equipped to improve our waste management practices.

This year is Capral's first publication of waste data. We are aiming to improve processes, minimise waste, and increase the use of recyclable materials in production.

These initiatives are key to our broader sustainability strategy. By using data insights and proactive waste management, Capral leads the local industry in sustainable operations supporting a more circular economy. We are committed to improving processes and reducing waste for both business and environmental benefits.



Modern Slavery and Ethical Sourcing

At Capral, we seek high ethical standards in our supply chain. Our Supplier Code of Conduct requires our partners to follow appropriate environmental, social, and governance practices. This helps to combat modern slavery and promote responsible sourcing in our supply chain.

Annual risk assessments of our suppliers is conducted to identify and address potential issues, especially in geographies prone to modern slavery. This allows for early intervention and implementation of corrective measures.

Furthermore, we have strengthened our supplier oversight by expanding our Whistle Blower programme. This confidential reporting channel now includes procurement and supplier practices, allowing ethical concerns to be raised and addressed promptly.

Through these ongoing initiatives, we aim to advance ethical sourcing and modern slavery prevention thereby setting a standard for sustainable practices within our industry.

Freight Management and Packaging Initiatives

We continue to evolve freight and packaging practices to support our sustainability goals and enhance supply chain efficiency. This year, we introduced several initiatives aimed at reducing our environmental impact and streamlining operations.

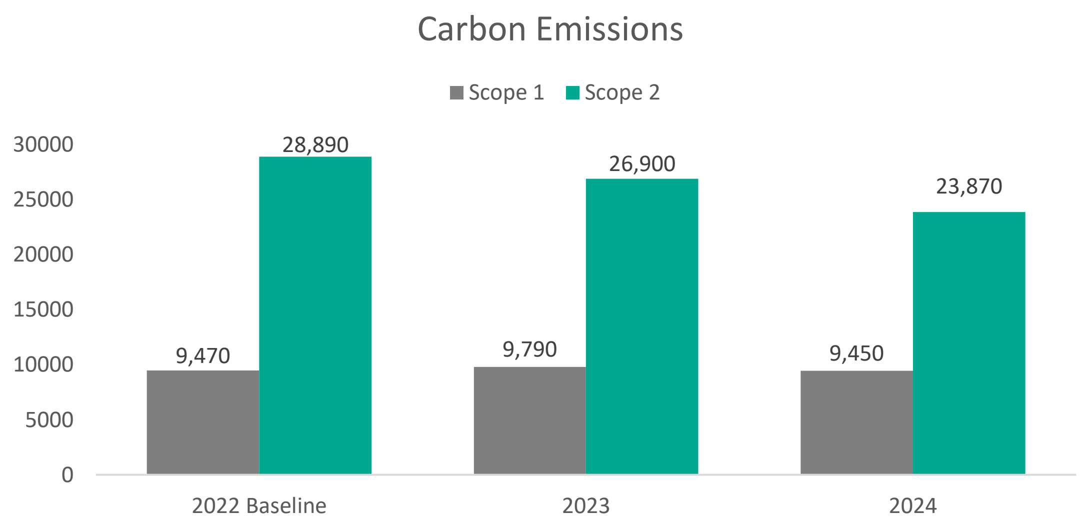
We have implemented the use of scrap metal skip-bins within our closed-loop system. These bins are collected from our customers for re-use or recycling, minimising waste and promoting resource efficiency.

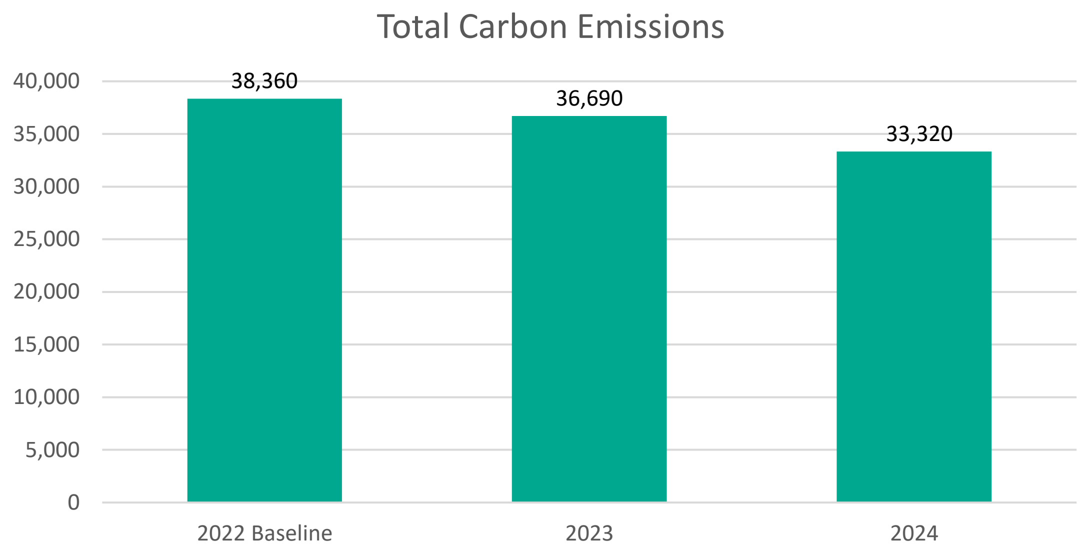
Efforts are being made to identify and address sub-standard practices in our supply chain through collaboration with logistics partners and regular audits.

During the year we launched a new freight management software application. This digital tool streamlines our processes by providing real-time data to support our customers. With sustainability tracking and hazard management features the system also supports environmental and safety objectives.

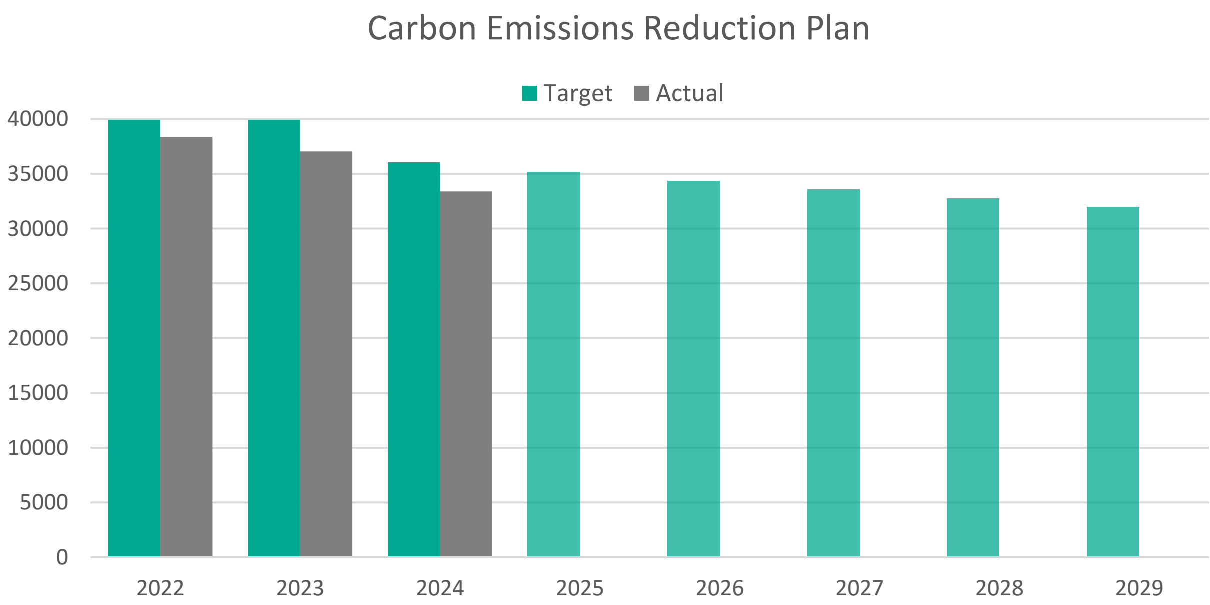
This demonstrates Capral's commitment to innovative and sustainable freight management and packaging practices. By integrating advanced technology, and continually refining our supply chain processes, we are making significant strides toward a more sustainable future.

Environmental Impact and Carbon Emissions Overview





In 2022, Capral's baseline Scope 1 (gas) and Scope 2 emissions (electricity) totalled 38360t. Total emissions fell in 2023 to 36,690t, and in 2024 they fell a further 9% to 33,320t. These reductions are a result of our targeted emission reduction strategies. In 2022, Capral's emissions intensity was 0.67 tCO_2e per tonne of aluminium produced. This fell to 0.64 in 2023, and a further 5% to 0.61 in 2024.



Capral's target is net zero by 2050 with an interim target of a 20% reduction in carbon emissions by 2030. We are currently tracking ahead of that target due to emission reduction initiatives, such as; operational energy efficiency programs, process improvements, and an increased mix of renewable energy sources. Ongoing investments in low-carbon technologies, further process optimisations, and an increasing use of renewable energy will drive future reductions.

Employee Development and Social Responsibility

Capral's commitment to sustainability goes beyond environmental stewardship. In addition to our focus on responsible resource use, we are investing in developing our workforce to ensure we remain at the forefront of a sustainable future. We recognise that our employees are the backbone of our success. Through partnerships with various training organisations, we offer comprehensive upskilling opportunities that promote personal and professional growth. This approach ensures our teams develop the skills needed to navigate the evolving demands of our business landscape.

In addition to our focus on employee development, we prioritise community engagement. Our corporate social responsibility culture is reflected in the wide range of social initiatives we support. These include; campaigns to raise awareness of mental health (R U Ok? Day), domestic violence (Strive To Be Kind), and men's health (Movember). These efforts have attracted a high level of employee involvement.

Capral supports various charity and social organisations, underscoring our broader commitment to societal well-being. Through these combined initiatives, Capral aims to support positive change, not only within our organisation but also in the wider community. These include;

Allison Baden-Clay – Strive To Be Kind	Leaps and Bounds Disability Services
Beyond Blue	Lions Australia
Cancer Research	Movember
Children's Hospital	Rotary Down Under
Dandelions WA	Springfield Carols
Disability Sports Victoria	Starlight Foundation
Festival of Magic	TAC Q
Fiona Wood Foundation	Tracey Village Cricket Club
Food Bank	University of Wollongong
Gooda Street Life	Westmead Hospital Foundation

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Capral Limited (the Company or **Capral**) and the entities it controlled at the end of, or during, the financial year ended 31 December 2024 (**Financial Year**).

Directors

The following persons were directors of Capral except as indicated below:

Name	Period Office Held
M. White	1 September 2021 - Date of this report
R. L. Wood-Ward	6 November 2008 – 8 May 2024
A. M. Dragicevich	15 April 2013 - Date of this report
K. Ostin	17 June 2020 - Date of this report
B. Tisher	24 February 2022 – Date of this report

Details of directors, their qualifications, experience, special responsibilities (including committee memberships) and directorships of other listed companies held in the last three years before end of the Financial Year are set out on page 5.

Principal activities

During the Financial Year, the principal continuing activities of the consolidated entity consisted of the manufacturing and distribution of fabricated and semi-fabricated aluminium related products.

Dividends and Buy-Backs

The Directors recommend that a final dividend of 40 cents per ordinary share (unfranked) be declared. The record date for the final ordinary dividend will be 5 March 2025, with payment being made on 26 March 2025. Capral's Dividend Reinvestment Plan (DRP) will not be active for this dividend. A final dividend of 35 cents per ordinary share (fully franked) was paid in March 2024 in respect of the 2023 financial year, no other dividends have been paid during the Financial Year. During 2024, 653,825 shares were bought back on-market at a cost of $6,218,530, and subsequently cancelled.

Review of operations and financial position

A review of operations and financial position of the consolidated entity are referred to in the Managing Director's Operations and Financial Review on pages 3 to 4.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year.

Matters subsequent to the end of the Financial Year

No other matter or circumstance, other than declaration of the dividend disclosed above, has arisen since the end of the Financial Year that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

Likely developments, business strategies, prospects and risks

Information on likely developments, business strategies, prospects and risks are detailed in the Managing Director's Operations and Financial Review on pages 3 to 4 and the Sustainability Report on pages 6 and 10. Whilst Capral continues to meet its continuous disclosure obligations, this report omits information where it would be likely to result in unreasonable prejudice to Capral. This includes information that is commercially sensitive, is confidential or could provide a third party with a commercial advantage (such as internal budgets and forecasts).

Other information for members to make an informed assessment

Other than information set out in this report, there is no information that members would reasonably require to make an informed assessment of the operations, financial position, business strategies and prospects for future financial years of the consolidated entity.

Company Secretary

Ms L Osbich - Joint Company Secretary, BA (Hons), LLB, GradDip Legal Practice
Ms Osbich is an employee of Company Matters Pty Ltd, a company secretarial service provider. Prior to joining Company Matters, Ms Osbich was employed by ASX as a Listings Compliance Advisor and prior to that, worked predominantly in the online legal publishing space with over 15 years' experience extending to senior roles with a technical legal research focus. Ms Osbich has also worked as a Legal and Compliance Research Consultant focusing on putting together practical content in relation to governance, risk and compliance programs, particularly focused on the financial services and banking sectors. Ms Osbich was appointed as Company Secretary on 19 April 2023.

Mr T Campbell – Chief Financial Officer and Company Secretary, B.Com (Hons), CA
Mr Campbell was appointed Chief Financial Officer on 1 June 2011 and is a member of the Australia and New Zealand Institute of Chartered Accountants. Prior to joining Capral, Mr Campbell held various executive positions at UXC, Macsteel and The South African Breweries. Mr Campbell was appointed as Company Secretary on 8 March 2019.

Directors' meetings

The numbers of directors' meetings (including meetings of committees) held, and the number of meetings attended, by each director during the Financial Year, are as follows:

Director	**Board**		**Audit & Risk Committee**		**Remuneration & Nomination Committee**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
R.L. Wood-Ward[1]	4	4	1	1	1	1
A.M. Dragicevich[2]	9	9	4	4	2	2
K. Ostin	9	9	4	4	2	2
M. White	9	9	4	4	2	2
B. Tisher	9	9	4	4	2	2

[1] Meetings up to retirement on 8 May 2024
[2] Attended meeting(s) in an ex-officio capacity

Directors' interests and benefits

Ordinary Shares

Details of holdings of ordinary shares in Capral for the directors (including former directors who held office during the Financial Year) at the beginning and end of the Financial Year and at the date of this report are as follows:

Name	Position	Ordinary shares fully paid in the Company Balance at 1.1.2024	Balance at 31.12.2024	Balance at date of this report
R.L .Wood-Ward	Director and Chairman of the Board[4]	-	-[3]	-
A.M. Dragicevich	Managing Director	566,794	618,257[1]	618,257
K. Ostin	Director	-	-	-
M. White	Director and Chairman of the Board[4]	-	1,047[2]	1,047
B. Tisher	Director	-	4,500[2]	4,500

[1] Acquired 5,724 as part of 2023 STI programme on 11 March 2024. Allotted 45,739 as vesting of 2021 LTI rights on 11 March 2024, after deduction of taxation obligations (86,300, pre-tax).
[2] Acquired on market during the year
[3] As at 8 May 2024, date of retirement.
4 Mr White assumed Chairman role on 8 May 2024

In addition to the interests shown above, indirect interests in Capral shares held by the Managing Director, Mr. Dragicevich are as follows:

Mr A. M. Dragicevich

Nature of other interests	Balance at 1.1.2024	Balance at 31.12.2024	Balance at date of this report
Performance rights	179,700	140,400[1]	140,400

[1] Nil performance rights lapsed on 1 March 2024; 86,300 performance rights vested on 1 March 2024 and 47,000 performance rights were issued on 8 May 2024.

Unissued shares or interests under option

At the date of this report, there are 546,500 (2023: 606,000) unissued shares or interests under option. Refer to sections 1 to 3 of the Remuneration Report and Note 32.

REMUNERATION REPORT (AUDITED)

This report sets out Capral's remuneration of its directors and executives. It also details the actual remuneration of its key management personnel (including the directors) during the Financial Year.

Section 1: The Remuneration Framework

(a) Key Principles

Capral's remuneration framework and practices are based on the principles that remuneration is performance driven, aligns with shareholder interests, provides market competitive remuneration that attracts qualified and experienced candidates, and retains and motivates employees.

The variable components of remuneration (short and long term) are driven by challenging targets focused on both external and internal measures of financial and non-financial performance. Details of performances measures are set out in sections 1(g) and 1(h) below. Executive remuneration is aligned with shareholder interests via an emphasis on variable (incentive) remuneration, the award of which is linked to performance benchmarks that support business strategies and future success. A significant proportion of executive remuneration is at-risk. Details of the link between performance and remuneration is set out in section 4.

(b) Role of Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for reviewing and making recommendations to the Board of Directors (**the Board**) on remuneration policies for Capral including, in particular, those governing the directors (including the Managing Director) and executive managers. The Committee operates in accordance with its Charter.

Remuneration of the Managing Director and certain executive managers is reviewed at least annually by the Remuneration & Nomination Committee and recommendations are put to the Board for its approval. Short- and long-term incentives are linked to performance criteria. The Board can exercise its discretion in relation to approving bonuses and incentives. Changes must be justified by reference to measurable performance criteria and having regard to Capral's overall financial performance and other special circumstances.

The Remuneration & Nomination Committee may seek independent advice as appropriate in setting the structure and levels of remuneration based on the principle that the elements of remuneration should be set at an appropriate level having regard to market practice for roles of similar scope and skill.

The remuneration committee engaged Godfrey Remuneration Group Pty Ltd (GRG) as remuneration consultant to the board to review the amount and elements of some key management personnel (non-executive directors) remuneration and provide recommendations in relation thereto. GRG was paid $13,000 for the remuneration recommendations in respect of reviewing the amount and elements of remuneration.

The engagement of GRG by the remuneration committee was based on a documented set of protocols that would be followed by GRG, members of the remuneration committee, and members of the key management personnel for the way in which remuneration recommendations would be developed by GRG and provided to the board. The protocols included the prohibition of GRG providing advice or recommendations to key management personnel before the advice or recommendations were given to members of the remuneration committee and not unless GRG had approval to do so from members of the remuneration committee.

These arrangements were implemented to ensure that GRG would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence by members of the key management personnel about whom the recommendations may relate.

The board is satisfied that the remuneration recommendations were made by GRG free from undue influence by members of the key management personnel about whom the recommendations may relate.

The board undertook its own inquiries and review of the processes and procedures followed by GRG during the course of its assignment and is satisfied that its remuneration recommendations were made free from undue influence.

These inquiries included arrangements under which GRG was required to provide the board with a summary of the way in which it carried out its work, details of its interaction with key management personnel in relation to the assignment and other services, and respond to questioning by members of the board after the completion of the assignment.

(c) Performance Planning and Review

Capral has a Performance Planning and Review (**PPR**) process to evaluate and discuss performance and development plans at least annually with salaried employees. This PPR process covers:

- An agreement of objectives for the year ahead and the setting of key performance measures against which the achievement of those objectives will be assessed. These are set by reference to financial targets and key business strategies.
- A review of performance against the previously agreed objectives for the period under review.
- Employee comment and feedback.
- Short- and long-term training and development needs and career aspirations.

The PPR process ensures that there is better understanding of Capral's objectives thereby increasing the likelihood of their achievement. It also enables managers to evaluate and develop employee skills and performance and identify future development needs.

(d) Non-executive Directors

The structure of Capral's non-executive director remuneration is distinct from that applicable to the Managing Director and other senior executives.

Remuneration of non-executive directors is established at a level that enables Capral to attract and retain high quality directors at a reasonable cost. Remuneration of non-executive directors and their terms of office are governed by Capral's constitution and by contract.

Remuneration of non-executive directors is allocated out of the pool of funds, the limit of which is approved by shareholders in general meeting; the fee pool limit is currently $650,000 per annum, which has not been changed from last year. Each non-executive director is entitled to the payment of an annual fee in cash and superannuation contributions for their services. Additional fees are not paid for sitting on Board committees; however, the extra responsibility of the Chairman of the Board and committees is recognised by the payment of a higher fee. The fees for the non-executive directors were reviewed by GRG as detailed above and will be adjusted during FY25 to be in line to those paid at comparable listed companies. Non-executive directors do not receive any shares, options or other securities as part of their remuneration and they are not eligible to participate in Capral's equity incentive plans. There are no schemes for retirement benefits (other than statutory superannuation payments).

(e) Senior Management Remuneration

The remuneration policy for the Managing Director and executives seeks to attract and retain people with the required capabilities to lead Capral in the achievement of business objectives and focus on delivering financial and non-financial measures.

Remuneration is reviewed annually, and approved changes applied from 1 March.

The Remuneration & Nomination Committee reviews the remuneration arrangements of the Managing Director, his direct reports and certain other executive managers. The Managing Director reviews the remuneration arrangements of the other members of senior management, based on the recommendations of his direct reports.

For the Managing Director and other senior management, remuneration consists of a fixed annual salary and superannuation (refer to section 1(f) below) plus at-risk components comprised of a short-term incentive plan (**STIP**) (refer to section 1(g) below) and a long-term incentive plan (**LTIP**) (refer to section 1(h) below).

The proportions of fixed and at-risk remuneration are established for the Managing Director and other senior management relative to their position in Capral. As a general guide, at-risk remuneration is 50% for the Managing Director, 25 – 35% for executive management and 10%-20% for other senior managers, for the achievement of 'target' goals.

(f) Fixed remuneration

The level of the total employment cost (being base salary plus superannuation) (**TEC**) is determined having regard to job responsibilities, skills, experience, and performance. Salaries are reviewed annually, with any changes applied from 1 March. Fixed remuneration of executives is generally targeted at market median.

The fixed remuneration of the Managing Director is determined by the Board having regard to other ASX listed companies in building product related industries, his particular skills and previous remuneration, experience and capability to lead Capral in delivering financial targets and executing key business strategies. It forms part of his executive employment contract and is subject to annual review.

The Board has reviewed generally available market information regarding fixed remuneration of the key management personnel with comparable revenues and market capitalisation. The fixed remuneration of Capral's key management personnel is generally in line with this group.

(g) Short Term Incentives

Capral's short-term incentive schemes are designed to encourage participants to assist Capral in achieving continuous improvement by aligning their interests with those of Capral and its stakeholders and rewarding them when key performance measures are achieved.

For the Financial Year, there were 3 short term incentive programmes:
(1) Short Term Incentive Plan (**STIP**): The Managing Director and senior employees have the opportunity to earn a cash and deferred equity incentive, based on a specified percentage of TEC dependent on each individual's level of responsibility. The actual incentive earned is based on the achievement of financial and non-financial objectives.
(2) Bonus scheme: other salaried employees can earn fixed payments, as approved by the Managing Director, for achieving key performance measures set by their managers and outlined in the employee's individual PPR.
(3) Sales incentives: Sales employees participate in quarterly sales incentive programmes in relation to revenue, gross margin, and debtor days targets.

STIP is weighted 70% to financial objectives and 30% safety and other non-financial objectives. A summary of STIP is set out in the table below:

Frequency	Awards determined annually with payment made in the March following the end of the performance year.
Financial Measures	• Trading EBITDA for Capral and (for relevant General/Divisional Managers) Business Units (30%). Key financial threshold measure as reflects underlying earnings after excluding the impact of external economic factors such as the volatility of global aluminium prices and the unrealised impact of foreign exchange rate fluctuations. • Net Profit After Tax for Capral (15%). Aligned to ability to pay dividends. • Free Cash Flow for Capral (15%). Selected to ensure effectiveness of cash management. • % Working Capital to Annualised Sales for Capral and (for relevant General/ Divisional Managers) Business Units (10%). Selected to ensure effectiveness of capital management.
Safety and other Non-financial Measures	Specific individual objectives are set to reflect measurable and numeric (where possible) strategic initiatives and profit and safety improvement objectives. The key individual objectives include performance to customers, sales targets/growth, productivity and operational improvements, key projects, and cost improvements. The weightings are generally 5% however may be higher or lower depending on importance to company performance.
Assessment of performance against measures	Performance against financial measures is assessed after the end of each financial year based on Capral's financial results. The performance against non-financial measures is assessed as part of the PPR process. The Managing Director, in consultation with senior managers, is responsible for recommending to the

	Board the amount of STIP, if any, to be paid. Payments are subject to the achievement of applicable Capral, Divisional or Regional minimum annual Trading EBITDA targets. Stretch payments are not made where target financial metrics are not met.
Discretionary override	The Board retains absolute discretion regarding payments having regard to Capral's overall financial position and other special circumstances that have arisen during the year (ie normalisation or clawback). The intent however is to minimise the exercise of discretionary adjustments to the planned outcomes set at the start of the year. Material adjustments would be disclosed.
Service condition	The Managing Director is eligible to receive a pro-rata payment where his employment is terminated other than for cause. Payments to other employees who leave Capral part way through a performance period is subject to Board discretion.
Clawback of awards	In the event of fraud, misstatement or misrepresentation of the financials, the Board may exercise its discretion to withhold some or all of a payment before it is made or recover some or all of payments already made.
Deferral	Any 'Stretch' STIP payments (after tax) to the Managing Director and Executive Team is satisfied by Capral Shares and held in escrow for 3 years. These shares can be issued or acquired on-market (priced at the 12-month Volume Weighted Average Price (VWAP) as at the end of the performance period) as determined by the Board. There is no deferred cash / equity component for other STIP participants. The Board introduced deferred equity in 2018 to further strengthen alignment of Capral's executive managers with shareholders.
Plan review	The STIP design is reviewed at least annually by the Remuneration & Nomination Committee and approved by the Board. The Managing Director, in consultation with senior managers, is responsible for recommending to the Board the STIP financial targets. The non-financial objectives are approved by the Managing Director. The Managing Director's non-financial targets are established and approved by the Board.

The Managing Director and key management personnel are eligible for the following awards of STIP relative to TEC:

Position	**% of TEC**		
	Minimum	Target	Stretch
Managing Director	25%	50%	100%
Chief Financial Officer	17.5%	35%	70%

Where objectives can be financially measured, 'Minimum' is generally set around 15% below Board approved Budget. 'Target' is generally set around Board approved Budget and 'Stretch' is generally set 30% above Budget.

The Board periodically review external independent remuneration benchmarking reports (latest FY 2021) regarding short term incentive schemes of the key management personnel (including the Managing Director) for listed companies with comparable revenues and market capitalisation. The Board considers that Capral's short-term incentive scheme is generally in line with this group.

(h) Long Term Incentives

Capral's long-term incentive plan (**LTIP**) was designed to strengthen the alignment of the interests of senior managers with shareholders and support a culture of share ownership and shareholder wealth. It also aims to provide competitive remuneration for the retention of specifically targeted members of senior management.

The Managing Director, Mr Dragicevich, was granted 49,000 performance rights following shareholder approval in April 2022 and 44,400 performance rights following shareholder approval in April 2023. During the Financial Year, an additional 47,000 performance rights were granted to Mr Dragicevich following shareholder approval in May 2024.

On the recommendation of the Managing Director to the Remuneration & Nomination Committee, selected senior executives participate in LTIP.

A summary of LTIP for the Managing Director and other senior executives is set out below:

Frequency	Awards determined annually.
Type of award	Performance rights subject to service requirements and vesting criteria. If the conditions are met, shares will be issued or allocated around the vesting date.
Amount of award	The Managing Director is eligible to receive additional annual issues of up to 50% of the value of TEC, subject to shareholder approval. The value of individual awards for all other participating senior executives is generally less than 35% of TEC. As a matter of practice, the aggregate amount of each annual award to all Executives is less than 1.5% of issued capital and the number of rights awarded is based on the 12-month Volume Weighted Average Price (VWAP) as at the start of the performance period.
Performance period & vesting dates	3 years with 31 December testing dates. 2021 award: vesting date of 1 March 2024. 2022 award: vesting date of 1 March 2025. 2023 award: vesting date of 1 March 2026. 2024 award: vesting date of 1 March 2027.

Performance conditions	Performance rights granted under LTIP are subject to the participant remaining employed by Capral at the vesting date and the achievement of the following performance conditions: • 50% of rights are subject to an EPS performance condition. The actual EPS performance is measured over a 3-year period, must meet, in aggregate, the 3 annual targets combined. The EPS condition is calculated each year as follows: Net Profit After Tax Target (set at least at minimum Budget level) as specified by the Board for that year (adjusted for any extraordinary items approved by the Board) divided by weighted average number of securities on issue during the year. The Board may adjust EPS to normalise results and exclude the effects of material business acquisitions/ divestments and certain one-off costs; any material adjustments would be disclosed. The number of rights that may vest is set out in Table B below. • 50% of rights are subject to a TSR performance condition as against the entities with ordinary shares and units (as the case may be) included in the S&P/ASX All Ordinaries Index as at 1 January in the year of grant but excluding those companies who are classified in the Global Industry Classification Standard sector number 40. The number of rights which may vest is set out in Table A below.
Assessment of performance against measures	Performance against the EPS and TSR conditions are assessed at the end of the 3-year period (31 December testing date). There is no re-testing of EPS or TSR conditions. Vested rights convert on the relevant vesting date a one-for-one basis to ordinary shares. Unvested rights lapse.
Treatment of awards on cessation of employment	If employment ceases all unvested rights will immediately lapse. However, if the cessation relates to the redundancy or permanent disability / death of the employee or other reason determined by the Board then the Board has absolute discretion to determine that the rights remain in play on a pro rata basis.
Treatment of awards on change of control	The Board has discretion to allow awards to vest on a change of control. In exercising this discretion, the Board is not bound to award all shares.
Dividend/ participation rights	There is no entitlement to dividends on performance rights during the vesting period or to participate in respect of issues of shares to shareholders.
Clawback of awards	In the event of fraud, misstatement or misrepresentation of the financials, the Board may exercise its discretion to forfeit some or all of the award prior to the issue of shares or recover some or all of the award already made.
Plan review	The LTIP design is reviewed at least annually by the Remuneration & Nomination Committee and approved by the Board. The Managing Director makes recommendations to the Remuneration & Nomination Committee regarding the proposed LTIP award participants and the amount of the entitlements.

Vesting of rights subject to the TSR and EPS performance conditions at each testing date is determined in accordance with Tables A and B respectively below:

Table A

Percentile of TSR	**% Rights Vesting**
< 50th	None
50th	50
> 50th and < 75th	Between 50 and 100 (pro rata)
> 75th	100

Table B

EPS Target	**% Rights Vesting**
> 5% below target	None
5% below target	50
< 5% below target to 10% above target	Between 50 and 100 (pro rata)
> 10% above target	100

The Board considers that Capral's long-term incentive scheme is generally in line with other listed companies with comparable revenues and market capitalisation.

(i) Anti-Hedging Policy

Capral's personnel are not permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any Capral equity-based remuneration scheme currently in operation or which will be offered by Capral in the future. As part of Capral's due diligence undertaken at the time of the financial results, participants in any Capral equity plan are required to confirm that they have not entered into any such prohibited transactions.

Section 2: Actual Remuneration of key management personnel

During the Financial Year there were a number of remuneration outcomes. The expensed remuneration is set out in detail in the remuneration table below however in summary the key outcomes were as follows:

(a) Remuneration

General pay increases were implemented for executives. Total expensed remuneration for these executives (including the directors) increased on average by 3% as compared to the prior year.

(b) STIP

STIP accruals in respect of the 2024 year are higher than the prior year actual payout.

(c) LTIP

47,000 performance rights were granted to the Managing Director in May 2024 following shareholder approval (2023: 44,400) and 153,000 rights were granted under the 2023 LTIP award to executives in March 2024 (2023: 141,100).

Performance rights granted to the Managing Director and executives under LTIP awards were tested after the year end with the outcomes detailed in section 3 below.

For the Financial Year ending 31 December 2025, Capral intends to:

- increase the fixed remuneration of the Managing Director and executives by an average of 3%; and
- grant further performance rights under the LTIP to the Managing Director (subject to shareholder approval) and selected senior managers.

(d) Remuneration Table - key management personnel

The following table sets out the remuneration of the key management personnel (including the directors) during the Financial Year and the 2023 financial year.

The key management personnel of the consolidated entity are the non-executive directors, Managing Director and Chief Financial Officer/Company Secretary. These people have the authority and responsibility for planning, directing and controlling the day-to-day activities of Capral.

			Short-term employee benefits			Post - employment benefits	Other long-term benefits	Termination benefits[2]	Share-based payments		Total	Total performance related
Name	Year	Title	Salary and fees	Bonus[1]	Non - monetary benefits	Super-Annuation[4]			Deferred Equity[1]	Performance Rights[3]		
			$	$	$	$	$	$	$	$	$	%
Directors												
A.M. Dragicevich	**2024**	**Managing Director**	**735,875**	**384,950**	**-**	**27,500**	**-**	**-**	**62,350**	**304,094**	**1,514,769**	**50**
	2023	Managing Director	702,310	373,750	-	27,500	-	-	88,450	351,756	1,543,766	53
R.L. Wood-Ward	**2024**	**Chairman[5]**	**44,494**	**-**	**-**	**4,894**	**-**	**-**	**-**	**-**	**49,388**	**-**
	2023	Chairman	124,545	-	-	13,392	-	-	-	-	137,937	-
K. Ostin	**2024**	**Non-executive director**	**85,731**	**-**	**-**	**9,647**	**-**	**-**	**-**	**-**	**95,378**	**-**
	2023	Non-executive director	83,636	-	-	8,993	-	-	-	-	92,629	-
G.F. Pettigrew	**2024**	**Non-executive director**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	Non-executive director	26,653	-	-	2,799	-	-	-	-	29,452	-
M. White	**2024**	**Non-executive director / Chairman**	**109,478**	**-**	**-**	**12,366**	**-**	**-**	**-**	**-**	**121,844**	**-**
	2023	Non-executive director	73,636	-	-	7,917	-	-	-	-	81,553	-
B. Tisher	**2024**	**Non-executive director**	**85,731**	**-**	**-**	**9,647[6]**	**-**	**-**	**-**	**-**	**95,378**	**-**
	2023	Non-executive director	83,217	-	-	8,950	-	-	-	-	92,167	-

Name	Year	Title	Short-term employee benefits: Salary and fees[1]	Short-term employee benefits: Bonus[1]	Short-term employee benefits: Non - monetary benefits	Post - employment benefits: Super-Annuation[4]	Other long-term benefits	Termination benefits[2]	Share-based payments: Deferred Equity[1]	Share-based payments: Performance Rights[3]	Total	Total performance related
			$	$	$	$	$	$	$	$	$	%
Executives												
T. Campbell *	**2024**	**CFO/ Co. Sec.**	**453,895**	**169,750**	**-**	**27,482**	**-**	**-**	**27,550**	**108,602**	**787,279**	**39**
	2023	CFO/Co. Sec.	430,832	139,500	-	27,482	-	-	31,900	103,626	733,340	38
		Total 2024	**1,515,204**	**554,700**	**-**	**91,536**	**-**	**-**	**89,900**	**412,696**	**2,664,036**	
		Total 2023	1,524,829	513,250	-	97,033	-	-	120,350	455,382	2,710,844	

1 All salaries, fees and bonus amounts are on an accrual basis. Bonuses relating to a financial year are payable in the following financial year.
2 Termination benefits include leave accrued and payments made in lieu of notice at the end of employment with Capral.
3 All LTIP performance rights listed are securities that have not yet vested. In relation to the performance rights of the key management personnel refer to Note 32 of the consolidated financial statements.
4 Superannuation guarantee percentage has been changed from 11% to 11.5% from 1 July 2024.
5 Mr Wood-Ward retired as director on 8 May 2024, and stayed on as consultant until 1 September 2024. During this period as consultant, Mr Wood-Ward was not a key management personnel and received a salary of $25,338 and superannuation of $2,853.
6 Mr Tisher's superannuation was paid as part of his normal salary due to reaching the concessional contributions cap.

* Capral's key management personnel (other than directors).

Section 3: Performance rights, Options and bonuses provided as compensation

Performance rights - Managing Director

During the Financial Year and the financial year ended 31 December 2023, performance rights were granted as equity compensation benefits under the LTIP, to the Managing Director as disclosed as at balance date below. The performance rights were granted at no cost to him.

47,000 performance rights were granted to the Managing Director in May 2024 following shareholder approval. These rights have a vesting date of March 2027.

44,400 performance rights were granted to the Managing Director in April 2023 following shareholder approval. These rights have a vesting date of March 2026.

49,000 performance rights were granted to the Managing Director in April 2022 following shareholder approval. These rights have a vesting date of March 2025.

The EPS condition (relating to 24,500 rights granted in 2022) was tested as at 31 December 2024. Capral achieved the EPS condition and consequently 24,500 rights will vest in March 2025. The TSR condition (relating to 24,500 rights granted in 2022) was also tested as at 31 December 2024. Capral's relative TSR performance over the period from January 2022 to December 2024 at 45.9% (2023: 121.4%) was in the 81st percentile (2023: 91st) and thus 100% of the rights subject to the TSR condition will vest in March 2025. Consequently, a total of 49,000 rights will vest and convert into Capral shares on a 1 for 1 basis as at 1 March 2025.

86,300 performance rights were granted to the Managing Director in April 2021 following shareholder approval. None of 86,300 rights lapsed and a total of 86,300 rights vested and converted into Capral shares on a 1 for 1 basis, as at 1 March 2024.

	Tranche	Grant No.	Grant date	Fair value per right at grant date ($)	Test date	Lapsed No.	Vested No.	Active No
2024 Offer								
A. Dragicevich			05/08/2024					
	EPS 50%	23,500		$7.95	31/12/2026	-	-	23,500
	TSR 50%	23,500		$5.43	31/12/2026	-	-	23,500
Total 2024 Offer		**47,000**				**-**	**-**	**47,000**
2023 Offer								
A. Dragicevich			27/04/2023					
	EPS 50%	22,200		$5.94	31/12/2025	-	-	22,200
	TSR 50%	22,200		$4.25	31/12/2025	-	-	22,200
Total 2023 Offer		**44,400**				**-**	**-**	**44,400**
2022 Offer								
A. Dragicevich			27/04/2022					
	EPS 50%	24,500		$7.77	31/12/2024	-	-	24,500
	TSR 50%	24,500		$5.82	31/12/2024	-	-	24,500
Total 2022 Offer		**49,000**				**-**	**-**	**49,000**
2021 Offer								
A. Dragicevich			28/04/2021					
	EPS 50%	43,150		$6.43	31/12/2023	-	43,150	
	TSR 50%	43,150		$5.17	31/12/2023	-	43,150	
Total 2021 Offer		**86,300**				**-**	**86,300**	**Nil**
Total Active Rights								**140,400**

Performance rights – other key management personnel and executives

During the Financial Year and the financial year ended 31 December 2023, performance rights were granted as equity compensation benefits under the LTIP, to certain executives including key management personnel as disclosed as at balance date below. The performance rights were granted at no cost to the participants.

153,000 performance rights were granted under the 2024 LTIP award to executives in March 2024. These rights have a vesting date of March 2027.

141,100 performance rights were granted under the 2023 LTIP award to executives in March 2023. 4,500 of these performance rights have been forfeited due to resignation of executives in the normal course of business. These rights have a vesting date of March 2026.

139,000 performance rights were granted under the 2022 LTIP award to executives in March 2022. These rights have a vesting date of March 2025. 22,500 of these performance rights have been forfeited due to resignation of executives in the normal course of business. The EPS condition (58,250 rights) was tested as at 31 December 2024. Capral achieved the EPS condition and consequently 58,250 of these rights will vest in March 2025. The TSR condition (58,250 rights) was also tested as at 31 December 2024. Capral's relative TSR performance over the period from January 2022 to December 2024 at 45.9% (2023: 121.4%) was in the 81st percentile (2021: 91st) and thus 100% of the rights subject to the TSR condition will vest in March 2025. Consequently, a total of 116,500 rights will vest and convert into Capral shares on a 1 for 1 basis as at 1 March 2025.

164,700 performance rights were granted under the 2021 LTIP award to executives in March 2021. 9,000 of these performance rights have been forfeited. None of 155,700 rights lapsed and a total of 155,700 rights vested and converted into Capral shares on a 1 for 1 basis, as at 1 March 2024.

Other KMP/Offer	Tranche	Grant No.	Grant date	Fair value per right at grant date ($)	Test date	Lapsed No.	Vested No.	Active No
2024 Offer								
T. Campbell		**20,500**	11/03/2024			-	-	**20,500**
	EPS 50%	10,250		$7.78	31/12/2026	-	-	10,250
	TSR 50%	10,250		$5.36	31/12/2026	-	-	10,250
Total 2023		**20,500**				-	-	**20,500**
2023 Offer								
T. Campbell		**16,600**	06/03/2023			-	-	**16,600**
	EPS 50%	8,300		$6.16	31/12/2025	-	-	8,300
	TSR 50%	8,300		$4.73	31/12/2025	-	-	8,300
Total 2023		**16,600**				-	-	**16,600**
2022 Offer								
T. Campbell		**17,500**	08/03/2022			-	-	**17,500**
	EPS 50%	8,750		$6.78	31/12/2024	-	-	8,750
	TSR 50%	8,750		$4.91	31/12/2024	-	-	8,750
Total 2022		**17,500**				-	-	**17,500**
2021 Offer								
T. Campbell		**25,700**	03/03/2021			-	**25,700**	
	EPS 50%	12,850		$5.49	31/12/2023	-	12,850	
	TSR 50%	12,850		$4.18	31/12/2023	-	12,850	
Total 2021		**25,700**				-	**25,700**	
Total Active Rights								**54,600**

Options

No options were issued under the LTIP during the Financial Year and the financial year ended 31 December 2023.

Equity grants during the Financial Year

Details of the performance rights granted, as well as the movement during the Financial Year in rights previously granted, to key management personnel are as follows:

2024 - Performance share rights	Held at start of year	Granted as compensation	Lapsed	Vested	Other Changes	Held at end of year	Maximum value yet to vest ($)
A Dragicevich	179,700	47,000	-	(86,300)	-	140,400	383,688
T Campbell	59,800	20,500	-	(25,700)	-	54,600	139,551
	239,500	67,500	-	(112,000)	-	195,000	523,239

The non-executive directors hold no performance rights.

Bonuses

During the Financial Year and the financial year ended 31 December 2023, STIP bonus payments were made to the Managing Director and key management personnel. The Managing Director's STIP payments for 2024 and 2023 equated to 59% and 53% (respectively) of his TEC (above the Capral Trading EBITDA[2] 'target' level detailed in section 1 above) and the Board considers it appropriate having regard to the achievement of certain key financial measures as well as critical non-financial measures regarding customers, capital projects, anti-dumping activities and other strategic plans. The other key management personnel's STIP payments were 41% and 38% of TEC for 2024 and 2023 respectively (above the Capral Trading EBITDA[2] 'target' level detailed in section 1 above).

The percentages of bonus accrued and forfeited (as a result of not meeting the performance criteria at 'target' level) during the Financial Year and the financial year ended 31 December 2023 are disclosed below:

2024	% of bonus accrued	% of bonus forfeited	% of compensation for the year consisting of STIP bonus[1]
Executives			
A. Dragicevich	117	-	37
T. Campbell	117	-	29

2023	% of bonus accrued	% of bonus forfeited	% of compensation for the year consisting of STIP bonus[1]
Executives			
A. Dragicevich	124	-	39
T. Campbell	123	-	27

Note:

1 Total compensation used for calculating % purposes excludes equity compensation benefits under the LTIP and termination benefits.

2 Trading EBITDA (non-IFRS measure) is EBITDA adjusted for items assessed as unrelated to the underlying performance of the business and allows for a more relevant comparison between financial periods.

Shareholdings of key management personnel - fully paid ordinary shares of the Company

Details of the holdings of Capral's ordinary shares of key management personnel during the Financial Year are as follows:

2024	Held at start of year	Granted as compensation	Received on vesting of performance rights/ exercise of options	Other changes during the year[3]	Held at end of year
Directors					
R.L. Wood-Ward	-	-	-	-	-
A.M. Dragicevich	566,794	5,724[1]	45,739[2]		618,257[4]
K. Ostin	-	-	-	-	-
B. Tisher	-	-	-	4,500	4,500
M. White	-	-	-	1,047	1,047
Executives					
T. Campbell	71,560	2,064[1]	25,700[2]	(9,340)	89,984[5]
	638,354	7,788	**71,439**	**(3,793)**	**713,788**

1 Deferred equity acquisition as part of 2023 STIP plan.
2 Acquired on vesting of performance rights in March 2024, after deduction of taxation obligations (86,300, pre-tax).
3 Acquired / (disposed) through on-market buy/sell transactions.
4.32,744 shares held are in escrow at the end of Financial Year.
5.9,984 shares held are in escrow at the end of Financial Year.

Section 4: Relationship between remuneration and company performance

There is a link between company performance and executive reward. For the Financial Year and the previous 4 financial years, Capral has made STIP payments based upon the achievement of performance (financial and non-financial) measures.

Whilst continuing to ensure that Capral attracts and retains qualified, experienced, and motivated employees in accordance with the remuneration policy by remunerating employees at a competitive level, Capral has placed more emphasis on at-risk remuneration in order to align remuneration of the employees to the performance of Capral and encourage shareholder wealth.

During the Financial Year and the previous 4 financial years (2020-2023), Capral's financial performance objectives were as follows, with the minimum targets (M) that were set for the 2023 STIP financial measures also shown:

Year Ended 31 Dec	2024 (A)	2024 (M)	2023 (A)	2022 (A)	2021 (A)	2020 (A)
Trading EBITDA $'000[1]	36,944	29,900	42,299	43,305	38,157	19,668
Free Cash Flow $'000[1]	28,633	23,000	52,431	(16,376)	17,229	20,752[5]
Net Profit $'000	29,064[2]	22,500	31,839	32,387[3]	33,313[4]	11,464[5]
% Working Capital to Annualised Sales	14.2	15.5	15.8	13.1	10.7	13.2
Underlying earnings - cents per share	168.13[2]	130.15	177.48	183.50[3]	196.47[4]	69.51[5]
Dividends Declared $000	6,813		9,700	12,437	12,016	7,467
Buy Back (cancelled) $000	6,219		3,145	-	-	-
Share Price (VWAP) cps	928		819	842	744	414
Share Price Change	13.3%		(2.7%)	13.2%	79.7%	23.2%

Note:
Any JobKeeper related benefit received in 2020 have been excluded in full
[1] Trading EBITDA (non-IFRS measure as explained in footnote to Chairman's Report on Page 2) is Statutory EBITDA adjusted for items assessed as unrelated to the underlying performance of the business and allows for a more relevant comparison between financial periods. Free Cash Flow is Net cash provided by operating activities reduced by net cash flows used in investing activities and lease liability payments.
[2] Net Profit and Earnings per share adjusted to exclude Deferred Tax Benefit of $3.610 million.
[3] Net Profit and Earnings per share adjusted to exclude Deferred Tax Benefit of $8.365 million.
[4] Net Profit and Earnings per share adjusted to exclude Deferred Tax Benefit of $9.430 million, property revaluation $3.074 million.
[5] Free Cash Flow, Net Profit and Basic Earnings per share adjusted to exclude Deferred Tax Benefit of $3.048 million and other one-off items of $0.499 million.

Section 4: Relationship between remuneration and company performance (Cont'd)

In the Financial Year, Capral's Trading EBITDA and Net Profit after tax (excluding Income Tax Benefit) was lower than 2023. The minimum targets were surpassed in all instances. As a result, proportional STIP will be payable to Capral key management and other senior personnel. Discretionary Bonuses will also be payable to other qualifying employees. At a Divisional and Regional level minimum Trading EBITDA measures were achieved in all business units, and there were mixed results relating to Working Capital and sales volume measures.

The following provides examples of other key measures (that are not commercially sensitive) used to assess executive performance:

Performance Area	Measure	Outcome
Safety	Reduction in total reportable injury frequency rate	Rate improved significantly and Group stretch targets were almost met
	Hours lost & return to work hours lost from injuries	Minimum target was not achieved.
Customers	Volume retention/ growth	Sales areas met some of the specific growth and revenue targets as well as margin measures. Performance varied by region/ division
Production	Operational efficiency	Manufacturing plants met some of their operational efficiency/ improvement targets. Performance varied by plant.
Supply Chain	Supply chain and inventory reduction programmes	Initiatives were generally achieved
People	AL & LSL excess balance reduction	Overall excess leave balance reduction initiatives were achieved. Performance varied by region/ division
Anti-dumping	Pursue anti-dumping campaign	Overall, the outcomes were successful.
Costs	Cost reduction initiatives	Many of the specific cost and expense reduction initiatives were achieved. Performance varied by region/ division

STIP accruals in respect of the 2024 year are higher than the prior year actual payout, aligned to financial performance. There is a clear link between financial performance and the level of STIP awarded.

LTIP is linked to Capral's performance as the value of the performance rights awarded depends on Capral's share price and dividend payments, and whether the awards vest relate to earnings growth and Capral's relative TSR performance. There is a link between Capral's performance and the vesting of rights under LTIP awards. In this regard:

- In 2024:
  - Capral's relative TSR performance over the period from January 2022 to December 2024 achieved the 81st percentile, above the maximum 75th percentile. Consequently, 100% or 82,750 of the rights subject to the TSR condition that were awarded in 2022 to executives will vest and convert to Capral shares.
  - Given earnings in, 2022, 2023 and 2024, the aggregate EPS result for the 3-year period to 2024 was 529.10 cents per share against an aggregate target of 423.02 cents per share and therefore the EPS condition of the 2022 award was achieved. Consequently, 100% or 82,750 of the rights subject to the EPS condition of the 2022 award will vest and convert into Capral shares.
- In 2023:
  - Capral's relative TSR performance over the period from January 2021 to December 2023 achieved the 91st percentile, above the maximum 75th percentile. Consequently, 100% or 123,000 of the rights subject to the TSR condition that were awarded in 2021 to executives will vest and convert to Capral shares.
  - Given earnings in, 2021, 2022 and 2023, the aggregate EPS result for the 3-year period to 2023 was 557.4 cents per share against an aggregate target of 362.4 cents per share and therefore the EPS condition of the 2021 award was achieved. Consequently, 100% or 123,000 of the rights subject to the EPS condition of the 2021 award will vest and convert into Capral shares.

Section 5: Summary of Key Employment Contracts

Details of the key contract terms for the Managing Director and other key management personnel as at the end of the Financial Year are as follows:

Contract Details	**A. Dragicevich**	**T. Campbell**
Expiry date	No fixed end date	No fixed end date
Notice of termination by Capral	6 months	6 months
Notice of termination by employee	6 months	6 months
Termination payments (in lieu of notice)	6 months salary plus accrued but unpaid STIP (pro rata for incomplete financial year). In addition, on retirement or if employment is terminated by Capral other than for cause, unvested LTIP rights may remain in play on a pro rata basis. 6 weeks annual leave per annum.	6 months salary. STIP entitlement for incomplete financial years is subject to Board discretion. In addition, on retirement or if employment is terminated by Capral other than for cause, unvested LTIP rights may remain in play on a pro rata basis.

Environmental regulations

Manufacturing licences and consents required by laws and regulations are held by the consolidated entity at each relevant site as advised by consulting with relevant environmental authorities. All applications for and renewals of licences have been granted and all consents have been given by all relevant authorities.

Directors' and officers' indemnities and insurance

Under Capral's constitution, Capral is required to indemnify, to the extent permitted by law, each director and secretary of Capral against any liability incurred by that person as an officer of Capral. The directors listed on page 5 and the secretary listed on page 12 have the benefit of this indemnity. During the Financial Year, Capral paid a premium for directors' and officers' liability insurance policies which cover current and former directors, company secretaries and officers of the consolidated entity. Details of the nature of the liabilities covered and the amount of the premium paid in respect of the directors' and officers' insurance policies are not disclosed, as such disclosure is prohibited under the terms of the contracts.

Indemnities to auditors

In respect of non-audit services provided in relation to tax consulting and tax compliance advice during the Financial Year, KPMG, Capral's auditor, has the benefit of an indemnity (including in respect of legal costs) for any third party claim in connection with the use, distribution or reliance on their work (except to the extent caused by the wilful misconduct or fraud of KPMG, or where it has agreed that the third party may rely on the work or it may be used in a public document).

Proceedings on behalf of Capral

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of Capral, or to intervene in any proceedings to which Capral is party, for the purpose of taking responsibility on behalf of Capral for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of Capral with leave of the Court under section 237 of the Corporations Act.

Non-audit services

Capral may decide to employ the auditor on assignments additional to their statutory audit services where the auditor's expertise and experience with the consolidated entity are important.

The Board has considered this position and in accordance with the advice received from the Audit & Risk Committee, it is satisfied that the provision of these services during the Financial Year by the auditor is compatible with, and did not compromise, the general standard of auditor independence imposed by the Corporations Act for the following reasons:

(1) the non-audit services provided do not involve reviewing or auditing the auditor's own work and have not involved partners or staff acting in a management or decision-making capacity for Capral or in the processing or originating of transactions;
(2) all non-audit services and the related fees have been reviewed by the Audit & Risk Committee to ensure complete transparency and that they do not affect the integrity and objectivity of KPMG; and
(3) the declaration required by section 307C of the *Corporations Act 2001* confirming independence has been received from KPMG.

Details of the amounts paid or payable to Capral's auditor (KPMG) for audit and non-audit services provided during the Financial Year are set out in Note 28 of the consolidated financial statements.

Auditor's independence declaration

The auditors' independence declaration as required under section 307C of the Corporations Act is set out on page 28.

Rounding of amounts

Capral is a company of the kind referred to in ASIC Corporations Instrument 2016/191, and in accordance with that ASIC Corporations Instrument amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the directors

Mark White

M. White	A. M. Dragicevich
Chairman	Managing Director

Sydney
26 February 2025

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Capral Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Capral Limited for the financial year ended 31 December 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Daniel Camilleri

Partner

Sydney

26 February 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2024

Continuing operations	**Note**	**2024** $'000	**2023** $'000
Sales revenue		604,398	614,844
Scrap and other revenue		45,300	42,015
Revenue	3	649,698	656,859
Other income	3	5,412	4,333
Raw materials and consumables used		(410,397)	(423,216)
Employee benefits expense	2	(115,529)	(109,066)
Depreciation and amortisation expense	2	(23,831)	(23,009)
Finance costs	2	(5,572)	(6,682)
Freight expense		(14,901)	(17,065)
Occupancy costs	2	(5,491)	(5,966)
Repairs and maintenance expense		(9,231)	(7,894)
Other expenses	2	(41,281)	(36,455)
Profit before tax		28,877	31,839
Income tax benefit	4	3,610	-
Profit for the year		32,487	31,839
Total comprehensive income for the year		32,487	31,839
Earnings per share		($ per share)	($ per share)
Basic earnings per share	22	1.88	1.77
Diluted earnings per share	22	1.82	1.71

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2024

	Note	2024 $'000	2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	68,907	59,457
Trade and other receivables	7	91,827	89,313
Inventories	8	155,397	126,150
Other financial assets	26 (c)	2,596	11
Prepayments		2,039	2,711
Total current assets		320,766	277,642
Non-current assets			
Deferred tax assets	9	27,310	23,700
Property, plant and equipment	11	59,040	57,518
Right-of-use assets	14	59,022	62,710
Other intangible assets	12	1,579	560
Goodwill	13	4,699	3,070
Total non-current assets		151,650	147,558
Total assets		472,416	425,200
LIABILITIES			
Current liabilities			
Trade and other payables	16	141,367	106,973
Lease liabilities	17	16,928	15,558
Provisions	18	14,813	14,920
Other financial liabilities	26 (c)	-	2,016
Deferred income		222	162
Total current liabilities		173,330	139,629
Non-current liabilities			
Lease liabilities	17	66,000	73,255
Provisions	18	7,957	7,584
Total non-current liabilities		73,957	80,839
Total liabilities		247,287	220,468
Net assets		225,129	204,732
EQUITY			
Issued capital	19	409,124	424,771
Reserves	20	147,381	114,947
Accumulated losses	20 (b)	(331,376)	(334,986)
Total equity		225,129	204,732

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		716,230	728,436
Payments to suppliers and employees		(656,714)	(646,970)
		59,516	81,466
Interest and other costs of finance paid		(6,812)	(6,425)
Net cash provided by operating activities	30(i)	52,704	75,041
Cash flows from investing activities			
Payments for property, plant and equipment		(9,693)	(8,684)
Payments for intangible assets		-	(86)
Net cash outflow on acquisition of business		(6,812)	-
Interest received		1,705	805
Net cash flows used in investing activities		(14,800)	(7,965)
Cash flows from financing activities			
Payments of dividends	21	(6,090)	(12,494)
Payments for on-market share buy-back		(6,219)	(3,145)
Payments for share purchase – employee share plan	20	(355)	(2,332)
Proceeds in relation to employee share scheme		104	92
Proceeds from borrowings (Trade loans)		-	36,563
Repayment of borrowings (Trade loans)		-	(60,646)
Repayment of principal of lease liabilities	30(iii)	(16,458)	(15,817)
Net cash flows used in financing activities		(29,018)	(57,779)
Net increase in cash and cash equivalents		8,886	9,297
Cash and cash equivalents at the beginning of the financial year		59,457	48,988
Effect of foreign exchange rate changes		564	1,172
Cash and cash equivalents at the end of the financial year	6	68,907	59,457

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Note	Fully paid ordinary shares	Equity-settled compensation reserve	Employee share reserve	Asset revaluation reserve	Dividend reserve*	Share buy-back reserve	Accumulated losses	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2023		433,433	12,891	(38)	4,088	74,338	-	(334,986)	189,726
Profit for the year		-	-	-	-	31,839	-	-^	31,839
Total comprehensive profit for the year		-	-	-	-	31,839	-	-^	31,839
Share-based payments expense		-	1,045	-	-	-	-	-	1,045
Shares cancelled – on-market buy-back	19, 20	(8,705)	-	-	-	-	5,560	-	(3,145)
Shares issued - employee escrow shares		43	-	-	-	-	-	-	43
Employees shares on-market purchase	20	-	-	(1,970)	-	-	-	-	(1,970)
Employees shares off-market purchase	20	-	-	(312)	-	-	-	-	(312)
Dividends paid	20, 21	-	-	-	-	(12,494)	-	-	(12,494)
Balance as at 31 December 2023		**424,771**	**13,936**	**(2,320)**	**4,088**	**93,683**	**5,560**	**(334,986)**	**204,732**
Balance as at 1 January 2024		424,771	13,936	(2,320)	4,088	93,683	5,560	(334,986)	204,732
Profit for the year		-	-	-	-	28,877	-	3,610^	32,487
Total comprehensive profit for the year		-	-	-	-	28,877	-	3,610^	32,487
Share-based payments expense		-	1,095	-	-	-	-	-	1,095
Shares cancelled – on-market buy-back	19, 20	(15,647)	-	-	-	-	9,429	-	(6,218)
Employees shares on-market purchase	20	-	-	(355)	-	-	-	-	(355)
Vested performance rights conversion to shares	20	-	(1,988)	1,362	-	-	-	-	(626)
Proceeds from employee escrows shares	20	-	-	104	-	-	-	-	104
Dividends paid	20, 21	-	-	-	-	(6,090)	-	-	(6,090)
Balance as at 31 December 2024		**409,124**	**13,043**	**(1,209)#**	**4,088**	**116,470**	**14,989**	**(331,376)**	**225,129**

**Dividend reserve represents undistributed profits since the financial year 2010. Current period profit has been transferred to a dividend reserve account. Interim and final dividends are declared and sourced from current year profits.*

^Income tax benefit (2024: $3.16 million; 2023: $nil) in relation to deferred tax assets on tax losses and temporary differences are excluded from dividend reserve.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

#This relates to 132,853 uncancelled and unallocated Capral shares (refer to Note 19) .

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

1a. Reporting entity

Capral Limited (**the Company or Capral**) is a public listed company incorporated and operating in Australia. The Company's shares are quoted on the Australian Securities Exchange (ASX Code: CAA).

The Company's registered office and its principal place of business is as follows:

Registered office & principal place of business

71 Ashburn Road
Bundamba
QLD 4304
Tel: (07) 3816 7000

The principal continuing activities of the Company and its subsidiary consist of the manufacturing and distribution of fabricated and semi-fabricated aluminium related products.

1b. Statement of Compliance

The financial report (consolidated financial statements) is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

The consolidated financial statements comprise the Company and its subsidiary (together referred to as the 'Group').

For the purpose of preparing the consolidated financial statements, the Group is a for-profit entity.

The consolidated financial statements were authorised for issue by the Board of Directors on 25 February 2025.

1c. Basis of preparation

Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments items as described in Note 26. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission and in accordance that instrument, amounts in the consolidated financial statements and the directors' report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar as indicated.

Use of judgements and estimates

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1d. Foreign Currency

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

1e. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**) except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the consolidated statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

1f. Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2024.

The following new and amended accounting standards are adopted by the Group and does not have a material impact on the Group's consolidated financial statements.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements
- AASB 2022-5 Amendments to Australian Accounting standards – Lease Liability in a Sale and Leaseback

Accounting Standard in issue but not yet effective:
A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2027 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated 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 consolidated statement of profit or loss and other comprehensive income, 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 consolidated financial statements.
- Enhanced guidance is provided on how to group information in the consolidated financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standards, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as 'other'.

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

- Lack of Exchangeability (Amendments to AASB 21)
- Classification and Measurement of Financial Instruments (Amendments to AASB 9 and AASB 7)
- Amendments to Australian Accounting Standards – Annual Improvements Volume 11
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

1g. Material accounting policies

The accounting policies provided throughout Notes 2 to 35 of this consolidated financial statements have been applied consistently to all periods presented in the consolidated financial statements.

2 Profit for the year

	Note	Consolidated 2024 $'000	2023 $'000
(a) Other expenses			
Profit before tax includes the following specific net expenses:			
Amortisation of intangibles assets		314	175
Total amortisation	12	314	175
Depreciation – owned assets			
Buildings		289	292
Leasehold improvements		648	610
Plant and equipment		8,097	7,230
Total depreciation – owned assets	11	9,034	8,132
Depreciation – right of use assets			
Buildings		12,439	12,345
Plant and equipment		2,044	2,357
Total depreciation – right of use assets	14	14,483	14,702
Total depreciation and amortisation		23,831	23,009
Occupancy costs			
Site costs		5,491	5,966
		5,491	5,966
Expense relating to leases of low value assets		100	85
Other charges against assets			
Increase in impairment of trade receivables		12	74
Employee benefit expense			
Post-employment benefits:			
- defined contribution plans		9,237	8,505
Equity-settled share-based payments		1,095	1,045
Other employee benefits		105,197	99,516
		115,529	109,066
Total finance costs are comprised of:			
Interest and fees on bank credit facilities		439	1,995
Interest component of lease liabilities		4,762	4,430
Impact of discounting on long-term provisions		371	257
Total finance costs		5,572	6,682
Other expenses			
Other labour cost		11,868	11,516
Utilities		9,894	10,520
Insurance		2,896	3,464
Other		16,623	10,955
Total other expenses		41,281	36,455
(b) Gains and Losses			
Net (loss)/gain on foreign exchange		(486)	1,122

3 Revenue and other income

	Consolidated 2024 $'000	2023 $'000
Revenue from continuing operations		
Sales revenue - sale of goods (i)	604,398	614,844
Other revenue		
Scrap revenue (i)	45,300	42,015
Total other revenue	45,300	42,015
Other income		
Sub-lease rental income	3,705	3,526
Other miscellaneous income	2	2
Interest income	1,705	805
	5,412	4,333

(i) Recognised at a point in time.

Performance obligations and revenue recognition policies
Revenue is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

The Group recognises revenue from the sale of products and the sale of scrap and when it transfers control of a product to a customer, which is the point in time that the customer obtains control of the goods being on acceptance of the goods by the customer.

Revenue is measured at the fair value of the consideration received or receivable. Sales revenue comprises sales of goods and services at net invoice values less returns, trade allowances and applicable rebates.

Sub-lease rental income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4 Income tax

	Consolidated	
	2024	**2023**
Current tax:	$'000	$'000
Current year	-	-
Deferred tax:		
Recognition of previously unrecognised tax losses and deductible temporary differences	3,610	-
Income tax benefit	3,610	-
The benefit for the year can be reconciled to profit before tax as follows:		
Profit before income tax benefit	28,877	31,839
Income tax calculated @ 30% (2023:30%)	8,663	9,552
Tax effect of non-assessable / non-deductible items:		
Effect of expenses that are not deductible or taxable in determining taxable profit	458	580
Tax effect of costs deductible upon purchase of shares on-market for future issuance to employees	(107)	(685)
Tax effect of utilisation of tax losses and temporary differences not previously recognised	(9,014)	(9,447)
	-	-
Previously unrecognised and unused tax losses and temporary differences now recognised as deferred tax assets	3,610	-
Income tax benefit recognised in profit or loss	3,610	-

Accounting policy

The income tax expense or benefit for the year is the tax payable or tax receivable on the current year's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

The Company and its wholly owned Australian entities have implemented the tax consolidation legislation.

The current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group (including the Company as the head entity) using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

5 Segment information

The information reported to Capral's Board of Directors, as the Group's chief operating decision maker, for the purposes of resource allocation and assessment of performance is focused on the type of goods supplied, being aluminium products. As such, in 2023 and 2024, the Group operated in one reportable segment under AASB 8 *Operating Segment*.

Major Products and Services

The Group produces a wide range of extruded aluminium products and systems. It distributes those manufactured products in addition to a small number of bought-in products through two distribution channels.

The Group supplies to three market segments through each of its distribution channels:

- Residential - supply of aluminium and other components for windows and doors, showers and wardrobes and security products,
- Commercial - supply of aluminium and other components for windows and doors, internal fit outs and other commercial building related products, and
- Industrial - supply of aluminium extrusions and rolled products for industrial uses.

Geographic Information

The Group operates in one geographical area, Australia.

Information About Major Customers

There are no individual major customers who contributed more than 10% of the Group's revenue in either the Financial Year or in 2023.

	Consolidated	
	2024 $'000	**2023** $'000
6 Current assets - cash and cash equivalents		
Cash at bank and cash in hand	68,907	59,457

<u>Accounting policy</u>
Cash comprises cash on hand and demand deposits.

7 Current assets - trade and other receivables

	Consolidated 2024 $'000	2023 $'000
Trade receivables - at amortised cost	84,428	83,153
Loss allowance (i)	(328)	(316)
	84,100	82,837
Other receivables	7,727	6,476
	91,827	89,313

The average credit period on sales of goods is approximately 43 days (2023: 42 days). No interest is charged on trade and other receivables.

	Consolidated 2024 $'000	2023 $'000
(i) Movement in the loss allowance.		
Balance at beginning of the financial year	(316)	(242)
Amounts written off during the financial year	260	254
Increase in allowance recognised in profit or loss	(272)	(328)
Balance at end of the financial year	(328)	(316)

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Allowances are made for known doubtful debts at the time of appointment of administrators, liquidators, or other formal insolvency events.

Included in the Group's trade receivables are debtors with balances in 61 days and over of $515,000 (2023: $667,000), refer to note 26(h). The Group has not provided for all of these balances as the Group believes that these past due balances are still recoverable. In relation to some of the balances the Group holds personal property securities registrations and/or personal guarantees and/or trade credit insurance for 80% of the amount outstanding (after applying the deductible). The average age of these receivables is 101 days (2023: 88 days).

Trade receivables risk profile (excluding individually impaired):

	Consolidated 2024 $'000	2023 $'000
Current	66,708	62,513
1-30 days past due	15,513	18,636
31- 60 days past due	1,692	1,337
61+ days past due	187	413
Total	84,100	82,899

Included in the loss allowance is the expected credit loss for individually impaired trade receivables with a balance of $260,000 (2023: $254,000). The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds.

	Consolidated 2024 $'000	2023 $'000
Current	-	-
1-30 days past due	-	-
31- 60 days past due	-	-
61+ days past due	328	254
Total	328	254

Major concentrations of credit risk are in the building, window and door fabricators, transport and marine, general industrial in Australia. Furthermore, the Group has credit insurance cover which requires ongoing management of credit accounts with monthly reports provided to the Insurer. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

	Consolidated	
	2024 $'000	2023 $'000

8 Current assets - inventories

	2024 $'000	2023 $'000
Raw materials and stores	33,640	27,302
Work in progress	3,490	3,204
Finished goods	118,267	95,644
	155,397	126,150

All inventories are net of allowance for obsolescence and are expected to be recovered within 12 months. Included in the inventories balance is inventories in transit of $37,751,000 (2023: $23,483,000).

Accounting policy
Inventories representing aluminium log, other supplies and finished goods are valued at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgement and are reviewed annually.

These key assumptions are the variables affecting the estimated costs to sell and the expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold.

Aluminium log is valued at moving average of direct purchase cost. Cost of rolled product has been determined principally on moving average of direct purchase costs. Costs for finished and work-in-progress includes moving average metal cost, direct labour, and appropriate proportion of fixed and variable factory overhead.

The Group also records impairment allowance on slow, non-moving and obsolete inventories. The key assumptions include future sales forecast, forecast LME price and selection of specific inventory based on the past consumption patterns vis-à-vis the inventory on hand.

9 Deferred tax assets

Recognised deferred tax assets **Movement in deferred tax balance**	**Opening net balance** $'000	**Recognised in profit or loss** $'000	**Closing net balance** $'000	**Closing deferred tax assets** $'000	**Closing deferred tax liabilities** $'000
2024					
Property plant and equipment (including right of use assets)	(17,129)	(1,396)	(18,525)	-	(18,525)
Intangible assets	13	(283)	(270)	10	(280)
Trade and other receivables	95	3	98	98	-
Inventories	3,028	(396)	2,632	2,632	-
Trade and other payables	2,197	(107)	2,090	2,090	-
Lease liabilities	17,116	1,679	18,795	18,795	-
Employee benefits	4,152	66	4,218	4,218	-
Provisions	324	(98)	226	226	-
Deferred income	49	18	67	67	-
Tax losses	13,855	4,124	17,979	17,979	-
Tax assets (liabilities) before set-off	23,700	3,610	27,310	46,115	(18,805)
Set-off of tax			-	(18,805)	18,805
Net Tax assets			**27,310**	**27,310**	**-**

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9 Deferred tax assets (cont'd)

Recognised deferred tax assets Movement in deferred tax balance	Opening net balance $'000	Recognised in profit or loss $'000	Closing net balance $'000	Closing deferred tax assets $'000	Closing deferred tax liabilities $'000
2023					
Property plant and equipment (including right of use assets)	(16,993)	(136)	(17,129)	-	(17,129)
Intangible assets	13	-	13	13	-
Trade and other receivables	72	23	95	95	-
Inventories	2,881	147	3,028	3,028	-
Trade and other payables	2,780	(583)	2,197	2,197	-
Lease liabilities	16,980	136	17,116	17,116	-
Employee benefits	4,133	19	4,152	4,152	-
Provisions	1,268	(944)	324	324	-
Deferred income	46	3	49	49	-
Tax losses	12,520	1,335	13,855	13,855	-
Tax assets (liabilities) before set-off	23,700	-	23,700	40,829	(17,129)
Set-off of tax			-	(17,129)	17,129
Net Tax assets			**23,700**	**23,700**	**-**

Unrecognised deferred tax assets	2024 Gross amount $'000	2024 Tax effect $'000	2023 Gross amount $'000	2023 Tax effect $'000
Deductible temporary differences	28,236	8,471	39,345	11,804
Tax losses	103,090	30,927	142,298	42,689
Balance at end of the financial year	131,326	39,398	181,643	54,493

The Group has recognised a deferred tax asset of $27,310,000 (2023: $23,700,000) representing both carry forward tax losses and deductible temporary differences. The tax losses may be carried forward indefinitely, however subject to income tax recoupment rules in subsequent years. The recognition of the deferred tax assets is dependent on the three years to four years forecasted taxable profits. The Group has taken a view that it is probable to achieve forecasted taxable profits in the next three to four years against which this deferred tax asset recognised would be utilised.

Accounting policy
Refer to Note 4.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Use of estimates and judgements
The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted and unrecognised tax losses utilised. To determine the future taxable profits, reference is made to the latest available profit forecasts. Relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Recognition of deferred tax assets therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised together with availability of such losses.

10 Related parties

Parent entities

The ultimate parent entity within the Group is Capral Limited.

Equity interests in controlled entities

Interest in controlled entities are set out in Note 34.

Transactions with key management personnel

Refer to Note 32 in relation to securities granted and forfeited during the Financial Year under the Long-Term Incentive Plan that include rights granted and shares issued, and the shares allotted under the Short-Term Incentive Plan, to Capral's Managing Director and Chief Financial Officer (who are key management personnel).

Refer to Note 33 for the aggregate compensation made to Director of the Company and key management personnel of the Group.

	Consolidated	
	2024 $'000	**2023** $'000
11 Property, plant and equipment		
Freehold land		
At valuation	1,700	1,700
Accumulated depreciation	-	-
Net book amount	1,700	1,700
Buildings		
At valuation	5,656	5,654
Accumulated depreciation	(1,327)	(1,039)
Net book amount	4,329	4,615
Leasehold improvements		
At cost	14,511	14,395
Accumulated depreciation	(9,903)	(9,256)
Accumulated impairment	(1,970)	(1,970)
Net book amount	2,638	3,169
Total land and buildings	8,667	9,484
Plant, machinery and equipment		
At cost	251,579	238,785
Accumulated depreciation	(174,646)	(166,678)
Accumulated impairment	(32,099)	(32,099)
Net book amount	44,834	40,008
Capital work in progress at cost	5,539	8,026
Net plant, machinery and equipment	50,373	48,034
Total property, plant and equipment - net book value	59,040	57,518

11 Property, plant and equipment (cont'd)

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and prior financial years are set out below:

	Freehold land at fair value $'000	Buildings at fair value $'000	Leasehold improvements at cost $'000	Plant and equipment at cost $'000	Capital work in progress at cost $'000	Total $'000
Consolidated						
2024						
Opening net book amount	**1,700**	**4,615**	**3,169**	**40,008**	**8,026**	**57,518**
Additions	-	1	117	6,341	3,679	10,138
Business acquisition	-	-	-	760	-	760
Disposals	-	-	-	(16)	(53)	(69)
Transfers	-	2	-	5,838	(6,113)	(273)
Depreciation charge (Note 2(a))	-	(289)	(648)	(8,097)	-	(9,034)
Net book amount at 31 December 2024	**1,700**	**4,329**	**2,638**	**44,834**	**5,539**	**59,040**
2023						
Opening net book amount	1,700	4,881	3,641	38,191	8,231	56,644
Additions	-	6	117	5,233	3,651	9,007
Disposals	-	-	-	(1)	-	(1)
Transfers	-	20	21	3,815	(3,856)	-
Depreciation charge (Note 2(a))	-	(292)	(610)	(7,230)	-	(8,132)
Net book amount at 31 December 2023	**1,700**	**4,615**	**3,169**	**40,008**	**8,026**	**57,518**

11 Property, plant and equipment (cont'd)

Accounting policy

Recognition and measurement
Buildings are measured at fair value less any accumulated depreciation and impairment losses. Land is measured at fair value less any accumulated impairment losses. Fair value is determined on the basis of a periodic, independent valuation by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate.

Periodic reviews are conducted every three to five years. The fair values are recognised in the consolidated financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values. Any revaluation increase arising on revaluation of land and buildings are credited to the asset revaluation reserve except to the extent that the increase reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of revalued property, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

An independent valuation of the Group's land and buildings was performed in December 2021 using Capitalisation and Direct Comparison approaches to determine the fair value of the land and buildings. The valuations, which conform to International Valuation Standards, were determined by reference to recent market transactions on arm's length terms at the time. The fair value of the Land and Buildings is $1,700,000 and $5,000,000 respectively.

Plant and equipment, and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

Depreciation
Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is charged to the profit or loss on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The following useful lives are used in the calculation of depreciation:

Buildings	20-33 Years
Leasehold improvements	5-25 Years
Plant and equipment	3-25 Years

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period and adjusted if appropriate.

11 Property, plant and equipment (cont'd)

Impairment of non-financial assets inclusive of right of use assets and goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (**CGU**) to which that asset belongs. Management views the Group as representing one CGU.

If there is an indication of impairment, the recoverable amount of property, plant & equipment and intangible assets will be determined by reference to a value in use discounted cash flow valuation of the Group, utilising financial forecasts and projections.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Cash flows that may result from prior period tax losses are not taken into account. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

The key assumptions used in preparing the value in use cash flow valuation as at 31 December 2024 are as follows:
The table below shows key assumptions in the value in use calculation as at 31 December 2024.

	Input to the model
WACC (Post-tax)	10.54%
Average volumes increase 2026-29 p.a.	1.00%
Long-term growth rate	1.00%

The valuation is based on forecast and projected cash flows for a 5-year period commencing January 2025 with a terminal value being applied at the end of this period. The cash flow assumptions are based on Board approved budgets for the year from January 2025 to December 2025. Beyond this date cash flow projections until 31 December 2029 are based on projected volume growth and expected improvements in EBITDA per tonne (refer below). Sales volumes are projected to grow at 1.0% per annum, from 2026 onwards. This growth rate corresponds with the average long-term growth rate based on external economic sources.

Volumes
In determining assumptions in relation to sales volumes into the commercial and residential/domestic market, Capral have based these on reputable third-party long term economic forecast reports with reference to historical performance and seasonal trends.

Margins
In setting price and margin assumptions, historical performance trends and the impact of previous price increases were reviewed in assessing the timing and quantum of future price increases.

Recent history in relation to direct costs and the impact of changing volumes on manufacturing variances were assessed in setting assumptions on absorbed conversion costs.

In forecasting the margin, management has considered the production capacity of Capral compared to current volumes and concluded that increase in production volumes to satisfy demand expected by independent market predictions can be attained by predominately increasing variable cost with very limited additional fixed cost expenditure.

Working Capital and Capital Expenditure
These assumptions were set in light of strategic initiatives and the Board approved maintenance and safety capital expenditure, with working capital flexed in relation to the assumed production capacity for volumes throughout the forecast period and historical performance and considering revisions to trading terms with key suppliers and customers.

WACC (Post tax)
A discount rate of 10.54%, representing the Group's post-tax weighted average cost of capital has been applied to the cash flow projections.

11 Property, plant and equipment (cont'd)

Impairment of non-financial assets inclusive of right of use assets and goodwill (cont'd)

Economic Factors
Assumptions including Gross Domestic Production (GDP), the Consumer Price Index (CPI), expected wage and salary increases, foreign exchange and the future impact of aluminium prices have been made with reference to third party economic forecasts and the Group's strategic plans and budgets.

The result of Impairment assessment as at 31 December 2024

Reasonably possible changes in the key assumptions disclosed above are unlikely to result in impairment of the CGU.

12 Other intangibles assets

	Customer relationships $'000	Other intellectual property $'000	Software $'000	Total $'000
Consolidated				
2024				
Cost	1,060	16,193	25,186	42,439
Accumulated amortisation	(124)	(8,388)	(22,322)	(30,834)
Accumulated impairment	-	(7,560)	(2,466)	(10,026)
Net book value	**936**	**245**	**398**	**1,579**
2023				
Cost	-	15,937	25,169	41,106
Accumulated amortisation	-	(8,373)	(22,147)	(30,520)
Accumulated impairment	-	(7,560)	(2,466)	(10,026)
Net book value	**-**	**4**	**556**	**560**

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles at the beginning and end of the current Financial Year are set out below:

	Customer relationships $'000	Other intellectual property $'000	Software $'000	Total $'000
Consolidated				
2024				
Opening net book amount	**-**	4	556	560
Business acquisition	1,060	-	-	1,060
Transfers	-	256	17	273
Amortisation	(124)	(15)	(175)	(314)
Net book amount at 31 December 2024	**936**	**245**	**398**	**1,579**
2023				
Opening net book amount	-	9	640	649
Additions	-	-	86	86
Amortisation	-	(5)	(170)	(175)
Net book amount at 31 December 2023	**-**	**4**	**556**	**560**

12 Other intangibles assets (cont’d)

Accounting Policy
Other intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any impairment losses.

The other intangible assets acquired in business combinations are mainly customer relationships. The cost of assets is their fair value at date of acquisition based on valuation techniques generally using multi-period excess earnings method.

Subsequent expenditure on capitalised assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Other intangible assets are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. Customer relationships are amortised over a five-year period.

The following useful lives are used in the calculation of amortisation:

Customer relationships	5 Years
Other intellectual property	5-10 Years
Software	3-10 Years

Impairment assessment is performed based on assumptions and estimates as disclosed in Note 11.

13 Goodwill

	Consolidated	
	2024 $’000	**2023** $’000
Cost		
Opening balance	3,070	3,070
Business acquisition	1,629	-
Closing balance	4,699	3,070

Accounting policy
Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identified assets, liabilities and contingent liabilities.

Following initial recognitions, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised, but instead is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment assessment is performed based on assumptions and estimates as disclosed in Note 11.

14 Right-of-use assets

	Buildings $'000	Plant & Equipment $'000	Total $'000
Consolidated			
Cost			
At 1 January 2023	105,043	10,923	115,966
Additions	194	1,727	1,921
Modifications	6,436	2,568	9,004
Terminations	(440)	-	(440)
At 31 December 2023	**111,233**	**15,218**	**126,451**
At 1 January 2024	111,233	15,218	126,451
Additions	716	2,054	2,770
Modifications	7,729	1,150	8,879
Terminations	-	(1,156)	(1,156)
At 31 December 2024	**119,678**	**17,266**	**136,944**
Accumulated depreciation			
At 1 January 2023	(42,339)	(6,976)	(49,315)
Terminations	276	-	276
Depreciation charge	(12,345)	(2,357)	(14,702)
At 31 December 2023	**(54,408)**	**(9,333)**	**(63,741)**
At 1 January 2024	(54,408)	(9,333)	(63,741)
Terminations	-	302	302
Depreciation charge	(12,439)	(2,044)	(14,483)
At 31 December 2024	**(66,847)**	**(11,075)**	**(77,922)**
Net Book Value			
At 31 December 2024	**52,831**	**6,191**	**59,022**
At 31 December 2023 / 1 January 2024	56,825	5,885	62,710

Impairment assessment is performed based on assumptions and estimates as disclosed in Note 11.

The Group leases several assets including buildings and plant and equipment, with average lease term of 4.4 years (2023: 4.5 years) and 5.4 years (2023: 4.3 years) respectively.

The Group has options to purchase certain equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessor's title to the leased assets for such leases.

The Group has renewed some of leases for buildings and equipment in the current Financial Year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of $2,770,000 (2023: 1,921,000) and in modifications of $8,879,000 (2023: 9,004,000) in the current Financial Year.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

14 Right-of-use assets (cont'd)

Maturity analysis – sub-lease income

Lease Receivable	Consolidated 2024 $'000	2023 $'000
Non-cancellable lease receivable		
Within one year	3,875	3,067
Later than one year but not later than five years	14,915	13,214
Later than five years	-	1,580
	18,790	17,861

Lease receivables relate to the sublease of office and plant premises with a lease term of 10 years, with an option to extend for a further term of 5 years.

Accounting policy
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as copiers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The depreciation starts at the commencement date of the lease.

Operating lease payments are recognised as an expense on a straight-line basis over the lease team, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

14 Right-of-use assets (cont'd)

The Group reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- is within the control of the Group; and
- affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

15 Assets pledged as security

In accordance with the security arrangements of liabilities disclosed in Note 23, all assets of the Group have been pledged as security. The holder of the security does not have the right to sell or repledge the assets other than in the event of default under the principal finance agreement where the security is enforced.

16 Current liabilities – trade and other payables

	Consolidated	
	2024 $'000	**2023** $'000
Trade payables (i)	124,949	89,388
Goods and services tax payable	1,229	2,168
Other payables	15,189	15,418
	141,367	106,974

(i) The average credit period on purchases is 81 days from the end of the month (2023: 82 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

17 Lease liabilities

	Consolidated	
	2024 $'000	**2023** $'000
Current	16,928	15,558
Non-current	66,000	73,255
	82,928	88,813
Maturity analysis		
Within one year	16,928	15,558
Later than one year but not later than five years	56,917	59,353
Later than five years	9,083	13,902
	82,928	88,813

At 31 December 2024, the Group is committed to $100,000 (2023: $201,000) for low value leases and has no short- term lease commitments.

Accounting policy
Refer to Note 14.

18 Provisions

	Consolidated 2024 $'000	2023 $'000
Current		
Employee benefits	14,061	13,841
Make good on leased assets[1]	509	254
Other[2]	243	825
	14,813	14,920
Non-current		
Employee benefits	2,517	2,365
Make good on leased assets[1]	5,440	5,219
	7,957	7,584

[1] Provision for make good on leased assets comprises obligations relating to site closure and other costs associated with lease rental properties.
[2] Other current provisions include provisions for insurance claims and provisions for customer claims including metal returns net of scrap and pricing adjustments.

Consolidated

Movements in carrying amounts	**Employee benefits** $'000	**Make good on leased assets** $'000	**Other** $'000	**Total** $'000
Carrying value at the beginning of the financial year	16,206	5,473	825	22,504
Provision utilised/released in the year	(6,586)	-	(582)	(7,168)
Additional amounts provided	6,958	476	-	7,434
Carrying value at the end of the financial year	16,578	5,949	243	22,770

Accounting policy
Employee Benefits:
Salaries, wages and leave benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, including non-monetary benefits, annual leave and long service leave, when it is probable that settlement will be required, and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Key assumptions used in the calculation of leave benefit provision at balance date include future on-cost rates, experience of employee departures and period of service, and future increase in wages and salaries.

Defined contribution plan
Contributions to defined contribution superannuation plans are expensed when incurred.

Provisions
Provisions are recognised when the Group has a present, legal or constructive obligation as a result of past events, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for restoration and rehabilitation (provision for make good on leased assets)
A provision for restoration and rehabilitation (provision for make good on leased assets) is recognised when there is a present obligation as a result of production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affecting areas.

	2024 No. 000	2023 No. 000	2024 $'000	2023 $'000

19 Ordinary shares

(a) Share capital

	2024 No. 000	2023 No. 000	2024 $'000	2023 $'000
Ordinary shares: fully paid	17,033	17,687	409,124	424,771

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movement in ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
1 January 2023	Balance at the beginning of the financial year	17,767,272	-	433,433
March 2023	Shares issued - deferred STIP	5,131	$8.423	43
March 2023	Shares issued against performance rights	278,320	-	-
September 2023	Shares cancelled – on-market buy-back[1]	(106,074)	$23.932	(2,539)
October 2023	Shares cancelled – on-market buy-back[1]	(60,020)	$23.932	(1,436)
November 2023	Shares cancelled – on-market buy-back[1]	(76,087)	$23.932	(1,821)
December 2023	Shares cancelled – on-market buy-back[1]	(121,532)	$23.932	(2,909)
31 December 2023	Balance at the end of the financial year	17,687,010	-	424,771
1 January 2024	Balance at the beginning of the financial year	17,687,010	-	424,771
March 2024	Shares cancelled – on-market buy-back[1]	(42,421)	$23.932	(1,015)
April 2024	Shares cancelled – on-market buy-back[1]	(68,680)	$23.932	(1,644)
May 2024	Shares cancelled – on-market buy-back[1]	(115,133)	$23.932	(2,755)
June 2024	Shares cancelled – on-market buy-back[1]	(114,101)	$23.932	(2,731)
September 2024	Shares cancelled – on-market buy-back[1]	(92,276)	$23.932	(2,208)
October 2024	Shares cancelled – on-market buy-back[1]	(36,798)	$23.932	(881)
November 2024	Shares cancelled – on-market buy-back[1]	(44,847)	$23.932	(1,073)
December 2024	Shares cancelled – on-market buy-back[1]	(139,569)	$23.932	(3,340)
31 December 2024	Balance at the end of the financial year	17,033,185	-	409,124

1. *The Board approved the on-market buy-back and the cancellation of up to 1,600,000 (2023: 370,000) shares in line with ASIC/ASX regulations starting from 11 March 2024. During the Financial Year 653,825 shares were bought back by an independent third-party broker at an average of $9.511 per share and cancelled at an average price of $23.932 per share ($431,995,567 / 18,050,723 shares). A resultant gain of $9,429,000 has been presented under a separate reserve account (Share Buy-Back Reserve).*

Uncancelled and unallocated Capral shares

At the reporting date, the Group has 132,853 (31 December 2023: 287,526) uncancelled and unallocated Capral shares previously bought on-market and remain in the employee share reserve.

20 Reserves and accumulated losses

	Consolidated 2024 $'000	2023 $'000
Asset revaluation reserve	4,088	4,088
Equity-settled compensation reserve	13,043	13,936
Employee share reserve	(1,209)	(2,320)
Share buy-back reserve	14,989	5,560
Dividend reserve	116,470	93,683
	147,381	114,947
Accumulated losses	(331,376)	(334,986)
	(183,995)	(220,039)

	2024	2023
20 (a) Movements in reserves were:		
Equity-settled compensation reserve		
Balance at the beginning of the financial year	13,936	12,891
Expense recognised	1,095	1,045
Conversion of vested rights	(1,988)	-
Balance at the end of the financial year	13,043	13,936
Asset revaluation reserve		
Balance at the beginning of the financial year	4,088	4,088
Balance at the end of the financial year	4,088	4,088
Employee share reserve		
Balance at the beginning of the financial year	(2,320)	(38)
Employees shares on-market purchase[a]	(355)	(1,970)
Employees shares off-market purchase[b]	-	(361)
Vested performance rights conversion to shares	1,362	-
Employees escrow shares utilised[b]	104	49
Balance at the end of the financial year	(1,209)	(2,320)
Share buy-back reserve		
Balance at the beginning of the financial year	5,560	-
Net gain on cancelled shares – on-market purchase[c]	9,429	5,560
Balance at the end of the financial year	14,989	5,560
Dividend reserve		
Balance at the beginning of the financial year	93,683	74,338
Profit before tax	28,877	31,839
Dividends paid	(6,090)	(12,494)
Balance at the end of the financial year	116,470	93,683
20 (b) Accumulated losses		
Balance at the beginning of the financial year	(334,986)	(334,986)
Profit for the year (Income tax benefit)	3,610	-
Balance at the end of the financial year	(331,376)	(334,986)

a. *35,000 shares were purchased at an average price of $10.11 per share by the Capral Employee Share Trustee on-market to allow for full allotment of 2022 LTIP shares as well as 2024 Escrow allotment in March 2025.*

b. *48,255 shares were purchased at $7.50 per share by the Capral Employee Share Trustee off-market from Capral's Managing Director to allow for full allotment of 2021 LTIP shares as well as 2023 Escrow allotment in March 2024. During the year, 5,843 shares were utilised for 2022 Escrow allotment.*

c. *Refer to Note 19.*

Short-Term Incentives Plan (STIP)

During the year, Capral allocated 12,674 (previously bought on-market) ordinary shares to Capral's Executives and Senior Management who purchased Capral's shares by using the above STIP target component (stretch) of their 2023 financial year after-tax STIP. These shares are held in escrow by Capral's share registry for a period of 3 years.

	Consolidated 2024 $'000	2023 $'000
21 Dividends		
Ordinary shares:	6,090	12,494
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2023:30%)	114	2,724

	Consolidated 2024 $	2023 $
22 Earnings per share		
Basic earnings per share	1.88	1.77
Diluted earnings per share	1.82	1.71

Net profit after tax used in the calculation of basic and diluted profit per share for 2024 was $32,487,000 (2023: $31,839,000).

Weighted-average number of ordinary shares (basic)	2024 $'000	2023 $'000
Issued ordinary shares at 1 January	17,400	17,767
Effect of treasury shares held	151	233
Effect of cancelled buy-back shares	(266)	(60)
Weighted-average number of ordinary shares at 31 December	**17,285**	**17,940**

Weighted-average number of ordinary shares (diluted)	2024 $'000	2023 $'000
Weighted-average number of ordinary shares (basic)	17,285	17,940
Effect of performance rights on issue	561	635
Weighted-average number of ordinary shares (diluted) at 31 December	**17,846**	**18,575**

Accounting policy

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Group, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	Consolidated	
	2024 $'000	2023 $'000

23 Stand by arrangement and credit facilities

The following facilities were in place:		
Secured facilities	70,000	80,000
Unsecured facilities	4,272	4,272
Total secured facilities	74,272	84,272
Facilities used:		
Bank guarantees	4,913	4,941
Trade finance – drawn letters of credits	27,085	21,642
Trade finance – open letters of credits	5,354	5,947
Commercial card	157	86
Total facilities utilised	37,509	32,616
Total available facilities	36,763	51,656

To align with Capral's ongoing requirements, this Multi-option facility was reduced to $60 million from 1 January 2024, to closely align with Capral's working capital requirements with an expiry date of 30 April 2025.

The existing ANZ facilities consist of:
Secured:

- $60 million Multi-option Facility which includes a Trade Finance Loan Facility, Trade Instruments and Trade Finance;
- $5 million Loan Facility – Floating Rate; and
- $5 million Standby Letter of Credit or Guarantee Facility.

Unsecured:

- $2.5 million Electronic Payaway Facility; and
- $0.5 million Commercial Card Facility;
- $1.272 million Asset Finance Facility.

The trade loan facility has a maximum drawdown term of 90 days and with an ANZ defined variable base rate plus a margin.

Financial Covenants	Requirements	Compliance Date
Borrow Base Ratio	Not to exceed 80%	At all times
Distributions	No distributions other than Permitted Distributions	At all times
Interest Cover Ratio - EBITDA	Not to be less than 3.00:1 for any 12 month period	31 March, 30 June, 30 September, 31 December in each year
Minimum Tangible Net Worth	Not to be less than AUD100,000,000	At all times

Capral has been in compliance with all financial covenant requirements throughout the year and expects to continue complying with all financial covenants during the next 12 months.

24 Commitments for expenditure - capital

	Consolidated	
	2024 $'000	2023 $'000
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	2,278	3,000

25 Fair value measurement

Some of the Group's assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these assets and liabilities are determined (in particular, valuation technique(s) and input(s) used).

Assets / liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s)
	31/12/24 $	31/12/23 $				
Foreign currency forward contracts (see note 26(f))	Assets – 2,585,000	Liabilities – 2,016,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rate (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risks of various counterparties.	n/a	n/a
Land and buildings (See Note 11)	Land – 1,700,000 Buildings – 4,329,000	Land – 1,700,000 Buildings – 4,615,000	Level 3	Capitalisation and Direct Comparison approaches. (Last assessed 2021)	Comparable to recent market transactions on arm's length terms at the time.	The higher/(lower) the comparable market net rental amount and the higher/(lower) the comparable market sales transactions, the higher the fair value.

26 Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2023.

The capital structure of the Group consists of debt, as disclosed in Note 23, cash and cash equivalents, and equity holders of the parent, comprising issued capital, reserves and accumulated losses, as disclosed in Notes 6, 19 and 20 respectively. The Directors review the capital structure on a regular basis, and at least annually. As a part of this review the Directors consider the cost of capital and the risks associated with each class of capital. Based on the determinations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group prepares monthly management accounts, comprising balance sheet, profit and loss statement and cash flow statement updates for the current Financial Year and the current year forecast. The forecast is used to monitor the Group's capital structure and future capital requirements, taking into account future capital requirements and market conditions.

The Group complied with its borrowing financial covenants under its current facility detailed in Note 23 as at 31 December 2024 and 31 December 2023 as follows:

26 Financial instruments (cont'd)

(a) Capital risk management (cont'd)

Financial covenant description	Required Value	2024 Actual Value	2023 Actual Value
EBITDA Interest Cover Ratio (A ratio of EBITDA to Interest Expense)	> 3.00:1	18.69:1	22.08:1
Minimum Tangible Net Worth (Tangible Net Worth – Total Tangible Assets Less Total Liabilities)	> AUD 100.0m	AUD 217.0m	AUD 205.9m
Borrowing Base Ratio (A ratio of Aggregate Facility Amount Owing to Eligible Debtors owing up to 90	< 0.80:1	0.38:1	0.34:1
Distributions (Any payment or distribution of money or other assets to shareholders)	Variable*	AUD 12.31m	AUD 15.64m
Inventory Cover Ratio	>0.8:1	n/a	0.87:1

*lower than the profit of prior year

(b) Material accounting policies

Derivative Financial Instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognised in profit or loss.

(c) Categories of financial instruments

	Consolidated 2024 $'000	2023 $'000
Financial Assets		
Trade and other receivables	91,827	89,313
Cash and cash equivalents	68,907	59,457
Other financial assets[1]	2,596	11
Financial Liabilities		
Trade and other payables	141,367	106,974
Lease liabilities	82,928	88,813
Other financial liabilities[2]	-	2,016

[1] *foreign exchange contract mark-to-market $2,585,000 and security deposit for a site energy supply (2023: security deposit for a site energy supply).*
[2] *2023: foreign exchange contract mark-to-market $2,016,000.*

(d) Financial risk management objectives

The Group's treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports. These risks include market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. These risks are analysed below.

26 Financial instruments (cont'd)

(e) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 26(f)) and interest rates (refer note 26(g)). From time to time, the Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on the purchase of aluminium log and rolled product from overseas in US dollars.

Market risk exposures are measured using a sensitivity analysis. There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the Financial Year.

(f) Foreign currency risk management

The Group undertakes certain transactions in foreign currencies, resulting in exposures to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. It is the policy of the Group to enter into forward foreign exchange contracts from time to time to manage any material risk associated with anticipated foreign currency sales and purchase transactions.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Consolidated	
	2024 $'000	2023 $'000
USD (cash)	4,231	5,094
EURO (cash)	388	797
USD (trade payables)	(13,984)	(12,941)
EURO (other receivables)	474	1,087
JPY (trade payables)/trade receivables	(23)	24
USD trade receivables/(other payables)	583	(3)

Foreign currency sensitivity

The Group is exposed to EUR, JPY and USD (2023: EUR, JPY and USD).

To mitigate foreign currency risk at reporting date, the Group entered into foreign exchange forward contracts. The Group's exposure to foreign exchange rate fluctuations was primarily limited to cash, trade and other payables and trade receivables outstanding at reporting date denominated in currencies other than Australian dollar (**AUD**). The total value of trade payables denominated in currencies other than the AUD at reporting date was $14,007,000 (2023: $11,830,000). The total value of trade receivables denominated in currencies other than the AUD at reporting date was $583,000 (2023: -$3,000).

The following table details the Group's sensitivity to a 10% increase and decrease in the AUD against the relevant unhedged foreign currency. 10% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only foreign currency denominated monetary items outstanding at 31 December 2024 and 31 December 2023 and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit.

	Consolidated	
	2024 $'000	2023 $'000
Profit or loss (after tax)		
- AUD strengthens by 10% against USD	1,218	1,177
- AUD weakens by 10% against USD	(1,489)	(1,438)
- AUD strengthens by 10% against EUR	(43)	(99)
- AUD weakens by 10% against EUR	53	121
- AUD strengthens by 10% against JPY	(2)	(2)
- AUD weakens by 10% against JPY	3	3

26 Financial instruments (cont'd)

(f) Foreign currency risk management (cont'd)

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific material foreign currency payments and receipts.

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts	Foreign currency		Fair value	
	31/12/24	31/12/23	31/12/24	31/12/23
	FC$'000	FC$'000	$'000	$'000
			Gain/(Loss)	Gain/(Loss)
Buy EUR	650	816	17	(25)
Buy GBP	-	5	-	-[1]
Buy JPY	2,475	2,475	(1)	(1)
Buy CNH	320	320	2	(2)
Buy USD	32,313	26,074	2,567	(1,988)

[1] Fair value of the gain/(loss) was less than $1,000, hence, rounded down to nil.

(g) Interest rate risk management

The Group interest rate risk arises from borrowings, cash and derivatives.

The Group is exposed to interest rate risk as the Group borrows funds at floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles. The Group's exposure to interest rate risk at the reporting date was considered insignificant and as a result the Group did not enter into interest rate options.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed below.

Interest rate sensitivity

The sensitivity analysis below shows the effect on profit or loss after tax for the financial year if there is a change in interest rates with all other variables held constant. This is determined by applying the change in interest rates to both derivative and non-derivative instruments at the reporting date that have an exposure to interest rate changes. A 25-basis point (0.25%) increase and a 25-basis point (0.25%) decrease represents Management's assessment of the possible change in interest rates (2023: 20bp or 0.2% increase and 20bp or 0.2% decrease). A positive number indicates an increase in profit.

	Consolidated	
	2024 $'000	**2023** $'000
Profit or loss (after tax)		
Impact of a 25bp (2023: 20bp) increase in AUD interest rates		
- Cash and cash equivalents	121	83
Impact of a 25bp (2023: 20bp) decrease in AUD interest rates		
- Cash and cash equivalents	(121)	(83)

26 Financial instruments (cont'd)

(h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has exposures to credit risk on cash and cash equivalents, and receivables. The credit risk on financial assets of the Group which have been recognised on the consolidated statement of financial position, is generally the carrying amount, net of any allowances for doubtful debts.

The Group does not have any significant exposure to any individual customer or counterparty. Major concentrations of credit risk are in the construction, transport, consumer durable and electrical industries in Australia. The Group has credit insurance cover which requires ongoing management of credit accounts with monthly reports provided to the Insurer. Experienced credit management and associated internal policies ensure constant monitoring of the credit risk for the Group.

There is no concentration of credit risk with respect to receivables as the Group has a large number of customers.

The aging of gross trade receivables is detailed below:

	Consolidated	
	2024 $'000	**2023** $'000
Current	66,708	62,513
1-30 days	15,513	18,636
31-60 days	1,692	1,337
60+ days	515	667
	84,428	**83,153**

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who ensure there is an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities, complying with covenants, monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities. Included in Note 23 is a list of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

Financial assets are made up of cash of $68,907,000 (2023: $59,457,000) and trade and other receivables of $91,827,000 (2023: $89,313,000). Cash is liquid and trade and other receivables are expected to be realised on average within 43 days (2023: 42 days). Cash balances earn 4.03% interest per annum (2023: 2.76%). Trade and other receivables are interest-free.

26 Financial instruments (cont'd)

(i) Liquidity risk management (cont'd)

Liquidity and interest risk tables (cont'd)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is a fair representation of management's expectations of actual repayments.

	Weighted average effective interest rate %	Less than 1 year $'000	1 - 5 years $'000	Greater than 5 years $'000
Consolidated				
2024				
Trade and other payables	-	141,367	-	-
Lease liabilities	-	16,928	64,624	9,921
		158,295	64,624	9,921
2023				
Trade and other payables	-	106,974	-	-
Lease liabilities	-	15,558	59,353	13,902
Other financial liabilities	-	2,016	-	-
		124,548	59,353	13,902

(j) Fair value of financial instruments

The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, the discounted cash flow analysis is employed using observable market data for non-option derivatives.

The directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Accounting policy
Financial Assets
Financial assets are classified into the following specified categories: financial assets at amortised cost; and financial assets at fair value through profit or loss. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than financial assets 'at fair value through profit or loss'.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

Trade and other receivables
Trade and other receivables are measured at amortised cost as they are held within a business model to collect contractual cash flows. Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

26 Financial instruments (cont'd)

Accounting policy (cont'd)

Impairment of financial assets
Impairment of financial assets is based on an expected credit loss ("ECL") model rather than incurred loss model. ECLs are a probability-weighted estimate of credit losses. The Group calculated ECLs based on consideration of customer-specific factors and actual credit loss experience over the past 3 years. As a percentage of accounts receivables, the Group's actual credit loss experience has not been material.

In accordance with AASB 9 paragraph 7.2.20 the Group will recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date. The Group calculated ECLs based on consideration of customer-specific factors and actual credit loss experience over the past 3 years.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

27 Contingent liabilities

Claims and possible claims, arise in the ordinary course of business against the Group. Capral has fully provided for all known and determinable material claims.

The Group's bankers have granted guarantees in respect of rental obligations on lease commitments, use of utilities infrastructure and international trade facilities. At 31 December 2024, these guarantees totalled $4,912,842 (2023: $4,941,002).

The bankers have issued letters of credit in respect of the Group’s purchases internationally. At 31 December 2024, these open letters of credit totalled $5,354,056 (31 December 2023: $5,946,935).

28 Remuneration of auditors

	Consolidated	
	2024 $	**2023** $
Audit or review of consolidated financial statements		
Auditors of the Group - KPMG	371,187	-
Auditors of the Group - Deloitte Touche Tohmatsu	-	377,600
Other services:		
Auditors of the Group - KPMG		
- other	6,557	-
Auditors of the Group – Deloitte Touche Tohmatsu		
- taxation advice and tax compliance	-	39,454
Total remuneration	377,744	423,420

29 Events after reporting date

No other matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group’s state of affairs in future financial years.

30 Notes to the Consolidated Statement of Cash Flow

(i) Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated 2024 $'000	2023 $'000
Profit for the year	32,487	31,839
Non-cash items:		
Depreciation and amortisation - owned assets	9,348	8,307
Depreciation and amortisation – right of use assets	14,483	14,702
Loss on sale of property, plant and equipment	69	1
Income tax benefit	(3,610)	-
Share-based payments expense	1,095	1,045
Interest income reclassified to investing activities	(1,705)	(805)
Change in assets and liabilities:		
(Increase)/decrease in current receivables	(2,513)	2,012
Increase in financial assets	(2,585)	-
(Increase)/decrease in inventories	(26,053)	28,524
Decrease/(increase) in prepayments	672	(1,863)
Increase/(decrease) in trade and other payables	32,811	(7,096)
Increase in employee benefit provisions	372	98
Decrease in other provisions	(211)	(2,920)
Increase in deferred income	60	9
(Decrease)/increase in other financial liabilities	(2,016)	1,188
Net cash provided by operating activities	52,704	75,041

(ii) Details of finance facilities are included in note 23 to the consolidated financial statements.

(iii) Movement in financial activities

The following table details changes in the Group's liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Consolidated 2024 $	2023 $
Movements in financing activities		
Lease liabilities		
Opening balance	88,813	94,032
Financing cash flows	(16,458)	(15,817)
New leases	2,770	1,921
Retired or changes to leases	7,803	8,677
Closing balance	82,928	88,813

(iv) Non-cash financing activities

There were no non-cash financing activities other than above during the Financial Year or the 2023 year.

31 Parent entity disclosures

	Company 2024 $'000	2023 $'000
Financial Position		
Assets		
Current assets - third parties	321,171	277,783
Total assets	470,967	423,677
Liabilities		
Current liabilities - third parties	173,493	139,521
Total liabilities	247,316	220,223
Equity		
Issued capital	409,124	424,771
Accumulated losses	(331,839)	(335,250)
Equity-settled compensation reserve	12,417	13,936
Asset revaluation reserve	3,074	3,074
Employee share reserve	(583)	(2,320)
Share buy-back reserve	14,989	5,560
Dividend reserve	116,470	93,683
Total Equity	223,652	203,454
Financial Performance		
Profit for the year	32,288	31,808
Total comprehensive profit for the year	32,288	31,808
Contingent liabilities of the parent entity		
Refer note 27		
Commitments for the acquisition of property, plant and equipment by the parent entity		
Commitments for the acquisition of property, plant and equipment by the parent entity		
Within one year	2,278	3,000

In 2023, the parent entity settled a non-interest bearing loan of $500,000 that was advanced from a controlled entity, Austex Dies Pty Limited. The loan was payable in demand. No additional loan was advanced from Austex in current Financial Year.

In current Financial Year, the parent entity purchased dies amounted to $4,579,362 (2023: $4,700,821) from Austex Dies Pty Limited.

In 2023, the Company received a dividend of $500,000 from Austex Dies Pty Limited. No dividend was received in the current Financial Year.

32 Share-based payments

Performance Share Rights

Executive and Senior Management

The following share-based payment arrangements were in existence during the current Financial Year:

Performance right series (LTIP)	Number as at 31 Dec 24	Grant date	Last Testing Date	Exercise price $	Fair value at grant date $
Issued 8 March 2022[1]	58,250	8/03/2022	31/12/2024	-	4.910
Issued 8 March 2022[1]	58,250	8/03/2022	31/12/2024	-	6.780
Issued 6 March 2023[2]	45,500	6/03/2023	31/12/2025	-	5.090
Issued 6 March 2023[2]	45,500	6/03/2023	31/12/2025	-	6.500
Issued 24 March 2023[2]	18,300	24/03/2023	31/12/2025	-	4.730
Issued 24 March 2023[2]	18,300	24/03/2023	31/12/2025	-	6.160
Issued 22 May 2023[2]	4,500	22/05/2023	31/12/2025	-	4.010
Issued 22 May 2023[2]	4,500	22/05/2023	31/12/2025	-	5.850
Issued 11 March 2024[3]	76,500	11/3/2024	31/12/2026	-	5.360
Issued 11 March 2024[3]	76,500	11/3/2024	31/12/2026	-	7.780

1 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2022 have an average vesting date of 1 March 2025.

2 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2023 have an average vesting date of 1 March 2026.

3 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2024 have an average vesting date of 1 March 2027.

The following share-based payment arrangements were in existence during the comparative reporting period:

Performance right series (LTIP)	Number as at 31 Dec 23	Grant date	Last Testing Date	Exercise price $	Fair value at grant date $
Issued 3 March 2021[1]	79,850	3/03/2021	31/12/2023	-	4.180
Issued 3 March 2021[1]	79,850	3/03/2021	31/12/2023	-	5.490
Issued 8 March 2022[2]	62,750	8/03/2022	31/12/2024	-	4.910
Issued 8 March 2022[2]	62,750	8/03/2022	31/12/2024	-	6.780
Issued 6 March 2023[3]	47,750	6/03/2023	31/12/2025	-	5.090
Issued 6 March 2023[3]	47,750	6/03/2023	31/12/2025	-	6.500
Issued 24 March 2023[3]	18,300	24/03/2023	31/12/2025	-	4.730
Issued 24 March 2023[3]	18,300	24/03/2023	31/12/2025	-	6.160
Issued 22 May 2023[3]	4,500	22/05/2023	31/12/2025	-	4.010
Issued 22 May 2023[3]	4,500	22/05/2023	31/12/2025	-	5.850

1 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2021 have an average vesting date of 1 March 2024.

2 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2022 have an average vesting date of 1 March 2025.

3 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2023 have an average vesting date of 1 March 2026.

	Performance Rights (LTIP)					
Inputs into the model	**11 March 2024**	**22 May 2023**	**24 March 2023**	**06 March 2023**	**08 March 2022**	**03 March 2021**
Grant date	11/03/2024	22/05/2023	24/03/2023	6/03/2023	8/03/2022	3/03/2021
Dividend yield	6.5%	6.9%	7.0%	7.0%	7.9%	6.5%
Risk free yield	3.59%	3.3%	2.9%	3.5%	1.6%	0.3%
Expected volatility	26%	34%	35%	36%	45%	55%
Last testing date	31/12/2026	31/12/2025	31/12/2025	31/12/2025	31/12/2024	31/12/2023
Exercise price	n.a	n.a	n.a	n.a	n.a	n.a
Share price at grant date	$9.380	$7.040	$7.500	$7.950	$8.570	$6.670
Performance right life	3 years	3 years	3 years	3 years	3 years	3 years

32 Share-based payments (cont'd)

Managing Director

During the Financial Year, 47,000 rights were issued to Mr A. Dragicevich.

In 2023, 44,400 rights were issued to Mr A. Dragicevich.

The following rights were in existence during the current Financial Year, subject to the achievement of performance conditions and have been independently valued as follows:

Share rights	Number as at 31 Dec 24	Grant date	Last Testing Date	Exercise price $	Fair value at grant date $
Issued 27 April 2022[1]	24,500	27/04/2022	31/12/2024	-	$5.820
Issued 27 April 2022[1]	24,500	27/04/2022	31/12/2024	-	$7.770
Issued 27 April 2023[2]	22,200	27/04/2023	31/12/2025	-	$4.250
Issued 27 April 2023[2]	22,200	27/04/2023	31/12/2025	-	$5.940
Issued 8 May 2024[3]	23,500	08/05/2024	31/12/2026	-	$5.430
Issued 8 May 2024[3]	23,500	08/05/2024	31/12/2026	-	$7.950

1 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2022 have an average vesting date of 1 March 2025.

2 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2023 have an average vesting date of 1 March 2026.

3 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2024 have an average vesting date of 1 March 2027.

The following rights were in existence during the comparative reporting period, subject to the achievement of performance conditions and have been independently valued as follows:

Share rights	Number as at 31 Dec 23	Grant date	Last Testing Date	Exercise price $	Fair value at grant date $
Issued 28 April 2021[1]	43,150	28/04/2021	31/12/2023	-	$5.170
Issued 28 April 2021[1]	43,150	28/04/2021	31/12/2023	-	$6.430
Issued 27 April 2022[2]	24,500	27/04/2022	31/12/2024	-	$5.820
Issued 27 April 2022[2]	24,500	27/04/2022	31/12/2024	-	$7.770
Issued 27 April 2023[3]	22,200	27/04/2023	31/12/2025	-	$4.250
Issued 27 April 2023[3]	22,200	27/04/2023	31/12/2025	-	$5.940

1 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2021 have an average vesting date of 1 March 2024.

2 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2022 have an average vesting date of 1 March 2025.

3 In accordance with the terms of the LTIP arrangement, performance rights issued during the financial year ended 31 December 2023 have an average vesting date of 1 March 2026.

32 Share-based payments (cont'd)

Inputs into the model	8 May 2024	27 April 2023	27 April 2022	28 April 2021
Grant date	8/5/2024	27/4/2023	27/4/2022	28/4/2021
Dividend yield	6.6%	6.9%	7.1%	5.8%
Risk free yield	3.95%	3.0%	2.6%	0.3%
Expected volatility	26%	34%	45%	55%
Last testing date	31/12/2026	31/12/2025	31/12/2024	31/12/2023
Share price at grant date	$9.520	$7.190	$9.510	$7.580
Performance right life	3 years	3 years	3 years	3 years

The following table reconciles the outstanding securities granted to the Managing Director and senior management at the beginning and end of the Financial Year:

Performance rights	2024	2023
Number of share performance rights:		
Balance at the beginning of the financial year	606,000	722,320
Granted during the financial year	200,000	185,500
Forfeited during the financial year	(17,500)	(23,500)
Vested during the financial year	(242,000)	(278,320)
Lapsed during the financial year	-	-
Balance at the end of the financial year	**546,500**	**606,000**

The performance rights outstanding at the end of the Financial Year were 546,500 (2023: 606,000), with a weighted average remaining contractual life of 1.06 years.

Short-Term Incentives Plan (STIP)
During the Financial Year, Capral allotted 12,674 (previously bought on-market) ordinary shares to Capral's Executives and Senior Management who purchased Capral's shares by using the STIP target component (stretch) of their 2023 financial year after-tax STIP. These shares are held in escrow by Capral's share registry for a period of 3 years.

Accounting policy
Equity-settled share-based payments with employees are measured at the fair value of the equity instrument at the grant date.

The fair value of the performance rights is estimated at grant date using a Monte-Carlo Simulation analysis taking into account the terms and conditions upon which the securities are granted.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

33 Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Company and the Group is set out below:

	Consolidated 2024 $	2023 $
Short-term benefits	2,069,904	2,038,079
Post-employment benefits	91,536	97,033
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	502,596	575,732
	2,664,036	2,710,844

34 Controlled Entities

Particulars in relation to controlled entities	2024 %	2023 %	Country of Incorporation
Parent entity			
Capral Limited			
Controlled entities			
Austex Dies Pty Ltd	100	100	Australia
Capral Employees Incentive Shares Trust	n/a	n/a	Australia

Accounting Policy
Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company.

Control is based on whether the Group has:
- power over the investee
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the returns.

The results of the subsidiary acquired or disposed of during the year are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

35 Business Combinations

(a) Acquisition of assets from Aluminium Trade Centre Pty Ltd ("ATC")

Capral Limited acquired certain assets of the wholesale and retail distribution business from ATC on 22 March 2024 for a total consideration of $3,181,000.

	2024 $'000
Consideration	
Cash paid	3,181
Total Consideration	3,181

Acquisition-related costs amounting to $37,000 have been excluded from the consideration transferred. These have been recognised as an expense in the Financial Year, within the 'Other expenses' line item in the consolidated statement of profit or loss and other comprehensive income.

The acquisition of ATC by Capral strongly boosts Capral's market presence and enhances its ability to deliver market-leading service to fabricators and other aluminium product users across Victoria. The ATC business has been seamlessly integrated into Capral's operations, strengthening Capral's national footprint of aluminium distribution outlets.

35 Business Combinations (cont'd)

(a) Acquisition of assets from Aluminium Trade Centre Pty Ltd ("ATC") (cont'd)

Fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition were:

	2024 $'000
Current assets	
Inventory	1,512
Non-current assets	
Fixed assets	360
Right-of-use assets	350
Customer relationships	540
Current liabilities	
Lease liabilities	(350)
Total	2,412
Goodwill arising from the acquisition has been recognised as follows	
Consideration	3,181
Less: Fair value of net assets acquired	(2,412)
Goodwill	769

Fair value measurement
Inventories are valued at cost as these were readily available stock held by the distributors and Capral could purchase the same stock from the same supplier at cost.

Fixed assets are valued at the acquired net book value, which reflects the depreciated replacement cost.

Customer relationships intangible assets have been valued using the multi-period excess earnings method, by an independent valuer.

The goodwill of $769,000 arising from the acquisition consists mostly of the synergies and economies of scale expected from combining the operations of ATC and the Group.

Impact of acquisition on the results of the Group

The acquired business contributed a total revenue of $4,907,000 and a net profit after tax of $162,000 to the Group for the period from 22 March 2024 to 31 December 2024.

Had the business combination been effected at 1 January 2024, the Group's total revenue would have been $650,647,000 and the Group's total net profit for the year would have been $32,553,000.

(b) Acquisition of assets from Apple Aluminium Pty Ltd

Capral acquired certain assets of the aluminium business from Apple Aluminium Pty Ltd on 26 July 2024 for a purchase price of $3,631,000.

	2024 $'000
Consideration	
Cash paid	3,631
Total Consideration	3,631

Acquisition-related costs amounting to $217,000 have been excluded from the consideration transferred. These have been recognised as an expense in the Financial Year, within the 'Other expenses' line item in the Consolidated statement of profit or loss and other comprehensive income.

The Apple Aluminium business acquisition strengthens Capral's market presence and enhances its ability to deliver market-leading service to fabricators and other users of aluminium products within Queensland.

35 Business Combinations (cont'd)

(b) Acquisition of assets from Apple Aluminium Pty Ltd (cont'd)

Fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition were:

	2024
	$'000
Current assets	
Inventory	1,851
Non-current assets	
Fixed assets	400
Right-of-use assets	366
Customer relationships	520
Current liabilities	
Lease liabilities	(366)
Total	2,771
Goodwill arising from the acquisition has been recognised as follows	
Consideration	3,631
Less: Fair value of net assets acquired	(2,771)
Goodwill	860

Fair value measurement
Inventories are valued at cost as they were readily available stock held by the distributors and Capral could purchase the same stock from the same supplier at cost.

Fixed assets are valued at the acquired net book value, which reflects the depreciated replacement cost.

Customer relationships assets have been valued using the multi-period excess earnings method, by an independent valuer.

The goodwill of $860,000 arising from the acquisition consists mostly of the synergies and economies of scale expected from combining the operations of Apple Aluminium and the Group.

Impact of acquisition on the results of the Group

The acquired business contributed a total revenue of $3,302,000 and a net profit after tax of $159,000 to the Group for the period from 26 July 2024 to 31 December 2024.

Had the business combination been effected at 1 January 2024, the Group's total revenue would have been $654,897,000 and the Group's total net profit for the year would have been $32,813,000.

Accounting policy
The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 13). Transaction costs are expenses as incurred.

Consolidated Entity Disclosure Statement

Name	Body corporate	Country of incorporation	% of share capital held directly by the Company	Country of Tax Residence	Jurisdiction for foreign tax resident
Parent entity					
Capral Limited	Body corporate	Australia		Australia	n/a
Subsidiary					
Austex Dies Pty Ltd	Body corporate	Australia	100	Australia	n/a
Capral Employees Incentive Shares Trust	Trust	Australia	n/a	Australia	n/a

<u>Key assumptions and judgements</u>
Determination of Tax Residency
Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

Foreign tax residency
The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

Trusts
Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax. Additional disclosures on the tax status of trusts have been provided where relevant.

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that Capral Limited (the "Company") will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached consolidated financial statements and notes thereto and the Remuneration report in sections 1 to 5 in the directors' report are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

(c) in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;

(d) in the directors' opinion, the Consolidated Entity Disclosure Statement as at 31 December 2024 set out on page 72 is true and correct; and

(e) the directors have been given declarations required by section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2024.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

M. White
Chairman

A. Dragicevich
Managing Director

Sydney
26 February 2025

Independent Auditor's Report

To the shareholders of Capral Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Capral Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 31 December 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Impairment of non-financial assets; and
- Recognition and recoverability of deferred tax assets.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non- financial assets

Refer to Note 11 to the Financial Report

The key audit matter

A key audit matter for us was the Group's annual testing of non-financial assets for impairment, given the size of the balance and the judgement involved in determining the key forward-looking assumptions the Group applied in their value in use model, including:

- forecast cash flows – there is uncertainty due to volatile economic conditions and the corresponding impact on residential, commercial construction and industrial sectors as well as metal input pricing. This impacted the Group through updated expectations in the demand for products, metal input pricing and customer pricing and margin. These conditions increase the possibility of non-financial assets being impaired, plus the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider.
- terminal growth rates – in addition to the uncertainties described above, the Group's model is sensitive to changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy.
- discount rate - these are complicated in nature and vary according to the conditions and environment the Cash Generating Unit (CGU) is subject to from time to time. The Group's modelling is highly sensitive to

How the matter was addressed in our audit

Our procedures included:

- We considered the appropriateness of the value in use method applied by the Group to perform impairment testing against the requirements of the accounting standards.
- Working with our valuation specialists, we assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas.
- We considered the Group's determination of its CGU based on our understanding of the Group's business and how independent cash inflows were generated against the requirements of the Australian Accounting Standards.
- We compared the forecast cash flows contained in the value in use model to Board-approved forecasts.
- We challenged the Group's key forward looking assumptions in light of the expected continuation of volatile economic conditions. We assessed how the Group considered the impacts of these key events in the Board approved plan and strategy. We compared forecast growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and

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small changes in the discount rate. The Group uses a value in use model to perform their annual testing of non-financial assets for impairment. The model is largely manually developed, uses adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. The modelling, using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. The Group operates in a number of regional areas across Australia necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	customers, and our industry experience. • We checked the consistency of the growth rates to the Group's latest Board-approved forecast, past performance of the Group, and our experience regarding the feasibility of these in the industry and economic environment in which the Group operates. • Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • Working with our valuation specialists, we independently developed a terminal growth rate range considered comparable using publicly available market data for comparable entities. • We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates and discount rate, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group considers to be reasonable. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Recognition and recoverability of deferred tax assets ($27.3 million)

Refer to Note 9 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's deferred tax assets includes tax losses carried forward and temporary differences. Under accounting standards, the Group can only recognise deferred tax assets if certain conditions prescribed by Australian tax law are satisfied, and if it is probable that the Group will generate sufficient taxable profits in the future in order for the benefits of the deferred tax assets to be realised. The recognition and recoverability of deferred tax assets was a key audit matter for us due to: • The significant judgment required in evaluating the Group's assessment of satisfying conditions under Australian tax law that gives rise to the availability of tax losses. The Group engaged external experts to assist with this evaluation. • The significant judgement involved in evaluating the Group's assessment of the probability of generating sufficient future taxable profits. • The risk of the Group incorrectly applying the requirements of the accounting standards and Australian tax law to recognise deferred tax assets for tax losses, which could have a significant effect on the Group's consolidated statement of profit or loss and other comprehensive income. We involved tax specialists to supplement our senior team members in assessing this key audit matter.	Our procedures included: • Working with our tax specialists, we: – assessed the scope, competence and objectivity of the external experts engaged by the Group to assist with the assessment of the recognition of the deferred tax assets. – Examined the reports and documentation prepared by the external experts and the Group underlying the availability of tax losses for consistency with Australian tax law. – Checked the key inputs to the Group's external expert reports, Group's data and publicly available information. – evaluated the methodology used to determine the availability of tax losses, considering Australian tax law. • We compared the forecast cash flow included in the Group's estimate of future taxable profits used in their deferred tax assets recoverability assessment to that used in the Group's assessment of the recoverability of its non-financial assets. Our approach to testing the forecast cash flows was consistent with the approach detailed in the key audit matter above. • We challenged the differences between forecast cash flows and taxable profit by evaluating the adjustment of cash flows, for differences between accounting profits, as presented in the Group's forecasts, to taxable profits, against the requirements of the applicable Australian tax law. • We assessed the expected timing of future taxable profits using our knowledge of the business and its plans. We placed increased scepticism where a longer timeframe of recovery was expected. • We assessed the disclosures in the financial report using the results from our testing and against the requirements of the accounting standards.

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Other Information

Other Information is financial and non-financial information in Capral Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Capral Limited for the year ended 31 December 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 14-26 of the Directors' report for the year ended 31 December 2024.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with Australian Auditing Standards.

KPMG

Daniel Camilleri

Partner

Sydney

26 February 2025