ALFABS
AUSTRALIA

Annual Report 2026

Alfabs Australia Limited
ACN 674 455 442

Contents

Strengthening our core through decisive operational and financial reset

Alfabs Australia Limited is a diversified industrial services and equipment business supporting the operational needs of Australia's mining and infrastructure sectors. Through its integrated capabilities across fabrication, engineering, asset refurbishment and equipment hire, Alfabs plays a critical role in maintaining productivity and efficiency for some of the country's most essential industries.

With a strong foundation built over decades – originating in the 1950s, Alfabs has evolved to deliver end-to-end solutions, from heavy fabrication and blasting and coating to delivery, installation and on-site remediation. The company's vertically integrated model ensures quality, cost efficiency and scalability, enabling consistent service across mining operations and industrial projects.

Alfabs is positioned to deliver long-term value through operational reliability, fleet expansion and targeted investment in people, plant and technical capability.

Disclaimer:

This Report contains summary information about the activities and performance of Alfabs Australia Limited and its related bodies corporate for the period 1 July 2025 to 30 June 2026, unless otherwise stated. Any forward-looking statements are based on Alfabs' current expectations, best estimates and assumptions as at the date of preparation of this Report, some of which are beyond Alfabs' control. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, which may cause actual results to differ materially from those expressed in the Report. No representation or warranty is made regarding the accuracy, completeness or reliability of the forward-looking statements or opinions contained in this Report, or the assumptions on which either is based.

Improvement in H2 free cash flow strengthens the balance sheet and advances dividend reinstatement

FY26 FINANCIAL AND OPERATIONAL HIGHLIGHTS

230
consecutive days without a lost time injury

EBITDA (underlying)
$22.6m
(down 19%)

Free Cash Flow
$5.7m
(flat YoY)

Mining Daily Hire Rate
$79.1k
(up 14%)

Engineering Work in Hand
$11.6m
(down 55%)

Net Debt
$36.6m
(up 76%)

Free Cash Flow

Material improvement in Q4 free cash flow. 2026 free cash flow was in line with 2025 despite lower EBITDA. Recent debt restructuring initiatives are expected to drive further improvement in EBITDA to free cash flow conversion levels.

Deployment of Capital

The Shell Program is largely complete with the majority of assets now on hire. CM04 was commissioned and contracted for hire from August 2026.

Mining Daily Hire Rate

Pleasingly the Mining daily hire rate grew to $79.1k in FY26. The group expects further FY27 growth of 5-10% in this key metric.

Balance Sheet Optimisation

This project is on track. Phase I of the debt restructuring has been completed and Phase II is on track.

Structural Reset

Workshop and corporate restructuring completed during FY26. Surplus overhead has now been removed from the business.

Strengthening performance through operational reset and capital discipline

Dear Shareholder,

FY26 was a year of transition and decisive action for Alfabs. The Board and management reset the business around cash generation, disciplined capital allocation and balance sheet strength. The improvement delivered late in the year provides a stronger foundation for FY27.

The Board's response was deliberate and commercially focused. Following the business review commenced in January 2026, management completed the Workshop and Corporate restructures, reduced surplus overhead and sharpened accountability across the Group. These actions re-baselined the business and strengthened the conversion of earnings into cash. Free cash flow of $5.7 million was maintained at the FY25 level despite lower EBITDA, including $4.1 million generated in the fourth quarter, with the improvement continuing into FY27.

During the year, we were pleased to welcome Glen Robinson to the Board as an Independent Non-Executive Director. Glen brings more than 40 years of senior operational, project development and executive leadership experience across the mining and resources sectors. His deep expertise in major project delivery, capital allocation, risk management and strategic growth has already brought valuable industry perspective and practical insight to the Board's deliberations, further strengthening our oversight as Alfabs continues to pursue sustainable growth opportunities.

Safety and responsibility

The most important result for the year was the material improvement in safety. Alfabs recorded 230 consecutive

FY26 Free cash flow of

$5.7m

230

Consecutive days without a lost-time injury

62%

Reduction in recordable injuries

days without a lost-time injury and achieved a 62% reduction in recordable injuries during the second half. This reflects the sustained effort of our people and reinforces the Board's expectation that safety remains central to every operational and commercial decision.

Alfabs also continued its long-standing support for the communities in which we operate. The Company marked 25 years of partnership with the Westpac Rescue Helicopter and supported the Clontarf Foundation, helping back the next generation of skilled workers and the essential services relied on by regional communities.

Capital discipline and shareholder returns

The Board adopted a clearer capital allocation framework during FY26. High-return investment in the core business remains the priority where appropriate hurdle rates are met, supported by a target net debt range of 1.5 to 2.0 times underlying EBITDA. The decision not to pursue the potential acquisition announced in February 2026 demonstrates that discipline. We will only deploy shareholder capital where commercial terms and expected returns support long-term value creation.

The Board also recognises the importance of sustainable shareholder distributions. During the first half, the interim dividend was paused to preserve flexibility while the business completed its investment and restructuring program. At the June Investor Day, the Company set out seven requirements before dividend reinstatement would be considered. Six have now been completed, with Phase II of the debt restructuring the final milestone.

The Company aims to declare an FY26 full-year dividend in the coming months once this work is delivered. Thereafter, the intention is to resume the established March and September payment cycle under the policy of distributing 50% of net profit after tax, subject to sustainable free cash flow, leverage milestones, and debt facility requirements.

Positioned for FY27

The underlying fundamentals of Alfabs remain strong. Mining continues to underpin Group earnings, supported by high fleet utilisation, a full year of production from the Malabar contract, and a 14% increase in the average daily hire rate to $79.1 thousand. The Shell Program has moved from a capital investment phase into commissioning, hire and asset sales, and was fully funded from operating cash flow in the fourth quarter.

Engineering operated through a softer infrastructure market while preserving the capability, customer relationships and strategic positioning needed to participate when activity improves. The division achieved the highest level of Queensland Government steel fabrication registration and continues to develop its tender pipeline across government infrastructure.

The Board's priorities for FY27 are clear: complete the debt restructuring, restart the dividend, deliver growth from the Mining fleet, rebuild the Engineering forward order book and increase sustainable free cash flow. With the business now operating from a more disciplined cost and capital base, Alfabs is better positioned to convert its operational capability and tangible asset base into enduring shareholder value.

On behalf of the Board, I thank our employees for their commitment through a demanding year, our customers and partners for their continued support, and our shareholders for their patience and confidence as we reset the business for its next phase.

William P.R. Wavish
Chair

14%

Increase in the average daily hire rate

"With the business now operating from a more disciplined cost and capital base, Alfabs is better positioned to convert its operational capability and tangible asset base into enduring shareholder value."

Refocusing capital priorities to deliver long-term sustainable distributions

$105.7m
Revenue increase 11%

$22.6m
Underlying EBITDA

Dear Shareholder,

FY26 was a turnaround year for Alfabs. We took difficult but necessary action, resulting in a step change in fourth-quarter cash generation and entered FY27 with a leaner operating model, growth assets moving onto hire and a clear plan to deliver.

Revenue increased 11% to $105.7 million. Underlying EBITDA was $22.6 million and free cash flow was $5.7 million, unchanged from FY25 despite the lower earnings result. The most important financial indicator was the improvement through the second half, culminating in $4.1 million of free cash flow in the fourth quarter. That momentum has continued into the first quarter of FY27.

We began a detailed business review in January after recognising that earnings were not converting into cash at the level the business should deliver. The review led to a reset of the Workshop and Corporate cost base, tighter working capital management and a more disciplined approach to capital. We reduced total headcount by approximately 15%, including a significant resizing of the Mining workshop workforce, and consolidated Wollongong activity into Kurri Kurri. These were difficult decisions, handled with a focus on protecting the core capability needed to serve customers and support future growth.

We were also very pleased to welcome Peter White to Alfabs as Chief Financial Officer in January 2026, followed by his appointment to the Board as Finance Director in May. Peter has already made a significant contribution to the business, bringing deep financial, commercial and operation experience developed over more than 25 years across the mining, engineering and professional services sectors. His leadership has strengthened our financial governance, performance management and strategic capabilities, while bringing valuable discipline and insight around capital allocation and growth strategy.

Safety comes first

Our strongest operational achievement was the improvement in safety. We finished the year with 230 consecutive days without a lost-time injury, while recordable injuries fell 62% during the second half. This result belongs to our people. It reflects stronger discipline in the way work is planned, supervised and completed, and it is the standard we must continue to build on.

Mining: investment converting to earnings

Mining remained the foundation of Group earnings, delivering FY26 EBITDA of $23.9 million, up 2% on FY25. Average daily hire rates increased 14% to $79.1 thousand, supported by a full year of Malabar production, high utilisation and the progressive deployment of assets from the Shell Program.

The Shell Program is now largely complete and has moved from construction into commercial deployment. Continuous Miner CM04 commenced a 12-month hire from August 2026, the first AX-10 loader has been on a 12-month hire since July, and two Driftrunners are already on hire. A further two Driftrunners are near completion and forward sold. This conversion of capital into hired or sold assets is central to the next phase of earnings growth and cash generation.

We also redeployed assets following the Dartbrook administration, limiting disruption and preserving their earnings potential. In FY27, we expect Mining average daily hire rates to increase by a further 5% to 10% as additional completed assets are deployed.

Engineering: preserving capability through the cycle

Engineering EBITDA was $5.5 million, down 15% from a record FY25 as infrastructure activity softened and no material contract awards were secured during the year. We responded by lowering headcount, simplifying the operating model and using smaller fabrication projects, and onsite maintenance work to support utilisation.

While near-term conditions remain subdued, we have protected the relationships and technical capability needed for recovery. St Mary's Train Station reached approximately 95% completion at year end, the division achieved the highest level of Queensland Government registration for steel fabrication supply, and the tender pipeline continues to develop across government infrastructure. Our focus in FY27 is to grow the forward order book without compromising pricing discipline or risk management.

Managing the business to cash

The operating reset is changing the way we manage Alfabs. Free cash flow has become a core measure in day-to-day decision-making, alongside safety, customer delivery, and earnings. Growth capital expenditure under the Shell Program was fully funded from operating cash flow by the fourth quarter, and net debt reduced during the second half to $36.6 million. Leverage of 1.7 times underlying EBITDA finished within our target range.

> *"Alfabs enters FY27 as a leaner and more focused company. We have strong Mining fundamentals, hard-to-replicate workshop and engineering capability, a significant tangible asset base and a team with deep operational experience."*

Phase I of the finance facility restructure has been completed. Phase II is progressing and is intended to better align funding with the long-life nature of our assets, improve flexibility, and support the capital allocation framework. Completion is also the final requirement before the Board considers reinstating the dividend.

Our priorities for FY27

Execution is our priority for FY27. We will complete deployment of the remaining Shell Program assets, deliver the benefits of the Workshop and Corporate restructures, grow Mining through fleet deployment and selective opportunities, rebuild the Engineering order book, complete the debt restructuring and increase sustainable free cash flow.

We will remain disciplined. During the year, we ceased pursuing the potential acquisition announced in February because agreeable commercial terms could not be reached. We will continue to assess organic investment and acquisitions, but only where returns exceed our hurdle rates and the opportunity strengthens the business for shareholders.

Alfabs enters FY27 as a leaner and more focused company. We have strong Mining fundamentals, hard-to-replicate workshop and engineering capability, a significant tangible asset base and a team with deep operational experience. The fourth-quarter result showed what the business can deliver when execution, cash management and capital discipline are aligned. Our job now is to make that performance sustainable.

Thank you to our people for their resilience and commitment, to our customers for their trust, and to our shareholders for their continued support.

Matthew Torrance
Managing Director and
Chief Executive Officer

Our Mining division continues to build momentum

The Mining Division remained the driver of earnings for the Group during FY26. The Malabar fleet operated at high utilisation, while assets returned following the Dartbrook administration were progressively redeployed.

The year also marked an important transition in the Shell Program, as capital invested in fleet builds began converting into commissioned, hired or sold assets.

Q4 FY26 was the first quarter in which Shell Program growth capital expenditure was funded entirely from operating cash flow, which positively impacted our financial performance.

Malabar

The contract completed its first full year at full run-rate, supporting recurring hire income and high fleet utilisation.

Shell Program

The program advanced one Continuous Miner (CM04), two AX-10 loaders and six Driftrunners. Each sequential rebuild has been completed at a lower cost than the last, with returns improving across the series. The 2026 program is tapering, with the remainder completing in the first half of FY27. At 30 June 2026, the average daily hire rate increased to ~$79.1 thousand, up 14% on 2025.

Workshop footprint

Mining workshop consolidation into the fully owned Kurri Kurri facility was completed. The Mining workshop workforce was reduced by ~60% and Group headcount by ~15%. A smaller service presence in Wollongong is being retained, preserving optionality for a 3x–5x increase in workshop hours without significant capital investment.

Bat bags

The bat bags product line performed strongly during the year, partly offsetting weaker conditions elsewhere in the market.

OPERATIONAL CASE STUDY

Shell Program

Converting workshop capability into cash-generating assets

The Shell Program acquires or identifies equipment requiring refurbishment and rebuilds it through our workshop network.

The model can deliver a lower capital cost than purchasing new equipment, provided deployment is demand-led and the completed asset clears the Group's return thresholds.

	Build position at 30 June 2026	Commercial Position
Continuous Miner CM04	100% Complete	12-month hire from August 2026
AX-10 #1	100% Complete	12-month hire from July 2026
AX-10 #2	35% Complete	Under construction
Driftrunners MB01/MB02	100% Complete	On hire
Driftrunners MB04/MB06	Near complete	Forward sold
Driftrunners MB03/MB05	MB03 75% Complete; MB05 85% Complete	Under construction

Why the program matters

- It converts existing workshop capability into a differentiated asset-development platform.
- It can expand the hire fleet at a lower capital cost than purchasing new equipment.
- It creates value when projects are demand-led, completed to scope and deployed or sold at acceptable returns.
- The FY26 outcomes provide tangible evidence for the capital-allocation framework, rather than leaving the framework as a policy statement.

Our Engineering division maintains core capability to capture future demand

Engineering traded through a subdued infrastructure market in FY26 following a record result in FY25.

Slower contract awards across NSW government infrastructure reduced contracted work in hand to $11.6 million at 30 June 2026.

Management responded by redeploying crews, reducing hours and lowering the fixed cost base while preserving the core capability, customer pre-qualifications and strategic relationships needed to participate when activity recovers.

Contracted work

The division's largest project during the year was the St Mary's Train Station Upgrade, an $8.2 million package of contract works which progressed to approximately 95% completion at 30 June 2026. Activity was also supported by smaller fabrication packages, including work supporting a mine expansion in the Hunter Valley, and by onsite maintenance works.

Project pipeline

The business continued to pursue government infrastructure and industrial opportunities while supporting utilisation through smaller fabrication projects and onsite maintenance work.

Alfabs' largest FY26 project

St Mary's Train Station Upgrade

95%

Approx completion

at 30 June 2026

$1.1m

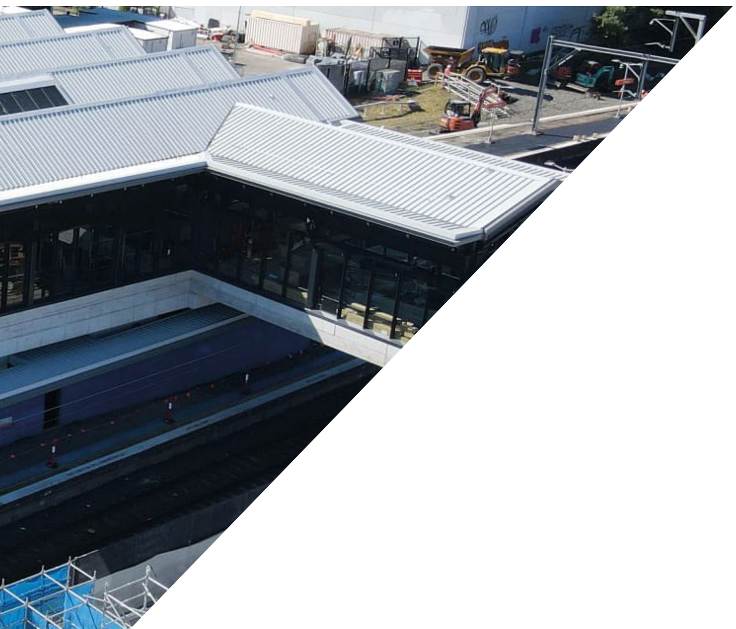
Asset Remediation project earnings

Asset remediation

A strong first full year for the asset remediation offering, including completion of its first major project, valued above $4 million, contributing $1.1 million of earnings.

Longer-term positioning

Queensland Government pre-qualified vendor (PQC) status has been maintained and our established relationship with Laing O'Rourke positions us well, with Unite 32 (a Laing O'Rourke–AECOM joint venture) appointed Delivery Partner for the Brisbane 2032 Games Venues Infrastructure Program. Tender pipeline visibility into FY27/FY28 has improved, with Tier 1 delivery partners securing significant volumes of forecast work.



Protective coatings

Protective coatings performed strongly during the year, partly offsetting weaker conditions in the market.

Delivering on strategic milestones to strengthen performance and enable shareholder return

Following the January 2026 executive changes and a review of the business, management reset its business priorities around cash generation, disciplined capital allocation and balance-sheet strength. The June Investor Day translated that reset into six priorities and a set of clear milestones against which progress can be measured.

Business Priorities

1

Strengthen and scale the core business, leveraging the Mining Equipment Hire division as the primary driver of underlying performance.

2

Accelerate free cash flow generation, targeting a 2x–3x improvement by FY28 through stronger earnings conversion and disciplined investment.

3

Maintain disciplined capital allocation, balancing investment in the existing business, growth opportunities, debt reduction and shareholder returns.

4

Optimise the balance sheet, reducing leverage and improving financial flexibility to support growth, selective M&A and the reinstatement of dividends.

5

Deliver a clear pathway to dividend reinstatement, subject to achieving defined free cash flow and leverage milestones.

6

Pursue multiple avenues for growth, including organic initiatives, bolt-on opportunities and selective M&A that meet defined strategic and financial criteria.

2x-3x

Improvement target in free cashflow by FY28

1

Strengthen and scale the core business

The underlying business fundamentals remain strong. Group revenue is broadly balanced between Mining and Engineering. For Mining, average daily hire rates improved through the second half and utilisation across the owned fleet remained above 80%, with further assets still to deploy. Engineering activity softened as infrastructure awards slowed, but the division enters FY27 with a lower fixed cost base and established capability positioned for a market recovery.

Reporting and management lines were also simplified by consolidating the operating businesses under the Mining and Engineering divisions. Each division is led by a General Manager who reports directly to the CEO.

2

Accelerate free cash flow generation

Alfabs is targeting a 2x–3x improvement in free cash flow by FY28, shifting the financial focus of the business from earnings growth to cash generation and preservation.

An $8 million pre-tax Cash Improvement Plan for FY27 comprises around $5 million from reduced workshop capacity and around $3 million of annualised corporate cost-out. Shell Program growth capital expenditure is now funded entirely from operating cash flow.

3

Maintain disciplined capital allocation

A capital allocation framework is now in place, with a minimum internal rate of return (IRR) hurdle of more than 15% applied to discretionary growth capital, alongside NPV, payback and ROCE thresholds. Investment is prioritised where hurdle rates are exceeded and debt remains within target limits, followed by balance-sheet strength and sustainable shareholder distributions.

In practice, the framework is evident in the demand-led deployment of Shell Program assets, the workshop consolidation and the decision to keep the potential acquisition announced in February 2026 on hold until acceptable commercial terms are agreed.

Delivering on strategic milestones to strengthen performance and enable shareholder returns (continued)

4

Optimise the balance sheet

Phase 1 of the balance sheet optimisation program is complete, with the NAB Malabar loan refinanced. The facility tenor has increased from 3.0 to 4.5 years, reduced amortisation will release approximately $3 million in annual cash flow, and amended covenants provide greater headroom and flexibility. Phase 2 is underway, with a broader facility restructure targeted for completion in H1 FY27. Securing more favourable terms and greater flexibility is expected to improve cash flow, reduce refinancing risk and strengthen the Group's capacity to reduce leverage, invest in growth and progress towards dividend reinstatement. Net debt reduced to $36.6 million at 30 June 2026, reflecting the improvement in free cash flow generation through the second half. This represented underlying leverage of approximately 1.7x EBITDA, within the Group's target range of below 2.0x before distributions are considered.

5

Deliver a clear pathway to dividend reinstatement

Alfabs has reconfirmed its dividend policy of returning 50% of net profit after tax, with any distribution remaining conditional on sustainable free cash flow, achievement of the Group's leverage milestones and the structure of its debt facilities. A clear pathway to reinstatement was set out at the June Investor Day. The Board will determine any distribution only once these conditions are satisfied. Progress against the milestones is set out below.

Milestone	Target Timing	Current Status
Cash buffer established	Completed	Complete
Phase 1 debt facility restructure	Completed	Complete
Cost savings and workshop plan	Completed	Complete
Workshop resizing	Completed	Complete
2026 Shell Program finished	H1 FY27	Complete
Sustained free cash flow	H1 FY27	Complete
Net debt below 2x EBITDA	H2 FY27	Complete
Phase 2 debt facility restructure	H1 FY27	On track

6

Pursue multiple avenues for growth

Alfabs continues to evaluate organic growth, bolt-on acquisitions and selective strategic M&A. Growth capital will be deployed only where expected returns exceed the Group's hurdle rates after financing costs, integration risk and the opportunity cost of capital.

- **Organic:** Demand-led fleet expansion through the Shell Program, asset utilisation across significant installed workshop capacity, geographic expansion into the Queensland coal basins, and a broadened Engineering offer beyond infrastructure.
- **Bolt-on acquisitions:** Targeted acquisitions of complementary service providers, with consolidation opportunities across a fragmented underground coal services market.
- **Strategic M&A:** Larger transformational opportunities will be considered as the balance sheet recovers, within the discipline of the capital framework.

The acquisition process announced in February 2026 remains on hold pending agreement of commercial terms. Alfabs will proceed only where a transaction meets the Group's return thresholds and broader value-creation objectives.

Fostering a safe, skilled, and community-focused workforce to drive responsible growth

Our People

Our people operate in environments where safety, quality and operational discipline are essential. Keeping our people safe is our most important responsibility, and the ongoing safety and development of our workforce is central to creating a high-performance workplace.

Everyone home safe, every shift

Safety performance improved significantly over the last twelve months. Alfabs is certified to ISO 45001, and our Zero Harm commitment underpins everything from employee training to the adoption of new safety technologies. We will continue to focus on leading indicators, employee engagement and consistent application of safety systems. During FY26, we recorded 230 consecutive days without a lost-time injury and delivered a significant improvement in second-half safety performance, with recordable injuries declining 62% compared with the first half.

Training and development

We continue to invest in trade capability, apprenticeships and role-based training. This supports succession, reinforces technical standards and helps maintain the specialist skills required across equipment hire, maintenance, fabrication, installation and protective coatings. Our workshop capabilities also provide a platform to support the next phase of disciplined growth.

Inclusion and diversity

Alfabs values a workforce that brings different experiences and perspectives to the business. The Group remains committed to equal opportunity, respectful workplaces and measurable diversity objectives appropriate to its operations.

Pleasingly we have been able to maintain consistent female representation within the workforce, with current representation sitting at 8% (2025: 8%). The following objectives, designed to achieve gender diversity, have been set:

- Board – to maintain female representation among non-executive directors of at least 30%.
- Senior Leadership – to maintain female representation of at least 25% (excluding executive directors).
- Workforce – to maintain existing levels of female representation within the business.

Community

As a business deeply connected to regional Australia, we support the communities that support us, focused on partnerships with real, measurable impact.

Clontarf Foundation

Alfabs continued its support for the Clontarf Foundation, a national charity backing young Aboriginal and Torres Strait Islander men to finish Year 12 and step into skilled trades, creating the pipeline of apprentices, fitters and welders our industry runs on. This year our merchandise budget was donated directly to the Foundation as a practical contribution to a future skills pipeline.

Westpac Rescue Helicopter

This year marked 25 years of partnership with the Westpac Rescue Helicopter Service, which provides emergency aeromedical care across regional NSW. We have contributed more than $656,000 since 2001, including over $100,000 given by our people through workplace giving, alongside company donations of $556,000.

25yrs

of partnership with the Westpac Rescue Helicopter Service

Advancing our ESG framework through disciplined governance and practical sustainability

Alfabs is developing a structured approach to environmental, social and governance risks, opportunities and disclosure obligations.

As a listed company, we will continue to assess evolving climate-related and sustainability disclosure requirements, and evaluate practical solutions that may improve environmental performance or address industry challenges.

Environmental management

Alfabs is certified to ISO 14001 for Environmental Management Systems and ISO 45001 for OH&S Management Systems, and we require our workers and contractors to comply with these policies. The framework supports compliance, incident prevention, resource management and continuous improvement across workshops and project sites.

Mine-water initiative

During FY26, Alfabs began exploring a potential initiative with the University of Queensland relating to the treatment of mine water, one of the industry's most persistent challenges. The work is at an early stage and we expect to report further progress in future updates.

Governance and stewardship

The FY26 strategy reset increased the emphasis on capital governance, risk-adjusted investment decisions, leverage and cash conversion. The appointment of Glen Robinson as an independent non-executive director and member of the Audit & Risk Committee in June 2026 adds substantial mining, project governance and capital-allocation experience.

Clear FY27 execution plan paving the path toward sustainable dividend returns

The FY27 program is focused on execution. The Group's strategic growth plan includes tangible milestones on an achievable timeline that provides a pathway to dividend reinstatement.

Deploy the remaining Shell Program assets

Finish the FY26 build program during H1 FY27 and convert completed assets into hire contracts or sale outcomes.

Maintain free cash flow momentum

Build on the positive Q4 FY26 result and improve EBITDA-to-cash conversion in line with the 2x-3x FY28 ambition.

Realise restructuring benefits

Capture the targeted annualised cash improvement of ~$8 million from workshop consolidation and debt restructuring while maintaining service delivery standards and volume.

Strengthen the balance sheet

Progress refinancing and reduce net debt towards the 1.5x-2.0x EBITDA target range.

Maintain capital discipline

Apply the return framework to project capex, bolt-ons and M&A, with a benchmark IRR target above 15%.

Preserve Engineering earnings

Navigate a volatile market, increase fabrication utilisation and ensure relationships are developed for new projects.

The Board has reconfirmed its dividend policy of distributing 50% of net profit after tax, subject to sustainable free cash flow, leverage milestones and the terms of the Group's debt facilities. We intend to report progress through regular operating and strategic updates, using the Investor Day milestones as the consistent framework.

Board & Senior Leadership Management

William P.R. Wavish
Chairman

Matthew Torrance
Chief Executive Officer

Peter White
Chief Financial Officer

Aimee Travis
Non-Executive Director

Glen Robinson
Non-Executive Director
(appointed 18 June 2026)




Left to Right: **Clayton Freeman** Group Financial Controller & Company Secretary; **Kirby Fenwick** Manager HR Coordinator; **Henry Thompson** General Manager (Engineering); **Tim Hilleard** General Manager (Mining).

Directors' Report

30 June 2026

The Directors present their report, together with the financial statements, comprising Alfabs Australia Limited (referred to hereafter as the 'Company' or 'parent entity') and its subsidiaries (together referred to hereafter as the 'Group') for the year ended 30 June 2026.

Directors

The following persons were Directors of Alfabs Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

William Wavish	Non-Executive Chairman
Matthew Torrance	Managing Director and Chief Executive Officer
Peter White	Finance Director and Chief Financial Officer (appointed a Director on 5 May 2026)
Aimee Travis	Non-Executive Director
Glen Robinson	Non-Executive Director (appointed 18 June 2026)
Robert Neale	Non-Executive Deputy Chairman (resigned 14 July 2025)
Mark Harrison	Finance Director and Chief Financial Officer (resigned 3 December 2025)

Principal activities

During the financial year the principal continuing activities of the Group consisted of Mining and Engineering related services.

The Mining division primarily sells to national and internationally owned black coal mines in Australia:

- Equipment hire: Providing equipment hire to operators in the underground black coal mining industry in Australia;
- Mining consumables: Supplying mining consumables and spare parts to mining operators; and
- Workshop capability: Providing repair, maintenance, overhaul and construction of underground mining equipment.

The Engineering division primarily sells to Tier 1 and Tier 2 contractors for public and private infrastructure projects:

- Engineering Fabrication: Fabrication of heavy structural steel for public and private infrastructure projects in Australia; and
- Engineering Services: Site based installation and pre-assembly works supporting the fabrication business unit.

Other ancillary activities include:

- Protective Coatings: Provides abrasive blasting and protective coatings for clients and internal projects;
- Logistics: Australia wide transport and logistics services; and
- Labour Hire: Provision of personnel for engineering and site-based maintenance and upgrade projects.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2026 $	2025 $
Final dividend for the year ended 30 June 2025 of 1.7 cents per ordinary share	4,871,996	–
Interim dividend for the year ended 30 June 2025 of 1.5 cents per ordinary share	–	4,298,820
	4,871,996	**4,298,820**

In February 2026 the Board temporarily suspended dividend payments to preserve capital for investment in the business.

Directors' Report continued

Operating and Financial Review

Safety remains a key operational priority with the Group recording 230 consecutive days without a lost time injury (LTI).

The Mining division continued to provide a strong and recurring earnings base during the year, supported by high equipment utilisation rates. The Group continued its investment in the mining hire fleet during FY2026 via the Shell Program, delivering multiple driftrunners, the first AX-10 and significantly progressing continuous miner CM04 (completed Q1 FY2027).

Following completion of the Malabar equipment delivery the Group announced a consolidation of its Mining workshop operations into the Group-owned Kurri Kurri facility, with a service presence retained in Wollongong and Mackay. This consolidation is expected to better align the Group's cost base with current demand while preserving capacity for internal equipment rebuilds and maintenance, major projects and future growth opportunities.

The Engineering division operated in a softer infrastructure market, with the near-term project pipeline affected by the timing of major infrastructure awards. In response, the division adjusted its operating model including the removal of the afternoon shift and reductions to support costs while maintaining fabrication and installation capability, customer pre-qualifications and capacity to respond to improved market conditions.

The Mining division is expected to remain the Group's dominant source of recurring earnings and cash generation, supported by its established hire fleet. Conditions in the Engineering infrastructure market are expected to remain subdued through FY2027 with recovery weighted towards FY2028.

The Group's financial focus during FY2026 shifted towards improving free cash flow conversion and strengthening the balance sheet. As part of this initiative management implemented a cash improvement plan targeting approximately $8m of annualised pre-tax cash flow benefits in FY2027.

The Group also progressed the restructuring of its debt facilities during the year to increase facility tenure, improve covenant headroom and provide greater financial flexibility. Capital allocation will remain focused on optimising balance sheet strength and investing in opportunities that meet the Group's financial and strategic return thresholds.

The profit for the Group after providing for income tax amounted to $1,631,360 (30 June 2025: $12,170,448).

Underlying EBITDA of $22,627,341 was lower by 19%.

Reconciliation of profit before income tax to EBIT, EBITDA and Underlying EBITDA (unaudited):

	2026 $	2025 $
Profit before tax	2,367,297	17,685,577
Interest revenue	(89)	(164,972)
Finance costs	3,200,440	916,412
EBIT	5,567,648	18,437,017
Depreciation and amortisation	11,943,611	9,139,662
EBITDA	17,511,259	27,576,679
Impact of Dartbrook Administration*	2,905,384	–
Working capital adjustments**	1,714,942	415,286
Mining restructure***	495,756	–
Underlying EBITDA	22,627,341	27,991,965

* Impact of lost revenue and additional expenses associated with Dartbrook Administration.

** Includes impairment of property, plant and equipment ($1,348,041), credit losses and bad debts ($300,057) (2025: $415,286) and other work-in-progress related write downs ($66,844).

*** Relates to redundancies and site closure costs for Wollongong branch.

EBIT, EBITDA and Underlying EBITDA are non-AASB earnings measures which do not have any standardised meaning prescribed by AASB and therefore may not be comparable to EBIT, EBITDA and Underlying EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the Group's performance.

Directors' Report continued

Significant changes in the state of affairs

The Group commenced the consolidation of Mining workshops into the Group-owned Kurri Kurri facility with a service presence retained in Wollongong and Mackay to better align the Group's cost base with current demand while preserving capacity for internal equipment rebuilds and maintenance, major projects, and future growth opportunities.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 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.

Likely developments and expected results of operations

Alfabs expects its near-term performance to be underpinned by continued growth and cash generation from the Mining division, including the deployment of mining assets currently under construction, while Engineering is expected to experience softer infrastructure market conditions through FY2027 before a recovery weighted toward FY2028. The Group is progressing initiatives aimed at improving free cash flow, including workshop rationalisation and overhead reductions, while maintaining a disciplined approach to capital allocation and balance sheet management. Growth opportunities include selective fleet expansion, improved asset utilisation, geographic expansion into Queensland coal regions, broader engineering capabilities and targeted acquisitions, with investment subject to defined return hurdles.

Material business risks

The Company recognises that effective risk management is integral to achieving its strategic objectives and protecting shareholder value. The Company maintains a Risk Management Framework approved by the Board, which establishes the processes for identifying, assessing, monitoring and managing material financial and non-financial risks across the Group. Management is responsible for implementing appropriate risk controls and mitigation strategies and for regularly reporting material risks, emerging risks and the effectiveness of controls to the Audit and Risk Committee. The Audit and Risk Committee is responsible for assisting the Board by overseeing the operation and effectiveness of the Risk Management Framework. While the Company seeks to manage its risk exposures within approved risk tolerances, it recognises that risks cannot be eliminated entirely and that the occurrence of one or more material risks may adversely affect the Company's operations, financial performance, financial position and prospects.

Competition	The markets in which the Group operates are competitive and there can be no assurances that the competitive environment will not change adversely due to actions of government regulations, competitors or changes in customer preferences. The Group's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Group is unable to counter these actions.
Reliance on key personnel	The Group relies on the experience and knowledge of its management team. The Group is also dependent on its ability to recruit and retain suitably qualified personnel. In the event that such key personnel left the Group and it was unable to recruit suitable replacements, such loss could have a materially adverse effect on the Group.
Business Continuity	The Group relies on the continuity of operations to maintain profitability. Disruption to fabrication, manufacturing, site services or other critical business operations could impact customer delivery leading to a reduction in earnings.
Labour and labour shortages	The Group's businesses require the availability of skilled and qualified labour. The inability to attract and retain skilled and experienced workers in sufficient numbers could materially adversely affect the Group's earnings, profitability and growth.

Directors' Report continued

Reliance on key supply relationships and supply chain	The Group relies on various key customer and supplier relationships in certain parts of its business. The loss or impairment of any of these relationships could have a material adverse effect on the Group's results and operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements. The Group can be susceptible to volatility in the domestic and global supply chain. This can include product delivery delays or unavailability, together with material price impacts (including foreign exchange risk).
Equipment hire fleet and product selection	An important element of the business is an ability to assess and identify hire equipment and products that appeal to the Group's target markets or reflect emerging trends, innovations and requirements of the market (such as technological advancements). Any misjudgements in costs, demand, operator or hirer requirements or changes in customer preferences could result in reduced business revenue, increased costs and/or lower gross margins. In addition, problems with existing or future fleet or products could have a material adverse impact on the Group's financial performance.
Downturn in resources or infrastructure industry	If there is: • a loss of contracts or service supply with the Group's clients, including the Malabar Contract; • an insolvency event or similar in respect of one or more of these clients; • a reduction in the level of spending on private or public infrastructure projects; • a downturn in the resources industry; or • a decrease in demand for the Group's products or services, it could have a significant negative effect on the Group's business, financial position and prospects.
Occupational health, safety and environment	The Group's operations involve the servicing and manufacturing of underground mining equipment the fabrication and site related installation, shutdown and maintenance activities, industrial blasting and painting and heavy transport and logistics. The Group has a strong commitment to providing and maintain safe places of work and compliance with environmental regulation. Changes in legislation, regulation and market best practice may result in increased costs, significant liabilities and the suspension of operations. Industrial accidents and incidents may occur. Such accidents, particularly where a fatality or serious injury occurs, or a series of such accidents occurs, may have operational and financial implications for the Group which may negatively impact on the financial performance and growth prospects.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Directors' Report continued

Information on Directors

Name:	**William Wavish** (since 29 May 2024)
Title:	Non-Executive Chairman
Qualifications:	CA(ANZ), ACMANZ, ACIS, ANZIM (all retired)
Experience and expertise:	Bill was CFO and Finance Director at Woolworths. Under his leadership, Woolworths quintupled its profits, positioning the company among the top 10 of Fortune 500 companies worldwide for return on investment. With notable roles at Myer, and Campbells Soup Asia as well, he brings extensive experience and expertise to Alfabs. As Executive Chairman of Myer, he successfully led a profitable three-year turnaround, resulting in significant financial gains. From his roles as the Chief Operations Manager at Industrial Equity Ltd to the CEO and Managing Director at Chase Corporation, Bill has consistently delivered exceptional financial results and successfully managed complex operations. Bill has made a significant impact in indigenous support through his role as the Founder and Patron of the National Indigenous Culinary Institute (NICI) and his involvement with the Clontarf Foundation.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Chairman of the Company Chair of the Nomination Committee Member of the Audit and Risk Committee Member of the Remuneration Committee
Interests in shares:	10,000,000
Interests in options:	4,500,000

Name:	**Matthew Torrance** (since 24 January 2024)
Title:	Managing Director and Chief Executive Officer
Qualifications:	None
Experience and expertise:	Matt's career journey is marked by a series of significant milestones and achievements with over 30 years of experience as he continues the Torrance family legacy. Beginning his career as an apprentice boilermaker at Alfabs in the 80's, Matt quickly progressed to roles such as Workshop Supervisor, Estimator, and Workshop & Site Manager. His leadership skills and expertise led him to the position of GM in 2000. In 2010, Matt assumed the role of CEO. Throughout his career, Matt pioneered the establishment of Alfabs' Mining and Protective Coatings divisions and the acquisition in 2015 of Minepro (NSW) Pty Ltd and LFP Mining in 2020.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Managing Director and Chief Executive Officer Member of the Remuneration Committee
Interests in shares:	4,345,660
Interests in options:	4,100,000

Directors' Report continued

Name:	**Peter White** (appointed 5 May 2026)
Title:	Finance Director and Chief Financial Officer
Qualifications:	BCom, CA
Experience and expertise:	Peter is a highly experienced finance executive with over 25 years of global experience across the mining, engineering and professional services sectors. Prior to joining Alfabs, he held a number of senior leadership roles at Anglo American, including Vice President of Finance – Group Projects & Development and Chief Financial Officer of the Quellaveco Copper Project in Peru. During his career, Mr White has been responsible for large-scale capital project delivery, financial governance, performance management and business transformation across multiple jurisdictions. He has extensive experience working with boards, joint venture partners and executive teams to drive value creation and strategic outcomes.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Finance Director and Chief Financial Officer Member of the Nomination Committee
Interests in shares:	Nil
Interests in options:	3,000,000

Name:	**Aimee Travis** (since 24 January 2025)
Title:	Non-Executive Director
Qualifications:	LLB, BCom
Experience and expertise:	Aimee is a practicing commercial lawyer with over 20 years' experience in national and international roles. She has extensive experience in resource deals, finance, infrastructure and property transactions as well as advising a range of listed and unlisted clients in the mining, steel and manufacturing industries. Aimee holds a Bachelor of Laws and Bachelor of Commerce, has held company secretarial roles for listed and non-listed entities and is director of a number of local and international charities.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Chair of the Remuneration Committee Member of the Audit and Risk Committee Member of the Nomination Committee
Interests in shares:	1,484,000
Interests in options:	2,500,000

Directors' Report continued

Name:	**Glen Robinson** (appointed 18 June 2026)
Title:	Non-Executive Director
Qualifications:	BEng (Mining)
Experience and expertise:	Glen brings more than 40 years of experience across the mining, resources and project development sectors, having held senior executive leadership positions with Anglo American and Xstrata. Glen served as Executive Head of Projects for Anglo American Steelmaking Coal, where he was responsible for project governance, capital allocation and delivery of major mining developments across Australia and South Africa. Prior to Anglo American, Glen held a range of senior project, operational and executive leadership roles with Xstrata Coal globally, including General Manager Projects, Project Director and General Manager Technical and Business Development. His extensive experience spans project development, operational leadership, mergers and acquisitions, capital project governance, strategic sourcing and business growth.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Member of the Audit and Risk Management Committee
Interests in shares:	Nil
Interests in options:	Nil

Name:	**Robert Neale** (appointed 29 May 2024, resigned 14 July 2025)
Title:	Non-Executive Director
Qualifications:	B Science (First Class Honours in Geology & Mineralogy)
Experience and expertise:	Rob is an accomplished business leader with extensive experience as a director and executive in the resources sector. As the former MD and CEO of New Hope Corporation, he has a proven track record in operational and development roles. Rob served as Chairman of Nickel Industries Ltd (2018 – 2023) and has served as Chairman and Non-Executive Director for various organisations, inc. WestSide Corporation & Northern Energy Corporation as well as Director for Planet Gas and Bridgeport Energy. Rob was President of the Queensland Resources Council and Chairman of the Australian Coal Association Research Program.
Other current directorships:	None
Former directorships (last three years):	Non-Executive Chairman – Nickel Industries Ltd (16 April 2018 – 31 December 2023)
Special responsibilities:	N/A
Interests in shares:	N/A
Interests in options:	N/A

Directors' Report continued

Name:	**Mark Harrison** (appointed 24 January 2024, resigned 3 December 2025)
Title:	Finance Director and Chief Financial Officer
Qualifications:	BCom, CA
Experience and expertise:	Mark, a Chartered Accountant, possesses a versatile financial and commercial skillset gained through his experience within a prominent accounting firm and various private entities. Additionally, he has gained valuable experience in both commercial and operational roles within the heavy transport and logistics industry. Mark has previously served as a director on not-for-profit boards in the Newcastle region and Hunter Valley.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	N/A
Interests in shares:	N/A
Interests in options:	N/A

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Special responsibilities of Directors

The following changes occurred in the sub-committees from 1 July 2025 to the date of this report:

(1) Audit and Risk Committee:

Mark Harrison ceased as a member of the Committee on the date of his resignation on 3 December 2025.

Glen Robinson was appointed a member of the Committee on 18 June 2026.

Aimee Travis was Chair of the Committee until 1 July 2026, and Glen Robinson was appointed Chair thereafter.

(2) Nomination Committee:

Mark Harrison ceased as a member of the committee on the date of his resignation on 3 December 2025.

Robert Neale ceased as Chair and as a member of the Committee on the date of his resignation on 14 July 2025.

Bill Wavish was appointed Chair of the Committee on 1 July 2026.

Glen Robinson was appointed as a member of the Committee on 1 July 2026.

(3) Remuneration Committee:

Glen Robinson was appointed a member of the Committee on 1 July 2026.

Matthew Torrance ceased being a member of the Committee on 1 July 2026.

Directors' Report continued

Company secretary

Clayton Freeman (B Com) has over 17 years of experience as a Chartered Accountant. Clayton has responsibility for all financial operations, treasury and company secretarial roles of the Group.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Full Board		Nomination Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
William Wavish	12	12	2	2	2	2
Matthew Torrance	11	12	–	–	2	2
Peter White*	2	2	–	–	2	2
Aimee Travis	12	12	2	2	2	2
Glen Robinson*	1	1	–	–	–	–
Robert Neale**	–	–	–	–	–	–
Mark Harrison**	5	5	–	–	–	–

	Audit and Risk Committee	
	Attended	Held
William Wavish	4	4
Matthew Torrance	–	–
Peter White*	–	–
Aimee Travis	4	4
Glen Robinson*	1	1
Robert Neale**	–	–
Mark Harrison**	1	1

* Peter White and Glen Robinson were appointed Directors on 5 May 2026 and 18 June 2026, respectively.

** Robert Neale and Mark Harrison resigned on 14 July 2025 and 3 December 2025, respectively.

Directors' Report continued

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation;
- Additional information; and
- Additional disclosures relating to key management personnel.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to reinforce leadership accountability, operational ownership, strategic delivery and long-term sustainable decision making. The framework aligns executive reward with, among other things, Group performance, strategic execution, leadership contribution, governance performance and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and Executives. The remuneration philosophy is to attract, motivate and retain high-performance and high-quality personnel.

The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having safety and profitability as core components of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Directors' Report continued

Non-Executive Directors remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments will be reviewed annually by the Remuneration Committee. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The initial remuneration of incoming Non-Executive Directors is typically aligned with that of existing Non-Executive Directors.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined at a general meeting of the Company and this is currently set at $600,000 per annum.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term performance incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remuneration.

The long-term incentives ('LTI') include share-based payments. The Group has implemented employee share option plans (ESOP's) to assist in attracting, motivating and retaining management and employees. The Managing Director and the Finance Director hold 4,100,000 and 3,000,000 options, respectively, under the ESOP's. The options have exercise prices of 30 and 60 cents and are only subject to time-based service conditions.

At the Annual General Meeting held on 24 November 2025, shareholders approved the 2025 Employee Performance Rights Plan (2025 EPRP). Under the 2025 EPRP, eligible executives may be granted performance rights that entitle the holder to receive ordinary shares, subject to the satisfaction of specified performance conditions. The Managing Director currently holds 120,000 performance rights under the 2025 EPRP.

The performance rights are subject to a market-based performance condition based on the Company's relative Total Shareholder Return (TSR). Relative TSR is measured over a three-year performance period commencing on the grant date and is assessed against the TSR of companies comprising the ASX 200 Industrials Index. Vesting commences where the Company's TSR ranks at or above the 50th percentile of the peer group, with the proportion of performance rights that vest determined in accordance with the following vesting schedule:

TSR rank	Percentage of performance rights under the 2025 Plan that will vest
Below the 50th percentile	0%
Equal to the 50th percentile	50%
Between the 50th percentile and the 75th percentile	50% and 100% – straight line pro-rata vesting
Equal to, or exceeds, the 75th percentile	100%

STIP payments are directly tied to the delivery of business performance covering areas such as safety, profitability, cash flow, working capital management, achievement of strategic objectives and the effective delivery of critical tasks. Business performance is measured on an annual basis against pre-established targets agreed by the Board.

Directors' Report continued

Group performance and link to remuneration

Historically the Group has engaged executives under fixed remuneration arrangements, other than in respect of the Board having the right to approve special performance-based discretionary bonuses.

From July 2026 the Board has implemented a KMP remuneration framework which introduces a mix of fixed and performance-based remuneration to executives. In reference and in addition to base salary, executives are eligible for performance-based remuneration of:

- Cash bonus (STIP) of up to 50%; and
- Cash or Equities securities (LTIP) of up to 150%.

All performance-based remuneration paid to executives is subject to the Board's assessment and discretion.

Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last four years.

The Board retains the discretion to pay additional STIP cash bonuses.

Use of remuneration consultants

The Group did not engage remuneration consultants to prepare a formal remuneration report during the financial year ended 30 June 2026.

Voting and comments made at the Company's 24 November 2025 Annual General Meeting ('AGM')

At the 24 November 2025 AGM, 99.73% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2025. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of Alfabs Australia Limited:

Name	Position
William Wavish	Chairman
Matthew Torrance	Managing Director and Chief Executive Officer
Peter White	Finance Director and Chief Financial Officer (appointed Chief Financial Officer on 5 January 2026 and Finance Director on 5 May 2026)
Aimee Travis	Director
Glen Robinson	Director (from 18 June 2026)
Robert Neale	Director (resigned 14 July 2025)
Mark Harrison	Finance Director and Chief Financial Officer (resigned 3 December 2025 and is no longer considered key management personnel from this point)

Directors' Report continued

2026	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-cash and other(3) $	Post-employment benefits: Superannuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
William Wavish	267,857	–	–	32,143	–	48,714	348,714
Aimee Travis	133,929	–	–	16,071	–	24,723	174,723
Glen Robinson(1)	4,030	–	–	484	–	–	4,514
Robert Neale(2)	5,753	–	–	–	–	–	5,753
Executive Directors:							
Matthew Torrance	535,524	–	(787)	30,271	28,808	44,514	638,330
Peter White(1)	221,322	–	20,379	26,213	–	4,395	272,309
Mark Harrison(4)	165,739	50,000	22,488	19,834	13,028	12,817	283,906
	1,334,154	**50,000**	**42,080**	**125,016**	**41,836**	**135,163**	**1,728,249**

(1) Peter White was appointed Chief Financial Officer on 5 January 2026 and Finance Director on 5 May 2026. Glen Robinson was appointed on 18 June 2026.

(2) Robert Neale resigned on 14 July 2025.

(3) Non-cash and other short-term benefits include the value of any fringe benefits and the movement in the annual leave provision.

(4) Mark Harrison resigned as Finance Director and Chief Financial Officer on 3 December 2025. The cash bonus of $50,000 paid to Mark Harrison was a discretionary bonus paid in relation to FY2025.

2025	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-cash and other(2) $	Post-employment benefits: Superannuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
William Wavish	200,000	–	–	–	–	47,981	247,981
Robert Neale	150,000	–	–	–	–	(394)	149,606
Aimee Travis(1)	65,726	–	–	–	–	–	65,726
Executive Directors:							
Matthew Torrance	459,069	–	(26,073)	52,968	8,919	41,984	536,867
Mark Harrison	305,280	–	(2,396)	35,104	5,946	29,988	373,922
	1,180,075	**–**	**(28,469)**	**88,072**	**14,865**	**119,559**	**1,374,102**

(1) Aimee Travis was appointed on 24 January 2025.

(2) Non-cash and other short-term benefits include the value of any fringe benefits and the movement in the annual leave provision.

Directors' Report continued

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk – LTI	
Name	2026	2025	2026	2025	2026	2025
Non-Executive Directors:						
William Wavish	86%	81%	–	–	14%	19%
Aimee Travis	86%	100%	–	–	14%	–
Glen Robinson	100%	–	–	–	–	–
Robert Neale	100%	100%	–	–	–	–
Executive Directors:						
Matthew Torrance	93%	92%	–	–	7%	8%
Peter White	98%	–	–	–	2%	–
Mark Harrison	85%	92%	9%	–	6%	8%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	**Matthew Torrance**
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 July 2023
Term of agreement:	Ongoing
Details:	Fixed annual base salary of $500,000 plus the minimum superannuation contribution guarantee. Matthew is also entitled to a motor vehicle for business purposes and reasonable personal use and a mobile phone. Either the employer or the employee can terminate Matthew's employment by giving 12 months' written notice. The employer may make payment in lieu of notice. Matthew is also incentivised under the KMP Remuneration Framework with performance based STIP of up to 50% and LTIP of up to 150% of base salary. No STIP payments were made to key management personnel in relation to FY2026.

Name:	**Peter White**
Title:	Finance Director and Chief Financial Officer
Agreement commenced:	5 January 2026
Term of agreement:	Ongoing
Details:	Fixed annual base salary of $450,000 plus the minimum superannuation contribution guarantee. Peter is also entitled to a motor vehicle for business purposes and reasonable personal use, a laptop and a mobile phone. Either the employer or the employee can terminate Peter's employment by giving 12 months' written notice. The employer may make payment in lieu of notice. Peter was granted 3,000,000 share options under the Alfabs Australia Limited 2025 Employee Share Option Plan. Peter is also incentivised under the KMP Remuneration Framework with performance based STIP of up to 50% and LTIP of up to 150% of base salary. No STIP payments were made to key management personnel in relation to FY2026.

Directors' Report continued

Name:	Mark Harrison
Title:	Finance Director and Chief Financial Officer until 3 December 2025
Agreement commenced:	1 July 2023
Term of agreement:	Resigned as key management personnel 3 December 2025
Details:	Fixed annual base salary of $375,000 plus the minimum superannuation contribution guarantee. Mark is also entitled to a motor vehicle for business purposes and reasonable personal use, a laptop and a mobile phone. Either the employer or the employee can terminate Mark's employment by giving 12 months' written notice. The employer may make payment in lieu of notice. Mark remains an employee at reporting date.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2026.

Options

During the year ended 30 June 2024, as part of the arrangements leading up to the IPO of Alfabs Australia Limited, all KMP members (including the Non-Executive Directors) received an award of unlisted options, which were "out of the money" compared with the IPO price of 25 cents per share. During the year ended 30 June 2026, Matthew Torrance was issued a further 600,000 options, William Wavish and Aimee Travis were each issued a further 500,000 options and, following his appointment as Chief Financial Officer on 5 January 2026, Peter White was also granted 3,000,000 unlisted options. All options granted to KMP members are subject solely to continued service (time-based vesting) conditions and were "out of the money" at the date of issue. The vesting schedule for the options is set out in the table below.

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
William Wavish	4,000,000	24/06/2024	24/05/2027	24/05/2028	$0.30	$0.0350
William Wavish	500,000	25/02/2026	25/02/2029	25/02/2030	$0.60	$0.0170
Matthew Torrance	3,500,000	20/06/2024	20/05/2027	20/05/2028	$0.30	$0.0350
Matthew Torrance	600,000	25/02/2026	25/02/2029	25/02/2030	$0.60	$0.0170
Aimee Travis*	2,000,000	24/06/2024	24/05/2027	24/05/2028	$0.30	$0.0350
Aimee Travis	500,000	25/02/2026	25/02/2029	25/02/2030	$0.60	$0.0170
Mark Harrison**	2,500,000	20/06/2024	20/05/2027	20/05/2028	$0.30	$0.0350
Peter White	3,000,000	25/02/2026	25/02/2029	25/02/2030	$0.60	$0.0170

* Aimee Travis was appointed Non-Executive Director on 14 January 2025. The options listed above were issued to Travis Partners Law Pty Ltd, of which Aimee is a Director, under the Adviser Option Plan in their capacity as Legal Advisor.

** No longer key management personnel at the end of the financial year.

Directors' Report continued

The vesting schedule for options held by the top five remunerated officeholders who are not considered key management personnel is set out in the table below.

Number of	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Timothy Hilleard	1,000,000	25/02/2026	25/02/2029	25/02/2030	$0.60	$0.0170
Henry Thompson	1,000,000	20/06/2024	20/05/2027	20/05/2028	$0.30	$0.0350
Jason Torrance	750,000	20/06/2024	20/05/2027	20/05/2028	$0.30	$0.0350
Clayton Freeman	500,000	20/06/2024	20/05/2027	20/05/2028	$0.30	$0.0350
Clayton Freeman	500,000	25/02/2026	25/02/2029	25/02/2030	$0.60	$0.0170

Options granted carry no dividend or voting rights.

The following table summarises the number of options that lapsed during the financial year, in relation to options granted to key management personnel as part of their remuneration:

Name	Financial year in which the options were granted	No. of options lapsed during the current year
Robert Neale	2024	2,000,000

No KMP options vested or were exercised during the year ended 30 June 2026.

Performance rights

As described in the Executive Remuneration section above, the Company operates the 2025 Employee Performance Rights Plan under which eligible executives may be granted performance rights subject to market-based performance conditions. During the year, the Managing Director was granted 120,000 performance rights under the 2025 EPRP. The performance rights are subject to a three-year performance period commencing on the grant date and the relative TSR performance hurdle described above. Subject to satisfaction of the vesting conditions, each vested performance right entitles the holder to receive one fully paid ordinary share at no cost.

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per right at grant date
Matthew Torrance	120,000	25/02/2026	25/02/2029	25/02/2030	$0.00	$0.1600

Performance rights granted carry no dividend or voting rights.

There were no performance rights over ordinary shares vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2026.

Directors' Report continued

Additional information

The earnings of the Group for the four years to 30 June 2026 are summarised below:

	2026 $	2025 $	2024 $	2023 $
Sales revenue	105,710,892	95,498,020	96,447,672	84,422,246
EBITDA	17,511,259	27,576,679	18,546,963	14,293,665
EBIT	5,567,648	18,437,017	10,810,284	7,837,225
Profit after income tax	1,631,360	12,170,448	3,664,404	4,816,613

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026	2025	2024	2023
Share price at financial year end (cents)*	33.00	36.50	25.00	–
Basic earnings per share (cents per share)	0.57	4.25	2.15	2.98

* The Company's shares first traded on the ASX on 28 June 2024 after the successful completion of its IPO. Accordingly, no share price information has been provided prior to the 2024 financial year.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
William Wavish	10,000,000	–	1,000,000	(1,000,000)	10,000,000
Matthew Torrance*	4,267,000	–	80,000	–	4,347,000
Peter White	–	–	–	–	–
Aimee Travis	1,334,000	–	150,000	–	1,484,000
Glen Robinson	–	–	–	–	–
Robert Neale	2,000,000	–	–	(2,000,000)	–
Mark Harrison	1,530,000	–	–	(1,530,000)	–
	19,131,000	**–**	**1,230,000**	**(4,530,000)**	**15,831,000**

* Matthew Torrance sold 1,340 ordinary shares after reporting date.

Directors' Report continued

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
William Wavish	4,000,000	500,000	–	–	4,500,000
Matthew Torrance	3,500,000	600,000	–	–	4,100,000
Peter White	–	3,000,000	–	–	3,000,000
Aimee Travis	2,000,000	500,000	–	–	2,500,000
Glen Robinson	–	–	–	–	–
Robert Neale	2,000,000	–	–	(2,000,000)	–
Mark Harrison*	2,500,000	–	–	(2,500,000)	–
	14,000,000	**4,600,000**	**–**	**(4,500,000)**	**14,100,000**

* No longer key management personnel at the end of the financial year.

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
William Wavish	–	–	–	–	–
Matthew Torrance	–	120,000	–	–	120,000
Peter White	–	–	–	–	–
Aimee Travis	–	–	–	–	–
Glen Robinson	–	–	–	–	–
Robert Neale	–	–	–	–	–
Mark Harrison	–	–	–	–	–
	–	**120,000**	**–**	**–**	**120,000**

Directors' Report continued

Other transactions with key management personnel and their related parties

The following are transactions with key management personnel and their related entities:

- The Group leased premises from Mineway Pty Ltd as trustee for Mineway Trust, a discretionary trust of which Matthew Torrance (Managing Director and Chief Executive Officer of the Group) is in the class of eligible beneficiaries. The rental charged during the year of $123,478 (2025: $131,127) was based on market rates.
- The Group leased premises from Lomrew Nominees Pty Ltd as trustee for the Lomrew Unit Trust. The unitholders of the trust are: MWH Nominees No 2 Pty Ltd as trustee for MWH No 2 Trust, an entity controlled by Mark Harrison (former Finance Director of the Group) – 50%; and JAM Management No 2 Pty Ltd as trustee for JAM No 2 Trust, a discretionary trust of which Matthew Torrance (Managing Director and Chief Executive Officer of the Group) is in the class of eligible beneficiaries – 50%. The rental charged during the year of $76,384 (2025: $65,850) was based on market rates.
- Matthew Torrance acquired workshop related services from the Group during the year, at market rates, totalling $462 (2025: $3,657).
- Travis Partners Pty Ltd (Travis Partners Law) is a related entity of Aimee Travis (Non-Executive Director). During the 2026 financial year Travis Partners Law provided legal services to Alfabs to the value of $234,977 (2025: $24,349 from the date of Aimee's appointment) plus GST.

Aggregate amounts of each of the above types of other transactions with key management personnel of Alfabs Australia Limited:

	Consolidated	
	2026 $	2025 $
Amounts recognised as revenue		
Rendering of services and sale of goods	462	3,657
Amounts recognised as expenses		
Other expenses	234,977	24,349

Properties leased from key management personnel and their related entities are recognised as right-of-use assets in accordance with AASB 16, resulting in the capitalisation of lease assets and corresponding liabilities. The lease payments made during the year reduced the lease liability on the consolidated statement of financial position. These payments are not recognised as an expense in the consolidated statement of profit or loss. The total lease payments during the year amounted to $199,862 (2025: $196,977).

This concludes the remuneration report, which has been audited.

Directors' Report continued

Shares under option

Unissued ordinary shares of Alfabs Australia Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
20/06/2024	20/05/2028	$0.30	10,000,000
24/06/2024	24/05/2028	$0.30	4,000,000
24/06/2024	24/05/2028	$0.30	7,000,000
25/02/2026	25/02/2030	$0.60	6,600,000
			27,600,000

No options have lapsed since the date of the prior year report due to not meeting time-based service conditions.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of Alfabs Australia Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
25 February 2026	25 February 2030	$0.00	620,000
1 July 2026	1 July 2030	$0.00	400,000
			1,020,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Alfabs Australia Limited issued on the exercise of options during the year ended 30 June 2026 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of Alfabs Australia Limited issued on the exercise of performance rights during the year ended 30 June 2026 and up to the date of this report.

Indemnity and insurance of officers

The Group has indemnified the Directors and executives of the Group for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Report continued

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Group who are former partners of Pitcher Partners NH Partnership

There are no officers of the Group who are former partners of Pitcher Partners NH Partnership.

Rounding of amounts

In accordance with ASIC Corporations (*Rounding in Financial/Directors' Reports) Instrument 2026/183*, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Auditor

Pitcher Partners NH Partnership continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

William Wavish
Chair

Matthew Torrance
Managing Director and Chief Executive Officer

27 August 2026
Kurri Kurri

Auditor's Independence Declaration

PITCHER PARTNERS

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Maitland NSW 2320

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Auditor's independence declaration

To the Directors of Alfabs Australia Limited

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of Alfabs Australia Limited for the year ended 30 June 2026, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the audit.

Shaun Mahony - Partner

Pitcher Partners NH Partnership
Chartered Accountants

Dated: 27 August 2026
Newcastle West, NSW

Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Revenue	5	105,710,892	95,498,020
Other income	6	333,657	1,398,338
Interest revenue		89	164,972
Expenses			
Purchases of raw materials and consumables used and changes in inventories		(31,520,037)	(22,616,568)
Employee benefits expense		(37,575,677)	(33,060,912)
Depreciation and amortisation expense	7	(11,943,611)	(9,139,662)
Electricity and gas		(775,425)	(924,432)
Impairment losses on property, plant and equipment and inventory		(1,463,425)	–
Insurance		(3,095,314)	(2,958,415)
Provision for expected credit losses		(2,900,586)	(288,566)
Rent – property and equipment – short-term and low-value leases		(73,138)	(157,692)
Repairs and maintenance		(3,732,913)	(3,479,644)
Other expenses		(7,396,775)	(5,833,450)
Finance costs	7	(3,200,440)	(916,412)
Total expenses		(103,677,341)	(79,375,753)
Profit before income tax expense		**2,367,297**	**17,685,577**
Income tax expense	8	(735,937)	(5,515,129)
Profit after income tax expense for the year attributable to the owners of Alfabs Australia Limited		**1,631,360**	**12,170,448**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year attributable to the owners of Alfabs Australia Limited		**1,631,360**	**12,170,448**

	Note	Cents	Cents
Basic earnings per share	32	0.57	4.25
Diluted earnings per share	32	0.56	4.21

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 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Assets			
Current assets			
Cash and cash equivalents	9	13,557,311	8,183,480
Trade and other receivables	10	14,239,505	18,229,480
Contract assets	11	935,816	1,723,955
Inventories	12	10,434,723	10,169,753
Prepayments		577,441	695,632
Total current assets		39,744,796	39,002,300
Non-current assets			
Property, plant and equipment	13	93,154,569	84,302,217
Right-of-use assets	14	3,940,574	4,756,960
Intangibles		239,784	239,784
Deferred tax	8	4,020,138	3,512,417
Total non-current assets		101,355,065	92,811,378
Total assets		**141,099,861**	**131,813,678**
Liabilities			
Current liabilities			
Trade and other payables	15	10,480,260	14,589,064
Contract liabilities	16	3,634,014	3,301,106
Borrowings	17	9,850,941	9,633,783
Lease liabilities	18	531,399	806,640
Income tax	8	178,724	3,790,342
Employee benefits	19	2,504,922	2,695,638
Total current liabilities		27,180,260	34,816,573
Non-current liabilities			
Borrowings	17	40,279,006	19,369,092
Lease liabilities	18	4,044,039	4,586,517
Deferred tax	8	7,129,721	7,742,420
Employee benefits	19	434,567	432,234
Total non-current liabilities		51,887,333	32,130,263
Total liabilities		**79,067,593**	**66,946,836**
Net assets		**62,032,268**	**64,866,842**
Equity			
Issued capital	20	54,757,759	54,622,759
Reserves	21	(12,995,527)	(13,266,589)
Retained profits		20,270,036	23,510,672
Total equity		**62,032,268**	**64,866,842**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

Consolidated	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2024	54,622,759	(13,517,763)	15,639,044	56,744,040
Profit after income tax expense for the year	–	–	12,170,448	12,170,448
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	12,170,448	12,170,448
Transactions with owners in their capacity as owners:				
Share-based payments (note 33)	–	251,174	–	251,174
Dividends paid (note 22)	–	–	(4,298,820)	(4,298,820)
Balance at 30 June 2025	**54,622,759**	**(13,266,589)**	**23,510,672**	**64,866,842**

Consolidated	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2025	54,622,759	(13,266,589)	23,510,672	64,866,842
Profit after income tax expense for the year	–	–	1,631,360	1,631,360
Total comprehensive income for the year	–	–	1,631,360	1,631,360
Transactions with owners in their capacity as owners:				
Share-based payments (note 21 and note 33)	–	271,062	–	271,062
Shares issued under Employee Gift Plan (note 20)	135,000	–	–	135,000
Dividends paid (note 22)	–	–	(4,871,996)	(4,871,996)
Balance at 30 June 2026	**54,757,759**	**(12,995,527)**	**20,270,036**	**62,032,268**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	Consolidated 2026 $	2025 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		121,046,808	100,100,578
Payments to suppliers and employees (inclusive of GST)		(101,470,879)	(81,989,072)
Interest received		89	164,972
Interest and other finance costs paid		(3,200,440)	(916,412)
Income taxes paid		(5,467,975)	(6,729,662)
Net cash from operating activities	31	10,907,603	10,630,404
Cash flows from investing activities			
Payments for property, plant and equipment		(21,300,744)	(32,119,251)
Proceeds from disposal of property, plant and equipment		329,615	1,516,046
Net cash used in investing activities		(20,971,129)	(30,603,205)
Cash flows from financing activities			
Proceeds from bank loans	31	10,250,000	10,238,550
Proceeds from asset finance	31	20,648,272	23,832,740
Repayment of bank loans	31	(420,000)	(20,017,531)
Repayment of asset finance	31	(9,351,200)	(4,426,530)
Repayment of principal element of finance leases	31	(817,719)	(767,920)
Dividends paid		(4,871,996)	(4,298,820)
Net cash from financing activities		15,437,357	4,560,489
Net increase/(decrease) in cash and cash equivalents		5,373,831	(15,412,312)
Cash and cash equivalents at the beginning of the financial year		8,183,480	23,595,792
Cash and cash equivalents at the end of the financial year	9	**13,557,311**	**8,183,480**

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

Notes to the consolidated Financial Statements

30 June 2026

Note 1. General information

The financial statements cover Alfabs Australia Limited as a Group consisting of Alfabs Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Alfabs Australia Limited's functional and presentation currency.

Alfabs Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

152 Mitchell Avenue
Kurri Kurri
NSW 2327

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 August 2026. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

There were no new or amended Accounting Standards that became mandatory for the current reporting period that had a material impact on the Group's accounting policies or financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Comparatives

Comparative amounts have been reclassified where necessary to ensure consistency with the current year's presentation.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Notes to the consolidated Financial Statements continued

Principles of group combination or consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alfabs Australia Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Alfabs Australia Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 *Presentation and Disclosure in Financial Statements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 '*Presentation of Financial Statements*', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the consolidated statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the consolidated statement of profit or loss and other comprehensive income.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from contracts with customers involving sale of goods and services

Management uses judgement in selecting an appropriate measure of progress towards completing satisfaction of an obligation. The selected method considers the nature of the good or service that the Group has promised to transfer to the customer. Determining the stage of completion based on a percentage of costs to complete requires an estimate of expenses incurred to date as a percentage of total estimated costs. When a contract modification exists and the Group has an approved enforceable right to payment, revenue in relation to claims and variations is only included in the transaction price when the amount claimable becomes highly probable. Management uses judgement in determining whether an approved enforceable right exists. Determining the amount of variable consideration requires an estimate based on either the 'expected value' or the 'most likely amount'. The estimate of variable consideration is recognised to the extent it is highly probable to be received. Changes in these estimates or judgements could have a material impact on the financial statements of the Group.

Allowance for expected credit losses

The allowance for expected credit losses assessment for trade receivables and contract assets requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The useful life of property, plant and equipment, and lease assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the consolidated statement of profit or loss and other comprehensive income should they change. Refer to note 13 for further details of material changes in estimates relating to property, plant and equipment identified during the financial year (2025: no adjustment).

Notes to the consolidated Financial Statements continued

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments: Mining, Engineering and Other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The reportable segments of the business are as follows:

Segment	Description of segment
Mining	The manufacture, repair, overhaul servicing and hire of underground mining and ancillary equipment together with sales of mining related consumables and spare parts.
Engineering	Heavy steel fabrication, site installation works and site based maintenance.
Other	Represents head office (including shared corporate services) plus ancillary businesses including protective coatings and transport.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

For the year ended 30 June 2026, revenue from two individual external customers each exceeded 10% of the Group's total revenue. Revenue from these customers amounted to $17,543,401 and $14,090,663, respectively, and was recognised within the Engineering and Mining reportable segments.

For the year ended 30 June 2025, there was no customer who contributed more than 10% to the Group's revenue.

Notes to the consolidated Financial Statements continued

Operating segment information

Consolidated – 2026	Mining $	Engineering $	Other $	Eliminations $	Total $
Revenue					
Sales to external customers	49,728,417	52,715,126	2,894,696	–	105,338,239
Intersegment sales	–	34,281	5,992,745	(6,027,026)	–
Total sales revenue	49,728,417	52,749,407	8,887,441	(6,027,026)	105,338,239
Rental revenue	372,653	–	–	–	372,653
Interest revenue	–	–	89	–	89
Total revenue	**50,101,070**	**52,749,407**	**8,887,530**	**(6,027,026)**	**105,710,981**
EBITDA	18,786,146	5,540,869	(6,815,756)	–	17,511,259
Depreciation and amortisation	(10,651,165)	(675,993)	(616,453)	–	(11,943,611)
Interest revenue	–	–	89	–	89
Finance costs	(2,829,761)	(234,378)	(136,301)	–	(3,200,440)
Profit/(loss) before income tax expense	**5,305,220**	**4,630,498**	**(7,568,421)**	**–**	**2,367,297**
Income tax expense					(735,937)
Profit after income tax expense					**1,631,360**
Material items include:					
Impairment losses on property, plant and equipment	1,233,604	–	114,437	–	1,348,041
Impairment losses on inventory	115,384	–	–	–	115,384
Assets					
Segment assets	152,665,684	26,257,563	14,503,516	(87,363,819)	106,062,944
Unallocated assets:					
*Alfabs Australia Ltd (the parent entity)**					
Cash at bank					7,198,841
Receivables					26,365,897
Plant and equipment					200,383
Deferred tax asset					1,271,796
Total assets					**141,099,861**
Total assets includes:					
Acquisition of non-current assets	20,351,483	553,659	623,924	–	21,529,066
Liabilities					
Segment liabilities	108,604,792	14,909,525	10,257,579	(54,704,303)	79,067,593
Total liabilities					**79,067,593**

* The assets of Alfabs Australia Ltd (the parent entity) are considered to be not attributable to any operating segment of the Group and have been left unallocated.

Notes to the consolidated Financial Statements continued

Consolidated – 2025	Mining $	Engineering $	Other $	Eliminations $	Total $
Revenue					
Sales to external customers	44,759,224	46,246,639	3,945,166	–	94,951,029
Intersegment sales	64,783	71,092	5,405,546	(5,541,421)	–
Total sales revenue	44,824,007	46,317,731	9,350,712	(5,541,421)	94,951,029
Rental revenue	546,991	–	–	–	546,991
Interest revenue	29,635	25,092	110,245	–	164,972
Total revenue	**45,400,633**	**46,342,823**	**9,460,957**	**(5,541,421)**	**95,662,992**
EBITDA	23,499,553	6,489,468	(2,412,342)	–	27,576,679
Depreciation and amortisation	(7,434,851)	(583,013)	(1,121,798)	–	(9,139,662)
Interest revenue	29,635	25,092	110,245	–	164,972
Finance costs	(514,965)	(241,568)	(159,879)	–	(916,412)
Profit/(loss) before income tax expense	**15,579,372**	**5,689,979**	**(3,583,774)**	**–**	**17,685,577**
Income tax expense					(5,515,129)
Profit after income tax expense					**12,170,448**
Assets					
Segment assets	124,275,809	24,904,408	13,776,700	(55,848,737)	107,108,180
Unallocated assets:					
*Alfabs Australia Ltd (the parent entity)**					
Cash at bank					1,686,232
Receivables					22,907,920
Plant and equipment					111,346
Total assets					**131,813,678**
Total assets includes:					
Acquisition of non-current assets	30,537,593	428,212	278,752	–	31,244,557
Liabilities					
Segment liabilities	67,221,641	17,943,996	38,166,503	(56,385,304)	66,946,836
Total liabilities					**66,946,836**

* The assets of Alfabs Australia Ltd (the parent entity) are considered to be not attributable to any operating segment of the Group and have been left unallocated.

Notes to the consolidated Financial Statements continued

Note 5. Revenue

	Consolidated	
	2026 $	2025 $
Revenue from contracts with customers		
Rendering of services	65,071,466	62,040,782
Equipment hire	31,348,573	25,319,214
Sale of goods	8,918,200	7,591,033
	105,338,239	94,951,029
Other revenue		
Rent	372,653	546,991
Revenue	**105,710,892**	**95,498,020**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2026 $	2025 $
Timing of revenue recognition		
Goods transferred at a point in time	8,918,200	7,591,033
Services transferred over time	61,878,877	58,318,334
Services transferred at a point in time	34,541,162	29,041,662
	105,338,239	**94,951,029**

Included in the following tables are reconciliations of the disaggregated revenue and other revenue with the Group's reportable segments (refer note 4).

2026	Mining $	Engineering $	Other $	Eliminations $	Total $
Rendering of services	9,534,556	52,749,407	8,814,529	(6,027,026)	65,071,466
Equipment hire	31,275,661	–	72,912	–	31,348,573
Sale of goods	8,918,200	–	–	–	8,918,200
Total sales revenue per segment	49,728,417	52,749,407	8,887,441	(6,027,026)	105,338,239
Other revenue	372,653	–	–	–	372,653
Revenue	**50,101,070**	**52,749,407**	**8,887,441**	**(6,027,026)**	**105,710,892**

2025	Mining $	Engineering $	Other $	Eliminations $	Total $
Rendering of services	12,219,022	46,317,731	8,755,535	(5,251,506)	62,040,782
Equipment hire	24,982,526	–	595,177	(258,489)	25,319,214
Sale of goods	7,622,459	–	–	(31,426)	7,591,033
Total sales revenue per segment	44,824,007	46,317,731	9,350,712	(5,541,421)	94,951,029
Other revenue	546,991	–	–	–	546,991
Total other revenue per segment	**45,370,998**	**46,317,731**	**9,350,712**	**(5,541,421)**	**95,498,020**

Notes to the consolidated Financial Statements continued

Accounting policy for revenue recognition

Rendering of services

The Group primarily generates service revenue from the following activities:

- Maintenance, repairs, outages/shutdowns and critical maintenance projects;
- Diesel overhauls and repairs for underground mining equipment; and
- Fabrication and installation services in the infrastructure, resources, rail and water industries.

Services contracts are generally entered under a formal contract arrangement or Purchase Order.

The contractual terms and the way in which the Group operates its services contracts result in the recognition of revenue as follows:

(a) Maintenance Services – The performance obligations of service contracts, generally result in the customer consuming and receiving the benefit of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

(b) Projects – The revenue from projects is predominantly derived from projects containing one performance obligation, however some contracts may contain multiple performance obligations.

(c) The Group recognises revenue from projects over time based on the stage of completion of the contract where the following criteria are met:

   - performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or;
   - performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

   Where the above criteria are not met the project revenue is recognised at a point in time, being completion of the project.

   The Group recognises revenue using the measure of progress that best reflects the Group's performance in satisfying the performance obligation over time and this is generally the costs incurred method.

Sale of goods

Revenue from the sale of products is recognised when control of the product has transferred to the customer. For such transactions, this occurs when the products are delivered to the customer as this is when the performance obligation has been satisfied.

Equipment hire

The Group generates equipment hire revenue primarily from the hire of underground mining and other equipment. Equipment hire contracts are generally entered into for a fixed term rental period and the revenue is recognised on a straight line basis over the term of the rental agreement.

Note 6. Other income

	Consolidated	
	2026 $	2025 $
Net gain on disposal of property, plant and equipment	128,167	658,426
Other	205,490	739,912
Other income	**333,657**	**1,398,338**

Notes to the consolidated Financial Statements continued

Note 7. Expenses

	Consolidated	
	2026 $	2025 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	863,260	913,891
Leasehold improvements	26,789	25,148
Plant, machinery and vehicles	10,093,943	7,302,905
Furniture, fittings and equipment	143,233	72,769
Buildings right-of-use assets	816,386	824,799
Total depreciation	11,943,611	9,139,512
Amortisation		
Patents, trademarks and licences	–	150
Total depreciation and amortisation	11,943,611	9,139,662
Finance costs		
Interest and finance charges paid/payable on borrowings	2,825,472	518,932
Interest and finance charges paid/payable on lease liabilities (note 18)	374,968	397,480
Finance costs expensed	3,200,440	916,412
Superannuation expense		
Defined contribution superannuation expense	3,186,262	2,663,574

Notes to the consolidated Financial Statements continued

Note 8. Income tax

	Consolidated	
	2026 $	2025 $
Income tax expense		
Current tax	1,856,357	5,885,441
Deferred tax – origination and reversal of temporary differences	(1,120,420)	(370,312)
Aggregate income tax expense	**735,937**	**5,515,129**
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(507,721)	409,807
Decrease in deferred tax liabilities	(612,699)	(780,119)
Deferred tax – origination and reversal of temporary differences	(1,120,420)	(370,312)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	2,367,297	17,685,577
Tax at the statutory tax rate of 30%	710,189	5,305,673
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	130,852	101,437
	841,041	5,407,110
Changes in deferred tax balances on capital reorganisation	(105,104)	108,019
Income tax expense	**735,937**	**5,515,129**

	Consolidated	
	2026 $	2025 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions	2,045,215	1,126,888
Lease liabilities	1,363,780	1,617,947
Accruals	156,127	84,990
Other	455,016	682,592
Deferred tax asset	**4,020,138**	**3,512,417**
Movements:		
Opening balance	3,512,417	3,922,224
Credited/(charged) to profit or loss	507,721	(409,807)
Closing balance	**4,020,138**	**3,512,417**

Notes to the consolidated Financial Statements continued

	Consolidated	
	2026 $	2025 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	5,950,074	6,315,332
Right-of-use assets	1,179,647	1,427,088
Deferred tax liability	**7,129,721**	**7,742,420**
Movements:		
Opening balance	7,742,420	8,522,539
Credited to profit or loss	(612,699)	(780,119)
Closing balance	**7,129,721**	**7,742,420**

	Consolidated	
	2026 $	2025 $
Provision for income tax		
Provision for income tax	178,724	3,790,342

Accounting policy for income tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Alfabs Australia Limited (the ‘head entity’) and its wholly-owned Australian subsidiaries are an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the ‘separate taxpayer within group’ approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Notes to the consolidated Financial Statements continued

Note 9. Cash and cash equivalents

	Consolidated 2026 $	Consolidated 2025 $
Current assets		
Cash at bank	13,557,311	8,183,480

Note 10. Trade and other receivables

	Consolidated 2026 $	Consolidated 2025 $
Current assets		
Trade receivables – revenue from contracts with customers	16,836,459	17,395,960
Less: Allowance for expected credit losses	(3,312,852)	(500,087)
	13,523,607	16,895,873
Other receivables	715,898	1,333,607
	14,239,505	**18,229,480**

Allowance for expected credit losses

The Group has recognised a loss of $2,812,765 (2025: $252,429) in profit or loss in respect of the expected credit losses for the year ended 30 June 2026.

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2026 %	2025 %	2026 $	2025 $	2026 $	2025 $
Not overdue	0.2%	0.2%	11,626,658	11,216,587	24,058	24,058
0 to 3 months overdue	0.8%	–	1,147,687	4,849,813	9,159	–
3 to 6 months overdue	1.4%	6.7%	366,436	91,436	4,984	6,145
Over 6 months overdue	88.6%	38.0%	3,695,678	1,238,124	3,274,651	469,884
			16,836,459	**17,395,960**	**3,312,852**	**500,087**

The increase in expected credit losses is primarily attributable to Dartbrook Commercial Pty Ltd entering into administration.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2026 $	Consolidated 2025 $
Opening balance	500,087	307,030
Additional provisions recognised	2,812,765	252,429
Unused amounts reversed	–	(59,372)
Closing balance	**3,312,852**	**500,087**

Notes to the consolidated Financial Statements continued

Accounting policy for trade and other receivables

Receivables from contracts with customers represent the Group's unconditional right to consideration from the transfer of goods or services to customers. Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 11. Contract assets

	Consolidated	
	2026 $	2025 $
Current assets		
Contract assets	935,816	1,723,955

The Engineering segment comprises the entire contract asset balance at 30 June 2026 and 30 June 2025, and the decrease is largely due to changes in the contract mix at 30 June 2026.

Accounting policy for contract assets

Contract assets primarily relate to the Group's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Group issues an invoice in accordance with contractual terms to the customer. Payments from customers are received based on a billing schedule/milestone basis, as established in our contracts.

Note 12. Inventories

	Consolidated	
	2026 $	2025 $
Current assets		
Raw materials – at cost	8,847,763	8,445,093
Less: Provision for impairment	(295,042)	(295,042)
	8,552,721	8,150,051
Work in progress – at cost	1,882,002	2,019,702
	10,434,723	**10,169,753**

Amounts recognised in profit or loss

	Consolidated	
	2026 $	2025 $
Inventories recognised as an expense during the year	7,629,287	9,221,859

Accounting policy for inventories

Raw materials and work in progress are stated at the lower of cost and net realisable value. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the consolidated Financial Statements continued

Note 13. Property, plant and equipment

	Consolidated 2026 $	Consolidated 2025 $
Non-current assets		
Land and buildings – at cost	24,842,114	22,931,899
Less: Accumulated depreciation	(2,079,977)	(1,216,717)
	22,762,137	21,715,182
Leasehold improvements – at cost	916,000	896,000
Less: Accumulated depreciation	(164,422)	(137,633)
	751,578	758,367
Plant, machinery and vehicles – at cost	97,336,255	83,537,784
Less: Accumulated depreciation	(40,522,681)	(31,105,919)
	56,813,574	52,431,865
Furniture, fittings and equipment – at cost	902,241	671,095
Less: Accumulated depreciation	(452,993)	(309,760)
	449,248	361,335
Capital work in progress*	12,378,032	9,035,468
	93,154,569	**84,302,217**

* Capital work in progress includes the values, at cost, of assets under construction and inventories awaiting overhaul as at balance date.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $	Leasehold improve-ments $	Plant, machinery and vehicles $	Furniture, fittings and equipment $	Capital work in progress $	Total $
Balance at 1 July 2024	21,942,838	779,454	24,148,785	169,407	15,189,509	62,229,993
Additions	686,235	4,061	7,507,566	273,117	22,773,578	31,244,557
Disposals	–	–	(849,200)	(8,420)	–	(857,620)
Transfers in/(out)	–	–	28,927,619	–	(28,927,619)	-
Depreciation expense	(913,891)	(25,148)	(7,302,905)	(72,769)	–	(8,314,713)
Balance at 30 June 2025	21,715,182	758,367	52,431,865	361,335	9,035,468	84,302,217
Additions	1,910,215	20,000	4,117,260	231,146	15,250,445	21,529,066
Disposals	–	–	(201,448)	–	–	(201,448)
Impairment of assets	–	–	(314,437)	–	(1,033,604)	(1,348,041)
Transfers in/(out)	–	–	10,874,277	–	(10,874,277)	-
Depreciation expense	(863,260)	(26,789)	(10,093,943)	(143,233)	–	(11,127,225)
Balance at 30 June 2026	**22,762,137**	**751,578**	**56,813,574**	**449,248**	**12,378,032**	**93,154,569**

Notes to the consolidated Financial Statements continued

Accounting policy for property, plant and equipment

Buildings, leasehold improvements and each class of plant and equipment are measured at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	up to 40 years
Leasehold improvements	12.5 – 20 years
Plant and machinery – major	3 – 18 years
Plant and machinery – minor	1 – 5 years
Vehicles	5 – 7.5 years
Furniture, fittings and equipment	3 – 5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

The major plant and equipment (primarily underground mining hire equipment) is separated into components, and these are depreciated separately based on the expected useful life as determined by the regulatory conditions related to the machine.

During the year, the Group reviewed the residual values assigned to certain 'plant and machinery – major' within the plant, machinery and vehicles class based on updated operational experience and expected recoverable amounts on disposal. As a result, the estimated residual values of these assets were revised, resulting in a reduction in depreciation expense of $910,199 for the year ended 30 June 2026. The change has been accounted for prospectively from 1 January 2026 as a change in accounting estimate in accordance with AASB 108; however, it is impracticable to reliably estimate the effect of the change on depreciation expense in future reporting periods.

Note 14. Right-of-use assets

	Consolidated	
	2026 $	2025 $
Non-current assets		
Land and buildings – right-of-use	6,946,579	6,946,579
Less: Accumulated depreciation	(3,006,005)	(2,189,619)
	3,940,574	**4,756,960**

The Group leases properties used for its operations on long-term agreements with options to extend. The leases have various escalation clauses with CPI increases annually and market review on the commencement of each option period.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $
Balance at 1 July 2024	5,581,759
Depreciation expense	(824,799)
Balance at 30 June 2025	4,756,960
Depreciation expense	(816,386)
Balance at 30 June 2026	**3,940,574**

Notes to the consolidated Financial Statements continued

Accounting policy for right-of-use assets

Right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 15. Trade and other payables

	Consolidated	
	2026 $	2025 $
Current liabilities		
Trade payables	6,120,154	11,559,013
Other payables and accruals	2,952,574	1,864,657
GST payable	1,407,532	1,165,394
	10,480,260	**14,589,064**

Refer to note 23 for further information on financial instruments.

Accounting policy for trade and other payables

Trade payables are unsecured and are usually paid within 30 – 60 days of recognition.

Note 16. Contract liabilities

	Consolidated	
	2026 $	2025 $
Current liabilities		
Contract liabilities – income in advance	3,634,014	3,301,106

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3,634,014 as at 30 June 2026 ($3,301,106 as at 30 June 2025) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2026 $	2025 $
Within 6 months	3,634,014	3,301,106

Accounting policy for contract liabilities

Contract liabilities represent the revenue received in advance for goods or services which have not yet been performed and are recorded as a liability until such time that the performance obligation is performed under the contract.

Notes to the consolidated Financial Statements continued

Note 17. Borrowings

	Consolidated	
	2026 $	2025 $
Current liabilities		
Secured:		
Bank loans (a)	420,000	420,000
Equipment finance (a)	9,430,941	9,213,783
	9,850,941	9,633,783
Non-current liabilities		
Secured:		
Bank loan (a)	12,372,550	2,542,550
Equipment finance (a)	27,906,456	16,826,542
	40,279,006	19,369,092
	50,129,947	**29,002,875**

Refer to note 23 for further information on financial instruments.

(a) Bank loans and equipment finance

The Company and its subsidiaries are cross guarantors and party to a master finance agreement with National Australia Bank Limited (NAB Finance Agreement) for facilities with a total limit as at the facility date of $113,387,204 (NAB Facilities), drawn to $55,451,890 at balance date. The facilities under the NAB Finance Agreement include overdraft facilities, bank guarantee facilities, credit cards, master asset facility, equipment loans, hire purchase facilities and a corporate market loan of $15,000,000 to fund the purchase of Dry Hire Assets and delivery of hire equipment.

The overdraft facilities can be cancelled, and NAB can reduce the overdraft facility amounts, at any time.

The $15,000,000 corporate market loan for non-current assets must be converted to term debt with 30-90 days of its acquisition.

The revolving lease and equipment loan drawn amounts are comprised of a number of asset-related loans and are repayable over varying fixed terms on fixed monthly payments. Interest rates range between 2.8–7.3% based on the timing of the loan agreements.

Maturity

The maturity dates of facilities drawn at balance date are:

- Bank loans – 30 September 2028; and
- Equipment finance – comprised of multiple facilities ranging between 30 September 2026 and 30 June 2030.

Security

The Obligors have granted the following security for the NAB Facilities:

- first ranking general security agreements over all present and after-acquired property of each Group entity;
- first ranking registered mortgages over the properties situated at 15 Titanium Drive, Paget QLD 4740 and 152 Mitchell Avenue, Kurri Kurri NSW 2327; and
- a side deed between ADP Equipment Pty Ltd, Malabar Resources Limited and Maxwell Ventures (Management) Pty Ltd in respect of the Malabar Agreement.

The Obligors include Alfabs Australia Limited and all subsidiaries, as listed in note 29.

Notes to the consolidated Financial Statements continued

Covenants

The NAB Facilities contain the following financial covenants which are assessed on a quarterly basis:

- Debt Service Cover Ratio for the Group must not be less than 1.25:1;
- The Operating Leverage Ratio for the Group must not exceed 3.00:1; and
- The Asset Coverage Ratio for the Group must not be greater than 65%.

The Group has complied with the financial covenants of its borrowing facilities during the 2026 and 2025 reporting periods. The next review date for the covenants is 30 September 2026.

The Debt Service Cover Ratio and the Operating Leverage Ratio will change on 1 January 2027 to 1.50:1 and 2.50:1, respectively.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit (which excludes equipment loans that sit outside the master asset facility):

	Consolidated	
	2026 $	2025 $
Total facilities		
Bank overdraft	3,600,000	3,600,000
Bank loan	27,542,550	3,452,550
Equipment finance	73,453,047	28,870,534
Bank guarantee facility	8,000,000	8,000,000
	112,595,597	43,923,084
Used at the reporting date		
Bank overdraft	–	–
Bank loan	12,792,550	2,962,550
Equipment finance	37,337,397	26,040,325
Bank guarantee facility	5,258,627	4,305,935
	55,388,574	33,308,810
Unused at the reporting date		
Bank overdraft	3,600,000	3,600,000
Bank loan	14,750,000	490,000
Equipment finance	36,115,650	2,830,209
Bank guarantee facility	2,741,373	3,694,065
	57,207,023	**10,614,274**

Accounting policy for borrowings

Borrowings are measured at amortised cost.

Notes to the consolidated Financial Statements continued

Note 18. Lease liabilities

	Consolidated	
	2026 $	2025 $
Current liabilities		
Lease liability – land and buildings	531,399	806,640
Non-current liabilities		
Lease liability – land and buildings	4,044,039	4,586,517
	4,575,438	**5,393,157**

	Consolidated	
	2026 $	2025 $
Reconciliation of lease liabilities		
Carrying amount at the beginning of the year	5,393,157	6,161,077
Interest expense	374,968	397,480
Lease payments	(1,192,687)	(1,165,400)
Net movement during the year	(817,719)	(767,920)
Carrying amount at the end of the year	**4,575,438**	**5,393,157**

Refer to note 23 for further information on financial instruments.

Accounting policy for lease liabilities

Lease liabilities are measured at the present value of the remaining lease payments. Interest expense on lease liabilities is recognised in profit or loss. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense in the period in which they are incurred.

Notes to the consolidated Financial Statements continued

Note 19. Employee benefits

	Consolidated	
	2026 $	2025 $
Current liabilities		
Annual leave	1,909,166	2,079,325
Long service leave	595,756	616,313
	2,504,922	2,695,638
Non-current liabilities		
Long service leave	434,567	432,234
	2,939,489	**3,127,872**

Accounting policy for employee benefits

Provisions for short-term employee benefits, including annual leave and long service leave that are expected to be settled wholly within twelve months after the end of the reporting period, are measured at the (undiscounted) amount of the benefit expected to be paid.

Provisions for other long-term employee benefits, including long service leave that are not expected to be settled wholly within twelve months after the end of the reporting period, are measured at the present value of the expected benefit to be paid in respect of the services provided by employees up to the reporting date.

Note 20. Issued capital

	Consolidated			
	2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares – fully paid	287,002,048	286,588,003	54,757,759	54,622,759

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	286,588,003		54,622,759
Balance	30 June 2025	286,588,003		54,622,759
Shares issued to employees under the Alfabs' 2025 Employee Gift Plan	24 March 2026	414,045	$0.33	135,000
Balance	**30 June 2026**	**287,002,048**		**54,757,759**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Notes to the consolidated Financial Statements continued

Shares issued to employees

On 24 March 2026, eligible Alfabs employees were issued with $1,000 worth of shares under Alfabs' 2025 Employee Gift Plan to assist in the reward, retention and motivation of employees and to align their interests with Alfabs' shareholders. The share price was calculated based on the volume-weighted average price of AAL shares over the 5 trading days immediately preceding 24 March 2026. The shares are subject to a three-year trading restriction.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's capital management strategy is focused on maintaining a strong and sustainable balance sheet while supporting disciplined growth and long-term shareholder returns. Management is prioritising free cash flow generation and maintaining net debt within a target range of 1.5x–2.0x EBITDA, with shareholder distributions considered once suitable financing facilities are in place.

Capital deployment is subject to disciplined investment criteria, including a target IRR greater than 15%, positive NPV and acceptable risk parameters, with acquisitions also assessed against cash flow and earnings accretion, strategic fit and integration risk.

This framework is intended to balance investment in value-accretive growth opportunities with preservation of financial flexibility, appropriate leverage and sufficient capacity to meet the Group's obligations and support sustainable shareholder distributions.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value-adding relative to the current Company's share price at the time of the investment.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the prior year.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

Notes to the consolidated Financial Statements continued

The gearing ratio at the reporting date was as follows:

	Consolidated 2026 $	Consolidated 2025 $
Current liabilities – trade and other payables (note 15)	10,480,260	14,589,064
Current liabilities – borrowings (note 17)	9,850,941	9,633,783
Non-current liabilities – borrowings (note 17)	40,279,006	19,369,092
Total borrowings	60,610,207	43,591,939
Current assets – cash and cash equivalents (note 9)	(13,557,311)	(8,183,480)
Net debt	47,052,896	35,408,459
Total equity	62,032,268	64,866,842
Total capital	**109,085,164**	**100,275,301**
Gearing ratio	43%	35%

Note 21. Reserves

	Consolidated 2026 $	Consolidated 2025 $
Share-based payments reserve	528,053	256,991
Capital reorganisation reserve	(13,523,580)	(13,523,580)
	(12,995,527)	**(13,266,589)**

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services. It does not include equity benefits provided to employees under the 2025 Employee Gift Plan.

Capital reorganisation reserve

Any difference between the share capital immediately prior to the capital reorganisation that occurred in 2024 and the share capital immediately after the capital reorganisation, along with the difference in the consideration paid to acquire subsidiaries and the book value of the respective acquired assets and liabilities have been recognised in the *Capital reorganisation reserve*.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Capital reorganisation $	Share-based payments $	Total $
Balance at 1 July 2024	(13,523,580)	5,817	(13,517,763)
Share-based payments	–	251,174	251,174
Balance at 30 June 2025	(13,523,580)	256,991	(13,266,589)
Share-based payments	–	271,062	271,062
Balance at 30 June 2026	**(13,523,580)**	**528,053**	**(12,995,527)**

Note 22. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2026 $	2025 $
Final dividend for the year ended 30 June 2025 of 1.7 cents per ordinary share	4,871,996	–
Interim dividend for the year ended 30 June 2025 of 1.5 cents per ordinary share	–	4,298,820
	4,871,996	**4,298,820**

Franking credits

	Consolidated	
	2026 $	2025 $
Franking credits available for subsequent financial years based on a tax rate of 30%	14,348,872	8,197,719

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Note 23. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Finance reports to the Board on a monthly basis and highlights any material financial risks or exposures. The majority of the Group's borrowings are fixed interest in nature, this limiting exposure to financial risks such as interest rate movements.

Notes to the consolidated Financial Statements continued

Market risk

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at balance date all equipment finance borrowings are subject to fixed interest rates whereas all bank loan borrowings are subject to variable interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings:

	2026		2025	
Consolidated	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Bank loans	7.17%	12,792,550	5.94%	2,962,550
Net exposure to cash flow interest rate risk		12,792,550		2,962,550

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

	Basis points increase			Basis points decrease		
Consolidated – 2026	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Bank loans	100	(127,926)	(127,926)	100	(127,926)	(127,926)

	Basis points increase			Basis points decrease		
Consolidated – 2025	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Bank loans	100	(29,626)	(29,626)	100	29,626	29,626

The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

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 a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Management closely monitors the receivable balances on a monthly basis and is in regular contact with customers to mitigate risk.

Generally, trade receivables are provided for expected credit losses or written off when there is no reasonable expectation of recovery, or when there is significant doubt regarding the ability to recover the outstanding balance. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Increase in provision for expected credit losses has been recognised in the current year in relation to specific higher-risk and long-outstanding receivables. This includes the Dartbrook balance, following the customer entering administration, and the other debtors balance, which remains significantly overdue. The provision reflects the increased uncertainty regarding recoverability of these amounts and management's assessment of the associated credit risk.

Notes to the consolidated Financial Statements continued

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

Consolidated – 2026	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Non-interest bearing				
Trade and other payables	10,480,260	–	–	10,480,260
Interest-bearing				
Bank loans	447,300	12,227,288	471,316	13,145,904
Equipment finance	11,749,855	30,790,257	–	42,540,112
Lease liability	902,483	3,201,600	1,762,800	5,866,883
Total non-derivatives	**23,579,898**	**46,219,145**	**2,234,116**	**72,033,159**

Consolidated – 2025	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Non-interest bearing				
Trade and other payables	14,589,064	–	–	14,589,064
Interest-bearing				
Bank loans	444,927	1,779,708	913,742	3,138,377
Equipment finance	10,561,810	17,830,620	–	28,392,430
Lease liability	1,165,400	3,363,683	2,455,700	6,984,783
Total non-derivatives	**26,761,201**	**22,974,011**	**3,369,442**	**53,104,654**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Notes to the consolidated Financial Statements continued

Note 24. Key management personnel disclosures

Compensation

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

	Consolidated	
	2026 $	2025 $
Short-term employee benefits	1,426,234	1,151,606
Post-employment benefits	125,016	88,072
Long-term benefits	41,836	14,865
Share-based payments	135,163	119,559
	1,728,249	**1,374,102**

Further information relating to the remuneration of Directors and other key management personnel, including individual remuneration disclosures required by the *Corporations Act 2001*, is included in the Remuneration Report forming part of the Directors' Report.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners NH Partnership, the auditor of the Group, and its network firms:

	Consolidated	
	2026 $	2025 $
Audit services – Pitcher Partners NH Partnership		
Audit or review of the financial statements	163,000	157,000

Note 26. Commitments

	Consolidated	
	2026 $	2025 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	–	1,960,000

Notes to the consolidated Financial Statements continued

Note 27. Related party transactions

Parent entity

Alfabs Australia Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2026 $	2025 $
Sale of goods and services:		
Sale of goods and services to other related parties controlled by key management personnel	100,381	1,129,046
Payment for goods and services:		
Rent paid to key management personnel*	76,384	65,400
Rent paid to other related party – Mineway Trust*	123,478	131,127
Rent paid to other related party – Alfabs Superannuation Fund*	735,000	735,000
Legal fees paid to entity controlled by key management personnel	234,977	24,349
Other expenses	65,869	6,610

* The leased properties are recognised as right-of-use assets in accordance with AASB 16, resulting in the capitalisation of lease assets and corresponding liabilities. The lease payments made during the year reduced the lease liability on the consolidated statement of financial position. These payments are not recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

Related party transactions

- The Group sold various goods and services to entities controlled by Paul Torrance, at market value during the year totalling $nil (2025: $76,805). The majority of these sales were in relation to the completion of building works on 152 Mitchell Avenue, Kurri Kurri (acquired on 31 January 2024).
- The Group leased premises from Mineway Pty Ltd as trustee for Mineway Trust, a discretionary trust of which Paul Torrance and Michele Torrance are the primary beneficiaries and Matthew Torrance (Managing Director and Chief Executive Officer of the Group) is in the class of eligible beneficiaries. The rental charged during the year of $123,478 (2025: $131,127) was based on market rates. Mineway Pty Ltd acquired transport services from the Group during the year, at market rates, totalling $1,150 (2025: $nil).
- The Group leased premises from Lomrew Nominees Pty Ltd as trustee for the Lomrew Unit Trust. The unitholders of the trust are: MWH Nominees No 2 Pty Ltd as trustee for MWH No 2 Trust, an entity controlled by Mark Harrison (former Finance Director of the Group) – 50%; and JAM Management No 2 Pty Ltd as trustee for JAM No 2 Trust, a discretionary trust of which Paul Torrance and Michele Torrance are the primary beneficiaries and Matthew Torrance (Managing Director and Chief Executive Officer of the Group) is in the class of eligible beneficiaries – 50%. The rental charged during the year of $76,384 (2025: $65,400) was based on market rates.

Notes to the consolidated Financial Statements continued

- The Group leased premises from Shelpaul Investments Pty Ltd as trustee for the Torrance Unit Trust. The unitholders of the trust are: Tonol Pty Limited as trustee for Alfabs Superannuation Fund. Paul Torrance and Michele Torrance are members of the Alfabs Superannuation Fund. The rental charged during the year of $520,000 (2025: $520,000) was based on market rates.
- The Group leased premises from Tonol Pty Limited as trustee for Alfabs Superannuation Fund of which Paul Torrance and Michele Torrance are members. The rental charged during the year of $215,000 (2025: $215,000) was based on market rates.
- Dura Group Holdings Pty Ltd and its subsidiary Dura Sales (Aust) Pty Ltd (Dura Sales) are related entities of Paul Torrance. Dura Sales subleases part of the property at 585 Varty Street, Weston NSW 2326 from Alfabs Mining Equipment Pty Ltd for $1,000 per month plus GST. The total rental received was $11,000 (2025: $11,000).
- Dura Sales (Aust) Pty Ltd acquired workshop and transport services from the Group during the year, at market rates, totalling $70,767 (2025: $40,580).
- Dura Operations (Aust) Pty Ltd (Dura Operations) is a related entity of Paul Torrance. During the 2026 financial year Dura Operations partnered with Alfabs in hosting the Westpac ball to the value of $5,000 plus GST. Equipment was also purchased/hired by the Group from Dura Operations, at market rates, totalling $39,989 (2025: $4,400).
- Paul Torrance acquired workshop related services from the Group during the year, at market rates, totalling $12,002. Paul also charged the group equipment hire during the year, at deemed market value, totalling $25,880 (2025: $6,160).
- Matthew Torrance acquired workshop related services from the Group during the year, at market rates, totalling $462 (2025: $3,657).
- Travis Partners Pty Ltd (Travis Partners Law) is a related entity of Aimee Travis (Non-Executive Director). During the 2026 financial year Travis Partners Law provided legal services to Alfabs to the value of $234,977 (2025: $24,349) plus GST.

Paul Torrance served as Key Management Personnel until his resignation as a Director on 29 May 2024. As a significant shareholder of the Group, he continues to be considered a related party after his resignation.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2026 $	2025 $
Current receivables:		
Trade receivables from other related parties	15,978	1,529

Loans to/from related parties

	2026 $	2025 $
Lease payable		
Outstanding lease liability to related parties	4,474,532	5,061,720

Notes to the consolidated Financial Statements continued

Note 28. Parent entity information

Set out below is the supplementary information about the legal parent entity (Alfabs Australia Limited).

Statement of profit or loss and other comprehensive income

	Parent	
	2026 $	2025 $
Loss after income tax	(5,946,139)	(3,295,458)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income	**(5,946,139)**	**(3,295,458)**

Statement of financial position

	Parent	
	2026 $	2025 $
Total current assets	8,274,427	4,981,457
Total non-current assets	29,492,825	41,928,764
Total assets	37,767,252	46,910,221
Total current liabilities	2,117,911	898,884
Total non-current liabilities	50,077	–
Total liabilities	2,167,988	898,884
Net assets	**35,599,264**	**46,011,337**
Equity		
Issued capital	54,757,759	54,622,759
Share-based payments reserve	528,053	256,991
Accumulated losses	(19,686,548)	(8,868,413)
Total equity	**35,599,264**	**46,011,337**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity is a cross-guarantor in relation to the debts of its subsidiaries as at 30 June 2026 and 30 June 2025.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Notes to the consolidated Financial Statements continued

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2026%	2025%
Alfabs Mining Equipment Pty Ltd	Australia	100%	100%
AME Group Holdings Pty Ltd	Australia	100%	100%
ADP Equipment Pty Ltd	Australia	100%	100%
Alfabs Hire Pty Ltd	Australia	100%	100%
Alfabs Logistics Pty Ltd	Australia	100%	100%
ADP Stores Pty Ltd	Australia	100%	100%
Alfabs Engineering Group Pty Ltd	Australia	100%	100%
Alfabs Services Pty Ltd	Australia	100%	100%
Alfabs Protective Coatings Pty Ltd	Australia	100%	100%
Alfabs Forklift and Access Pty Ltd	Australia	100%	100%
Camel Hire Company Pty Ltd	Australia	100%	100%
Alfabs Administration Pty Ltd	Australia	100%	100%
Alfabs Labour Hire Pty Ltd	Australia	100%	100%
Alfabs Property Pty Ltd	Australia	100%	100%
Alfabs No 1 Pty Ltd	Australia	100%	100%

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2026 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.

Notes to the consolidated Financial Statements continued

Note 31. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2026 $	Consolidated 2025 $
Profit after income tax expense for the year	1,631,360	12,170,448
Adjustments for:		
Depreciation and amortisation	11,943,611	9,139,662
Reversal of impairment	1,348,041	–
Share-based payments	406,062	251,174
Net gain on disposal of non-current assets	(128,167)	(658,426)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,989,975	(4,535,207)
Decrease/(increase) in contract assets	788,139	(1,099,664)
Increase in inventories	(264,970)	(4,276,479)
(Increase)/decrease in deferred tax assets	(507,721)	409,807
Decrease/(increase) in prepayments	118,191	(695,632)
(Decrease)/increase in trade and other payables	(4,337,126)	773,306
Increase in contract liabilities	332,908	416,618
Decrease in provision for income tax	(3,611,618)	(844,221)
Decrease in deferred tax liabilities	(612,699)	(780,119)
(Decrease)/increase in employee benefits	(188,383)	359,137
Net cash from operating activities	**10,907,603**	**10,630,404**

Changes in liabilities arising from financing activities

Consolidated	Leases $	Bank loan $	Equipment finance $	Total $
Balance at 1 July 2024	6,161,077	12,741,531	6,634,115	25,536,723
Net cash from/(used in) financing activities	(767,920)	(9,778,981)	19,406,210	8,859,309
Balance at 30 June 2025	5,393,157	2,962,550	26,040,325	34,396,032
Net cash from/(used in) financing activities	(817,719)	9,830,000	11,297,072	20,309,353
Balance at 30 June 2026	**4,575,438**	**12,792,550**	**37,337,397**	**54,705,385**

The total cash outflow for leases (inclusive of interest) in 2026 was $1,192,687 (2025 – $1,165,400).

Notes to the consolidated Financial Statements continued

Note 32. Earnings per share

	Consolidated	
	2026 $	2025 $
Profit after income tax attributable to the owners of Alfabs Australia Limited	1,631,360	12,170,448
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	286,700,306	286,588,003
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	5,104,500	2,797,477
Performance rights	229,452	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	292,034,258	289,385,480
	Cents	Cents
Basic earnings per share	0.57	4.25
Diluted earnings per share	0.56	4.21

Note 33. Share-based payments

(a) Employee Share Option Plan (ESOP)

The Company has implemented an employee share option plan (ESOP) to assist in attracting, motivating and retaining management and employees. The aggregate pool of interests under the ESOP is limited to an interest in 11,000,000 shares.

In the 2024 year total of 6,000,000 options were granted to the Managing Director and the former Finance Director and 5,000,000 options were granted to other senior employees pursuant to the ESOP. The options have an exercise price of 30 cents. The options granted to the Managing Director and the former Finance Director are only subject to time-based service conditions, and the options granted to senior employees will vest if any other conditions as determined by the Directors have been satisfied. The Directors and senior employees must be employed by the Group on vesting date. The options vest 35 months from grant date and expire 47 months after grant date. The total fair value of the options granted was $385,000. 3,000,000 of these options were forfeited in the 2025 year.

On 25 February 2026, the Company granted 6,600,000 options to Directors and other senior employees. The options have an exercise price of 60 cents. The value of the options granted was $112,200.

(b) Other options

In relation to its IPO and listing on the Australian Securities Exchange, the Company granted 7,000,000 Advisor Options to the joint lead managers, the financial advisor, and the legal advisor. The Advisor Options vest 35 months from issue date and expire 47 months from issue date. The options have an exercise price of 30 cents. The total fair value of the options granted was $245,000.

As part of the arrangements leading up to the IPO of Alfabs Australia Limited, the Non-Executive Directors received an award of 6,000,000 unlisted options. The options have an exercise price of 30 cents and are only subject to time-based service conditions. The Non-Executive Directors must be members of the Board on vesting date to be entitled to exercise the options. The options vest 35 months from grant date and expiry 47 months after grant date. The total fair value of the options granted was $210,000.

Notes to the consolidated Financial Statements continued

(c) Employee Gift Plan

The 2025 Employee Gift Plan was approved by shareholders at the Company's Annual General Meeting held on 24 November 2025. The purpose of the plan is to reward, retain and motivate eligible employees and to align their interests with those of the Company's shareholders by providing an opportunity to receive an equity interest in the Company.

Under the plan, eligible employees who had been employed by the Group on a permanent basis for a minimum of six months and whose performance was assessed as satisfactory or above (or such other persons determined by the Board to be eligible) were granted $1,000 worth of fully paid ordinary shares for no consideration. The shares issued under the plan were valued using the volume weighted average market price of the Company's ordinary shares over the five trading days immediately preceding 24 March 2026 and are subject to a three-year trading restriction. The value of the shares was $135,000.

(d) Employee Performance Rights Plan

The Company's shareholders approved the 2025 Employee Performance Rights Plan (2025 EPRP) at the Annual General Meeting held on 24 November 2025. Under the 2025 EPRP, eligible employees and executives invited by the Board may be granted performance rights, each of which entitles the holder to receive one fully paid ordinary share, subject to the satisfaction of specified vesting conditions. No exercise price is payable on the exercise of the performance rights, and participation in the 2025 EPRP is at the discretion of the Board. The maximum number of equity securities that may be issued under the 2025 EPRP is 2,000,000 performance rights over the three-year period commencing from the date of shareholder approval.

On 25 February 2026, the Board granted 670,000 performance rights to the Managing Director and other senior employees. The grant date fair value of the performance rights was $107,200.

The performance rights are subject to a market-based performance condition based on the Company's relative Total Shareholder Return (TSR). Relative TSR is measured over a three-year performance period commencing on the grant date and is assessed against the TSR of companies comprising the ASX 200 Industrials Index. Vesting commences where the Company's TSR ranks at or above the 50th percentile of the peer group, with the proportion of performance rights that vest determined in accordance with the following vesting schedule:

TSR rank	Percentage of performance rights under the 2025 Plan that will vest
Below the 50th percentile	0%
Equal to the 50th percentile	50%
Between the 50th percentile and the 75th percentile	50% and 100% – straight line pro-rata vesting
Equal to, or exceeds, the 75th percentile	100%

Set out below are summaries of options granted:

2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/06/2024	20/05/2028	$0.30	10,000,000	–	–	–	10,000,000
24/06/2024	24/05/2028	$0.30	11,000,000	–	–	–	11,000,000
25/02/2026	25/02/2030	$0.60	–	6,600,000	–	–	6,600,000
			21,000,000	**6,600,000**	**–**	**–**	**27,600,000**
Weighted average exercise price			$0.30	$0.60	$0.00	$0.00	$0.37

Notes to the consolidated Financial Statements continued

2025

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/06/2024	20/05/2028	$0.30	11,000,000	–	–	(1,000,000)	10,000,000
24/06/2024	24/05/2028	$0.30	13,000,000	–	–	(2,000,000)	11,000,000
			24,000,000	**–**	**–**	**(3,000,000)**	**21,000,000**
Weighted average exercise price			$0.30	$0.00	$0.00	$0.30	$0.30

No options were exercisable at 30 June 2026 and 30 June 2025.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.3 years (2025: 2.9 years).

Set out below are summaries of performance rights granted under the plan:

2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/02/2026	25/02/2030	$0.00	–	670,000	–	–	670,000
			–	**670,000**	**–**	**–**	**670,000**

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.7 years.

The total expense arising from share-based payment transactions recognised during the year as part of employee benefit expense was $405,791 (2025: $251,174). The Black-Scholes model was applied for option valuation calculations and the Monte Carlo model for performance rights.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25/02/2026	25/02/2030	$0.32	$0.60	30.00%	4.00%	4.65%	$0.0170

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25/02/2026	25/02/2030	$0.32	$0.00	24.50%	6.24%	4.27%	$0.1600

Notes to the consolidated Financial Statements continued

Accounting policy for share-based payments

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model or the Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. As the Group did not have sufficient ASX trading history, the expected volatility has been determined reviewing the volatility rates used by Companies within the same industry, with an average of the outcome of this review used. Shares gifted to employees under the 2025 Employee Gift Plan were recognised as an expense in the year of issue and measured at the fair value of securities issued.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Consolidated Entity Disclosure Statement

As at 30 June 2026

Alfabs Australia Limited is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the Company and its controlled entities (the consolidated entity).

In accordance with subsection 295(3A) of the *Corporations Act 2001*, this consolidated entity disclosure statement provides information about each entity that was part of the consolidated entity at the end of the financial year.

Entity name	Entity type	Place formed/ Country of incorporation	Ownership interest %	Tax residency
Alfabs Australia Ltd	Body Corporate	Australia		Australia
Alfabs Mining Equipment Pty Ltd	Body Corporate	Australia	100%	Australia
AME Group Holdings Pty Ltd	Body Corporate	Australia	100%	Australia
ADP Equipment Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Hire Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Logistics Pty Ltd	Body Corporate	Australia	100%	Australia
ADP Stores Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Engineering Group Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Services Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Protective Coatings Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Forklift and Access Pty Ltd	Body Corporate	Australia	100%	Australia
Camel Hire Company Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Administration Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Labour Hire Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs Property Pty Ltd	Body Corporate	Australia	100%	Australia
Alfabs No 1 Pty Ltd	Body Corporate	Australia	100%	Australia

At the end of the financial year, no other entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Directors’ Declaration

30 June 2026

In the Directors’ opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group’s financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors

William Wavish
Chair

Matthew Torrance
Managing Director and Chief Executive Officer

27 August 2026
Kurri Kurri

Independent Auditor's Report

PITCHER PARTNERS

Level 5, 12 Stewart Avenue
Newcastle West NSW 2302

20 Church Street
Maitland NSW 2320

Box 29, Hunter Region MC NSW 2310

+61 2 4923 4000

pitchernewcastle.com.au

Independent auditor's report

To the members of Alfabs Australia Limited ACN 674 455 442

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Alfabs Australia Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board ("the Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report

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

Independent Auditor's Report continued

Key Audit Matters

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.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition and other related balances: Refer to note: 5 - Revenue – rendering of services: $65,071,466 11 - Contract assets: $935,816 12 - Work in progress - at cost: $1,882,002 16 - Contract liabilities: $3,634,014	

This was a key audit matter because of its significance to profit and the high level of estimation and judgement required in assessing the timing of recognising revenue on the revenue stream 'provision of services' (i.e. maintenance services and projects contracts) which have a variety of terms and conditions depending on the specific customer and contract. As a result the Group satisfies the performance obligations both at a point in time and over time.
 	
Revenue recognition in relation to 'provision of services' is complex for open contracts where revenue is recognised over time because it is based on the Group's estimates of:
• the stage of completion of the contract activity
• total forecast contract costs, and
• variable consideration
 	
Additionally, due to contractual terms and certain customers requiring payment claims to be submitted and approved prior to invoices being issued there is judgement involved to determine if a contract asset and the associated revenue should be recognised.
	Our procedures included:
	
	• Obtaining an understanding of and evaluating the design and implementation of controls surrounding revenue recognition and project costing for provision of services.
	• Testing the classification of 'provision of services' between revenue over time or at a point in time.
	
	• Selecting a sample of open contracts for 'provision of services' recognised over time and:
	  • obtaining an understanding of the terms and conditions of these contracts;
	  • obtaining an understanding of the estimates of total contract revenue and forecast contract costs and evaluating the percentage of completion based on the actual costs incurred to date and the estimated costs to complete; and
	  • evaluating the margin recognised on the contract to date against management's latest assessment of the expected contract margin and also the original quoted margin.
	
	• Testing the operating effectiveness of controls over the occurrence and allocation of both labour and materials to project costs to assess the accuracy of project margins.
	• Testing operating effectiveness of controls over the creation and approval of jobs and their periodic invoicing reflecting costs and completion to date.
	• Assessing the adequacy of disclosures in the financial statements.

Independent Auditor's Report continued

PITCHER PARTNERS

Expected Credit Losses for Trade Receivables Refer to note: 10 - Trade and other receivables: $16,836,459 10 - Expected credit loss allowance: ($3,312,852)	
The assessment of expected credit losses was a key audit matter due to the high level of estimation and judgement involved in assessing the valuation of significant trade receivable exposures where customer-specific factors impacted the Group's credit risk exposure. These factors included the appointment of an Administrator to Dartbrook Commercial Pty Ltd and other matters indicating an increase in credit risk associated with trade and other receivables. Management's expected credit loss assessment required significant estimates and judgements in relation to expected future cash flows, the enforceability and recoverability of credit enhancements and counterparty capacity to pay. These assumptions were continually reassessed as events affecting the credit risk and expected recoverability of the receivables evolved over the period. As a result of these events, there was increased estimation uncertainty over the expected credit loss allowance recognised by Management and an increased risk that it did not represent the lifetime expected credit losses in accordance with AASB 9 *Financial Instruments* relating to the trade receivables carried at 30 June 2026.	Our procedures included: • Obtaining an understanding of Management's process for identifying credit-impaired receivables and estimating expected credit losses. • Inspecting Management's expected credit loss assessment and challenging the key assumptions applied, including expected cash recoveries, and the treatment of available credit enhancements. • Considering the financial capacity of relevant counterparties to meet expected repayments, including review of available financial information such as administrators' reports, correspondence with counterparties, repayment activity, settlement discussions and other supporting evidence. • Evaluating whether relevant guarantees, insurance arrangements or other credit enhancements were appropriately considered in the expected credit loss assessment, including whether they were sufficiently connected to the underlying exposure. • Testing subsequent receipts for a sample of trade receivables and assessing the extent to which those receipts supported Management's assumptions regarding the valuation of trade receivables at year end. • Assessing the impact of any events that have occurred subsequent to year end that may impact the valuation of trade receivables. • Assessing the adequacy of the related disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's directors' report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report continued

PITCHER PARTNERS

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

Independent Auditor's Report continued

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 17 of the directors' report for the year ended 30 June 2026. In our opinion, the Remuneration Report of Alfabs Australia Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

SHAUN MAHONY
Partner

27 August 2026

Pitcher Partners NH Partnership
Newcastle

Shareholder Information

30 June 2026

The shareholder information set out below was applicable as at 5 August 2026.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares		Performance rights	
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total rights issued
1 to 1,000	51	–	–	–	–	–
1,001 to 5,000	358	0.4	–	–	–	–
5,001 to 10,000	235	0.6	–	–	–	–
10,001 to 100,000	251	3.0	–	–	11	69.0
100,001 and over	102	96.0	17	100.0	2	31.0
	997	**100.0**	**17**	**100.0**	**13**	**100.0**
Holding less than a marketable parcel	150	0.1	–	–	–	–

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Paul Torrance	142,986,003	49.8
HSBC Custody Nominees (Australia) Limited	34,517,205	12.0
Salter Brothers Emerging Companies Limited	23,002,039	8.0
Bill Wavish	5,733,333	2.0
Timster Pty Limited <The MCROD Super Fund A/C>	5,333,333	1.9
Mr Andrew Torrance	4,267,000	1.5
Mr Matthew Torrance	4,267,000	1.5
Yvonne Wavish	4,266,667	1.5
Richvale Pty Ltd	3,133,333	1.1
Rathvale Pty Limited	2,916,666	1.0
Mr Murray Edward Bleach & Mrs Norma Leigh Edwards <The Bleach Super A/C>	2,666,666	0.9
Sovori Pty Ltd <The Sovori A/C>	2,544,028	0.9
Acron Holdings Pty Ltd <Acron Superannuation Fund>	2,000,000	0.7
Onmell Pty Ltd <ONM BPSF A/C>	1,599,999	0.6
Lollywatch Pty Ltd <PST Super A/C>	1,523,320	0.5
Mrs Michele Torrance	1,440,000	0.5
Vardon Investments Pty Ltd <Vardon Investments Unit A/C>	1,334,000	0.5
Bradley Gavin Downes	1,333,333	0.5
G Chan Pension Pty Limited <Chan Super Fund A/C>	1,333,333	0.5
A Dillon <Aoraki Superannuation Fund>	1,333,333	0.5
	247,530,591	**86.4**

Shareholder Information continued

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	27,600,000	17
Preference rights	1,020,000	13

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Paul Torrance	142,986,003	49.8
HSBC Custody Nominees (Australia) Limited	34,517,205	12.0
Salter Brothers Emerging Companies Limited	23,002,039	8.0

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Corporate Directory

30 June 2026

Directors

William Wavish – Non-Executive Chairman

Matthew Torrance – Managing Director and Chief Executive Officer

Peter White – Finance Director and Chief Financial Officer

Aimee Travis – Non-Executive Director

Glen Robinson – Non-Executive Director

Company secretary

Clayton Freeman

Registered office and Principal place of business

152 Mitchell Avenue
Kurri Kurri
NSW 2327

Share register

Automic Group

Level 5
126 Phillip Street
Sydney
NSW 2000

Auditor

Pitcher Partners NH Partnership

Level 5
12 Stewart Avenue
Newcastle West
NSW 2302

Solicitors

Travis Partners Law

Suite 7.02
26 Honeysuckle Drive
Newcastle
NSW 2300

Bankers

National Australia Bank Limited

Level 3
2 Carrington Street
Sydney
NSW 2000

Stock exchange listing

Alfabs Australia Limited shares are listed on the Australian Securities Exchange (ASX code: AAL)

Website

www.alfabs.com.au

Corporate Governance Statement

www.alfabs.com.au/corporate-governance/

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