Alfabs Australia Limited – ASX Announcement 15 October 2026

Quarterly Performance Update – 1Q FY27

Alfabs Australia Limited (ASX: AAL) **(Alfabs or the Company)** provides the following update on its performance for the quarter ended 30 September 2026[1].

FY26 was a year of transition with the business being reset around cash generation, disciplined capital allocation and balance sheet strength. This resulted in a step change in performance in 4Q FY26, and Alfabs is pleased to report that this has continued through the first quarter of the 2027 financial year.

Quarterly Highlights

- No lost time injuries or environmental incidents to report. The Engineering Division achieved a significant milestone, passing 365 consecutive days without a lost-time injury.
- 12-month hires were secured for both the Continuous Miner (#4) and AX-10 Loader (#1).
- Mining average daily hire rates increased 6.3% from the prior quarter, to $86.5k per day.
- St Mary's Train Station Upgrade project completed.
- Debt refinancing activities have progressed.
- Free-Cash Flow of $2.4m.
- Net debt down 3% to **$35.5 million**.
- Underlying Free-Cash Flow (FCF) continued to improve and is tracking to plan.

Key Performance Indicators

KPI	Unit	1Q FY27 (Sep 26)	4Q FY26 (Jun 26)	3Q FY26 (Mar 26)	2Q FY26 (Dec 25)	1Q FY26 (Sep 25)	FY 2026
Mining: Daily hire rate	$'000	86.5	81.4	80.7	76.2	77.7	79.1
Engineering: Contracted work in hand	$m	11.9	11.6	14.6	15.4	24.5	11.6
Net Debt	$m	35.5	36.6	38.9	37.8	24.6	36.6

[1] Unless otherwise stated, financial and operating data contained in this update is unaudited and has not been subject to external audit or review.

Operational Review

Mining

Hire:

Hire continued to perform strongly during the quarter with average daily hire rates of $86.5k, up 6.3% on the prior quarter (4Q FY26).

This was largely driven by the 12-month hire contracts on the Continuous Miner #4 and AX-10 #1, from August and July respectively, which were built as part of the 2026 Shell Program. This was further complemented by the purchase of an Airoduster during the period, which has since been hired out.

2026 Shell Program:

Completion of the two remaining Driftrunners and AX-10 (#2) has been slowed to prioritise scheduled maintenance across the existing hire fleet.

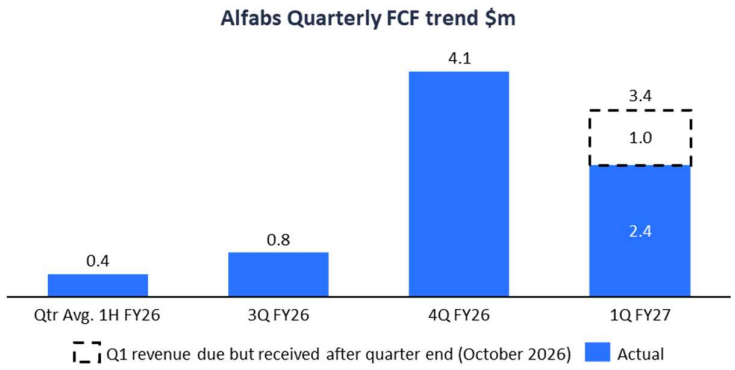
Engineering

As previously announced, market conditions within the Engineering Division remain subdued, with contracted work in hand remaining relatively flat during the quarter. No material contract awards were received during the period, which is expected to impact on the remainder of the financial year. The Company continues to actively pursue several government infrastructure and industrial opportunities, with the tender pipeline continuing to develop. In the interim, activity has been supported by smaller fabrication projects and onsite maintenance works. The St Mary's Train Station Upgrade was completed during the period.

Investment

Outside of the Shell Program, the Company invested $0.5m through the purchase of an existing Airoduster from the market to add to our internal hire fleet. The asset went on hire during the period, with expected returns above our internal hurdle rates. In addition, Alfabs invested a further ~$0.4m on the purchase of 7 used coal tram shells and related spare parts. The investment is expected to be recouped during the year via the sale of spare parts, leaving the residual Shells available for future development.

Free-cash flow (FCF) and Net Debt



As previously reported, following the business reset in 3Q FY26, Alfabs is targeting a 2x – 3x improvement in FCF generation by 2028. FCF for the first quarter of $2.4m was in line with this target, and represents the 2nd consecutive quarter of improved FCF, following the material improvement demonstrated in 4Q FY26. 1Q FY27 FCF was also affected by a working capital build, reflecting the timing of receipts, with around $1m in debtor payments expected in September being collected in the first days of October 2026.

After funding growth capex, excess cash was used to reduce net debt, which decreased $1.0m (3%) during the quarter.

Net debt has reduced by 18% ($7.6m), to $35.5 million at the end of 1Q FY27, from its peak of $43.1m recorded during the month of March 2026.

Dividend Reinstatement Pathway

As announced in June 2026, seven conditions must be met before the reinstating dividends will be considered, and six of these have now been achieved. The final condition, a successful debt restructuring, has progressed with advanced negotiations underway with potential financing partners, including major Australian banks. Management remains confident that an appropriate funding structure and terms can be secured in the near term.

Successful completion of the debt restructuring remains a condition for the Company to consider recommencing dividends.

FY27 Priorities

The focus for FY27 remains execution against the Company's established plan, including:

- Finalising the debt restructuring and restarting the dividend
- Mining – delivering earnings growth through Shell Program and acquisitions
- Engineering – growing the forward order book
- Increasing sustainable free cash flow
- Progressing strategic M&A opportunities

2027 Outlook

Trading conditions across both major sectors that we operate in remains broadly consistent with the prior quarter.

In mining hire, higher thermal coal prices are yet to translate into a material increase in demand for hire equipment, while competitive activity remains elevated as additional hire equipment enters the market. The increase in average daily hire rates in 1QFY27 is expected to continue, with the full year growth forecast being maintained at 5% - 10%. The Engineering Division continues to operate in a softer infrastructure market, with no individually material contracts being awarded to Alfabs during the quarter. Trading conditions are therefore expected to remain challenging for FY27.

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For further information, please contact:

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About Alfabs

Alfabs is a diversified Australian mining and engineering company servicing the underground mining, infrastructure and industrial sectors. Alfabs provides equipment hire, maintenance works, engineering fabrication, site installation and related services from strategically located operations across the east coast of Australia. Founded in the 1950's and headquartered in Kurri Kurri, New South Wales, Alfabs has built long-lasting relationships with leading Australian mining and infrastructure customers.

This announcement was authorised for release by the Board of Alfabs.