



Delivering
today.
Building for
tomorrow.

Annual Report 2025

Alfabs Australia Limited
ACN 674 455 442

Alfabs has produced a strong FY25 result, delivering on our growth strategy.

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 & 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 2024 to 30 June 2025, 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.





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FY25 Highlights

We are committed to maintaining our reputation of providing superior quality products and services.

EBITDA

\$27.6m

↑ 39% ON FY24

NET PROFIT AFTER TAX

\$12.2m

↑ 76% ON FY24

EARNINGS PER SHARE

4.25¢

FY25

DIVIDENDS

3.20¢

FULLY FRANKED

Year on year movements quoted above are measured against adjusted FY24 results as outlined on page 15.



Malabar contract

We generated our initial hire income from the refurbishment and delivery of three development sets to the Malabar underground coal mine this year. From FY26 we will see a full year of earnings from the contract, further adding to growth with minimal additional expenditure.

Inventory overhaul

Our inventory overhaul and capital expenditure program is continuing with additional pre-overhaul assets acquired. By upgrading equipment requiring refurbishment and overhaul we cost-effectively expand the hire fleet, which grows our income potential while maximising yields. We have finance facilities in place to support and expand this capital program.

Engineering projects

Projects during FY25 have included railway stations, bridges, tunnels, Western Sydney Airport surrounds and the Sydney Harbour Bridge Cycleway. Secured long running projects ensure baseline forward value can be estimated. The value of our current submitted tender and estimating book exceeds the value our current accumulated secured order book.

Expanding profit centres

Blasting & coating activities doubled in size with the order book for FY26 growing. Fire-retardant stone-dust bag ("bat bag") orders expanded following increased legislative requirements. Alfabs is the market leader for this necessary consumable product in the underground coal mining industry.

Strengthened management capability

We have strengthened our management team through new appointments and upskilling. We have also added capabilities to the Board ready for the next phase of growth.

Progress Against Priorities



New Contracts

Malabar contract

All Malabar contract assets delivered during FY25 are performing well with high utilisation levels leading to a positive impact on invoicing. The relationship remains strong with additional equipment and services supplied beyond the scope of the original major contract.



Engineering division

We continue to tender on and execute medium sized projects in the ordinary course of operations.

Asset Remediation

The establishment of this new division has also seen an increase in new contracts with a healthy orderbook in place for FY26.



Major Mining Equipment Investment

Demand-led

Inbound demand for underground coal mining equipment remains strong.

Acquisition and overhaul

We acquired numerous underground coal mining hire assets across FY25 which are revenue-generating, with a further planned \$31 million capital investment program planned for FY26.

Finance in place

NAB finance facilities support planned overhauls through FY26 and beyond.



Acquisitions

Bolt-on acquisitions

We continue to explore opportunities for the acquisition of bolt-on complementary businesses that add materially to our operations.

Asset acquisitions

We have been selectively and opportunistically acquiring complimentary hire fleet assets over the course of the year.

In-house investment

We have established new workshops through internal investment rather than external acquisition. The lower costs attached to establishment rather than acquisition has led to improved ROI.

Letter from the Chairman & CEO



William P.R. Wavish
Chairman



Matthew Torrance
Chief Executive Officer

EBITDA reached \$27.6 million, up 39% year-on-year, reflecting both organic growth and the ongoing deployment of our strategic initiatives. Furthermore, net profit after tax surged 76% to \$12.2 million, underlining the operational leverage inherent in our business model as we scale. We have proven that Alfab's possesses the operational discipline and market positioning to sustain growth in a competitive landscape. Importantly, the Board declared fully franked dividends totalling 3.2 cents per share reflecting our confidence in the business.

A major contributor to this profit uplift was the Malabar contract. Last year we reported that equipment was under construction for hire at the Malabar mine; this year, the delivery is complete, and the equipment is on-site generating income. FY25 earnings reflected only part of a full year's contribution. From FY26, we expect a full 12 months' hire income, providing a natural uplift to revenue.

Our capital program and fleet expansion are central to our growth story. During FY25, we secured additional pre-overhaul assets for refurbishment and redeployment, adding to the cumulative effect of an expanding fleet. To support this, we increased our facilities with NAB, giving us the financial flexibility to deliver on our FY26 capital program. This level of planned investment, approximating \$31 million in FY26, positions us strongly for FY27, when the returns from this fleet expansion can be realised across the full 12 months.

Across our businesses, demand for both underground mining hire and engineering services remained robust. In mining, we expanded our workshops footprint, now

Dear Shareholder,

As we reflect on FY25, our first full year as an ASX-listed company, our financial performance demonstrates the strength of our diversified business model and the quality of execution across our teams.

EBITDA

\$27.6m  **39%**

NET PROFIT AFTER TAX

\$12.2m  **76%**

Year on year movements quoted above are measured against adjusted FY24 results as outlined on page 15.

“ We have continued to bolster management capability and invested in training and upskilling across all key areas. ”



operating seven sites, including two new workshops in the Hunter Valley (Newcastle). In engineering, we delivered significant infrastructure projects, including bridges, tunnels, railway stations, and work on the Sydney Harbour Bridge cycleway.

We have also invested in building new profit centres. Our Asset Remediation division has already doubled the scale of our blasting and coating activities, with a strong order book heading into FY26. Similarly, our market-leading stone-dust “bat bag” business grew on the back of strengthened legislative requirements.

Importantly, this growth has been underpinned by our people. We have continued to bolster management capability and invested in training and upskilling across all key areas.

Our workforce of over 200 individuals represents our most valuable asset. Their expertise enables us to solve complex problems for our clients while maintaining the safety and quality standards that define our reputation in the industry.

During the year, there were some important changes to the composition of our Board. In January, we welcomed Mrs Aimee Travis as an

independent Non-Executive Director. Aimee is a highly experienced commercial lawyer with more than 20 years' experience in resources, finance, infrastructure and property transactions. She brings extensive legal, governance, and commercial expertise to Alfabs and has assumed the roles of both the Chair of the Remuneration Committee and Chair of the Audit and Risk Committee.

After the end of the financial year, Mr Robert Neale stepped down from the Board. Rob played an important role in guiding Alfabs through its IPO and his insight and governance experience were invaluable during this period. On behalf of the Board we thank him sincerely for his contribution and wish him the very best for the future.

Looking ahead, while the underground coal sector faces commodity price pressures and production challenges in some regions, we continue to see significant Mining related opportunity. Our Engineering tender pipeline exceeds the value of current secured work. The scale of our operations, combined with disciplined capital allocation, positions us to navigate industry cycles and capture long-term growth.

As we mature as a public company, we continue to evaluate our governance structures and seek to maintain the right mix of skills and experience in line with our growth ambitions and stakeholder expectations.

On behalf of the Board and management team, we thank our shareholders for their continued confidence in our strategy and execution. We look forward to delivering again for you in FY26.

William P.R. Wavish
Chairman

Matthew Torrance
Managing Director
and Chief Executive Officer

Engineering & Mining Division Updates

Engineering



Revenue-generating projects

Projects have included railway station infrastructure, bridges, tunnel support, Western Sydney Airport related infrastructure and Sydney Harbour Bridge Cycleway works.



Forward-book

The tender and estimating pipeline remains steady, however upstream factors impacting the timing of Tier One project commencements remains a challenge.



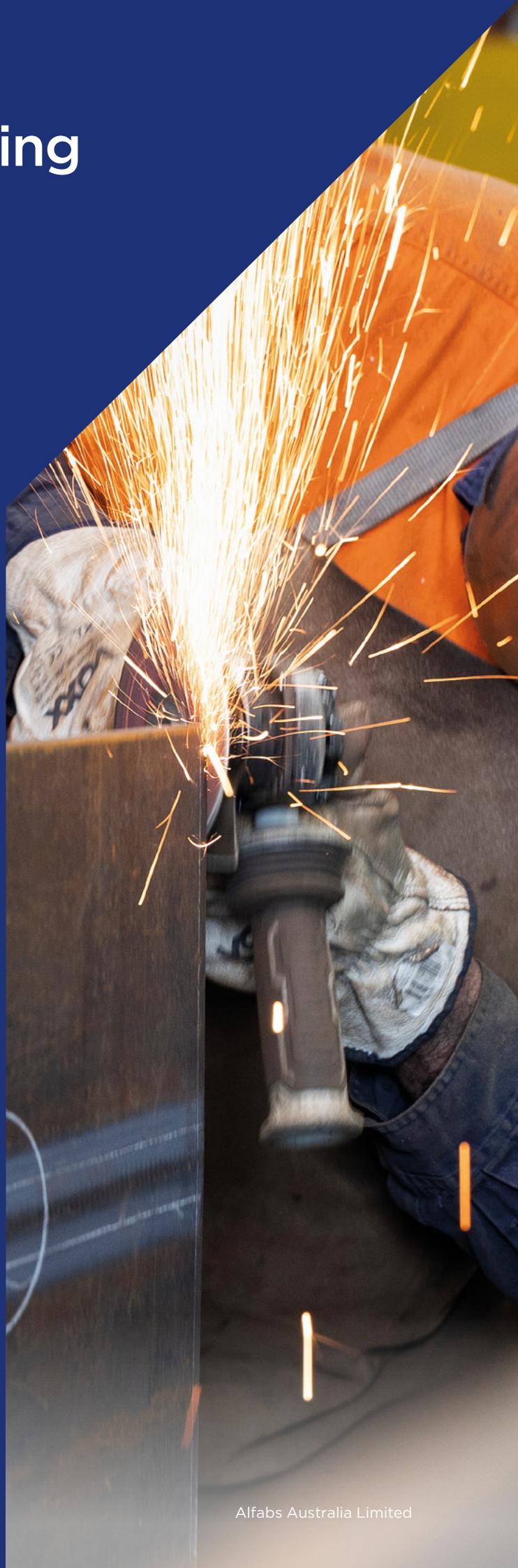
New division - Asset Remediation:

Established in H2FY25, the new Asset Remediation division is currently undertaking large Sydney-based rail infrastructure works for Tier One clientele.



New office - Parramatta

The opening of a new project office increases visibility in the Western Sydney market and helps facilitate recruitment for ongoing local project works.





Mining



Malabar

A large focus was on the successful delivery of the Malabar assets in FY25, with all now deployed and revenue generating.



Workshops

Two new workshops added during FY25 – Kurri Kurri Diesel and Kurri Kurri Electrical – providing in-house capability for our capex and overhaul program.



Ongoing opportunities

Fire-retardant stone-dust bag (“bat bag”) sales have increased on prior year due to regulatory tailwinds, and we continue to explore opportunities to grow our footprint in Queensland.



Significant capex and asset overhaul program

Planned and financed for FY26 which will see the overhaul and introduction of numerous additional underground hire assets into the fleet.



Management team expansion

Grows our in-house capability, industry relationships and technical expertise and we look forward to leveraging each of these areas moving forward.

People & Community

People

At Alfabs, our people are at the heart of everything we do. The safety, development and wellbeing of our workforce underpin our long-term success and define the way we operate across all our business units. We are proud to provide a safe, inclusive and supportive workplace where individuals can grow, develop new skills, and contribute to our collective achievements.

Safety

Alfabs has a core focus on safety. Alfabs is certified to the ISO 45001 OH&S Management Systems International Standard. The implementation of the Zero Harm campaign has assisted in the Alfabs forging a healthy safety record across all business units.

Training and development

We are committed to the ongoing development and growth of our workforce, with a strong focus on nurturing local talent. Each year, we run an annual intake of

apprentices across various trades, investing in the next generation of skilled workers.

Inclusion and diversity

Alfabs is a proud multicultural employer who recognises the value inherent in a diverse workforce and is committed to the maintenance and promotion of workplace diversity and opportunity. We are proud to have already met our previously communicated medium term goal of adding female representation to the Board. For the broader workforce we continue to aim to maintain existing percentage of women in the workforce.

8.4%



FEMALE

91.6%



MEN





Community

As a business deeply connected to regional Australia, we recognise our responsibility to give back to the communities that support us. Alfabs has a long tradition of community engagement through sponsorships, donations, and education initiatives. These initiatives reflect our values and ensure we remain a trusted partner in the communities where we operate.



Donations

We run a donation program as part of the employee onboarding process whereby employees can opt to donate through salary contributions, to involve our team in giving back to the community.



Sponsorships

We are committed to ongoing sponsorships that align to our values. Every year, we are major sponsors of the Westpac Rescue Helicopter and support local initiatives like the Mind Matters Ball, which focuses on mental health as well as various local sporting teams.



Schools and youth programs

A meaningful initiative for us is the support of the Clontarf Foundation program, at Kurri Kurri High School, which supports Aboriginal schoolboys through development, progression, and mentoring. This further reflects our commitment to the local community.

Environmental, Social and Governance (ESG) Reporting

Alfabs is certified to the International Standard ISO 14001 for Environmental Management Systems and we ask our workers and contractors to comply with this policy.

During the year, Alfabs commenced a structured approach to understanding its ESG risks, opportunities, and reporting obligations. Engagement has begun with advisers and internal stakeholders to help shape our pathway. We expect key themes will include:

Health and safety leadership

Continuing to protect our people and contractors across mining, engineering, and workshop operations.

Community and workforce development

Sustaining our long history of supporting local communities, apprenticeships and regional employment.

Energy use and emissions

Recognising the importance of monitoring and improving energy efficiency across our facilities and fleet.

Regulatory and climate risk

Preparing for evolving disclosure requirements and potential operational impacts from industry and climate-related change.

We are still early in our sustainability journey and we will continue to strengthen our stakeholder engagement to ensure our ESG strategy reflects both shareholder expectations and community values.



Board & Senior Leadership Management



William P.R. Wavish
Chairman



Matthew Torrance
Chief Executive Officer



Mark Harrison
Finance Director and
Chief Financial Officer



Aimee Travis
Non-Executive Director
(Appointed
24 January 2025)



Top row: **Chad Gordon** Manager (Transport and Logistics), **Henry Thompson** General Manager (Engineering), **Kirby Fenwick** Manager (HR Coordinator), **Tim Hilleard** General Manager (Mining), **Mark Jones** Operations Manager (Protective Coatings)

Bottom row: **Clayton Freeman** Group Financial Controller & Company Secretary, **Matthew Torrance** Chief Executive Officer, **Mark Harrison** Chief Financial Officer

Directors' Report

30 June 2025

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 2025.

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
Mark Harrison	Finance Director and Chief Financial Officer
Aimee Travis	Non-Executive Director (appointed 24 January 2025)
Robert Neale	Non-Executive Deputy Chairman (resigned 14 July 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.
- 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.
- 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.
- Forklift and Access: Hire of forklifts, elevated work platforms (EWPs) and materials handling equipment. Externally hired equipment was sold off during the year and, while small, this division will support internal equipment usage only going forward.
- Logistics: Australia wide transport and logistics services.
- Labour Hire: Provision of personnel for engineering and site-based maintenance and upgrade projects.

Directors' Report continued

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2025 \$	2024 \$
Interim dividend for the year ended 30 June 2025 of 1.5 cents per ordinary share	4,298,820	-
Dividends paid to the shareholders of Alfabs Mining Equipment Pty Ltd	-	8,600,000
Dividends paid to the shareholders of Alfabs Protective Coatings Pty Ltd	-	260,000
Dividends paid to the shareholders of Alfabs Services Pty Ltd	-	530,000
Dividends paid to the shareholders of Alfabs Labour Hire Pty Ltd	-	300,000
	4,298,820	9,690,000

The dividend payments in the 2024 financial year occurred prior to the capital reorganisation transaction.

Operating and Financial Review

The Board is pleased to announce another consecutive year of growth following our recent ASX listing in June 2024.

The profit for the Group after providing for income tax and non-controlling interest amounted to \$12,170,448 (30 June 2024: \$3,553,543).

Adjusted EBITDA of \$27,576,679 exceeded last year's result by over 39%.

Adjusted net profit after tax of \$12,170,448 exceeded last year's adjusted net profit after tax of \$6,900,093 result by 76%.

Reconciliation of profit before income tax to EBIT, EBITDA and Adjusted EBITDA (unaudited), and reconciliation of statutory Net Profit After Tax (NPAT) to Adjusted NPAT (unaudited):

	2025 \$	2024 \$
Profit before tax	17,685,577	9,637,746
Interest revenue	(164,972)	(165,801)
Finance costs	916,412	1,338,339
EBIT	18,437,017	10,810,284
Depreciation and amortisation	9,139,662	7,736,679
EBITDA	27,576,679	18,546,963
Transaction costs in connection with the IPO and towards preparation of the IPO	-	1,229,723
Adjusted EBITDA	27,576,679	19,776,686
Statutory NPAT	12,170,448	3,664,404
Transaction costs in connection with the IPO and towards preparation of the IPO, net of tax	-	860,806
Income tax on capital gain on capital reorganisation in connection with the IPO	-	2,374,883
Adjusted NPAT	12,170,448	6,900,093

Directors' Report continued

EBIT, EBITDA, Adjusted EBITDA, and Adjusted NPAT are non-IFRS earnings measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITA, EBITDA, and Adjusted NPAT presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the Group's performance. Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings because of isolated or non-recurring events. Adjusted NPAT excludes the after tax effect of Adjusted EBITDA normalisations and the income tax on the capital gain on the capital reorganisation.

Net assets increased by \$8,122,802 while property, plant and equipment increased by a further \$22,072,224, net of depreciation.

The Group continues to maintain a strong focus on working capital management.

FY2025 saw both major operating segments experience significant profitability growth in both EBITDA and NPBT. Pleasingly all Malabar assets have now been delivered and having this project in place for all of FY2026 is expected to drive further period on period growth within the Mining segment.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 25 August 2025, the Board approved the payment of a dividend of 1.7 cents per share with a record date of 16 September 2025.

On 3 July 2025:

(a) Richard Hughes and Timothy Heenan of Deloitte SRT Pty Ltd were appointed as Voluntary Administrators of Dartbrook Commercial Pty Ltd ACN 665 337 413 (Dartbrook Commercial) (among other Dartbrook entities); and

(b) Ben Campbell and David McGrath of FTI Consulting (Australia) Pty Limited were appointed as Receivers and Managers to certain assets of Dartbrook Commercial.

As at 30 June 2025, \$1,053,942.24 was owing to Alfabs by Dartbrook Commercial, which amount is included in the trade receivables (Dartbrook Debt). Alfabs hold a parent company guarantee from Australian Pacific Coal Limited (ASX:AQC), which guarantees payment of the Dartbrook Debt.

No other matter or circumstance has arisen since 30 June 2025 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

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Material business risks

The Group acknowledges a range of risks that exist across the operations. It is committed to building a strong risk management culture to ensure the Group continues to deliver on its vision and strategy. This includes the development and management of risk management procedures into strategic plans and budgets, and regular reporting on the status of key risks to relevant committees and the Board.

Directors' Report continued

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.
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.
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: <ul style="list-style-type: none"> • 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.

Directors' Report continued

Environmental regulation

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

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 Member of the Audit and Risk Management Committee Member of the Nomination Committee Member of the Remuneration Committee
Interests in shares:	10,000,000
Interests in options:	4,000,000
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:	4,267,000
Interests in options:	3,500,000

Directors' Report continued

Name:	Mark Harrison (since 24 January 2024)
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:	Finance Director and Chief Financial Officer Member of the Audit and Risk Management Committee Member of the Nomination Committee
Interests in shares:	1,530,000
Interests in options:	2,500,000
Name:	Aimee Travis (appointed 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 (from 24 January 2025) Chair of the Audit and Risk Management Committee (from 25 July 2025) Member of the Nomination Committee (from 24 January 2025)
Interests in shares:	1,334,000
Interests in options:	2,000,000

Directors' Report continued

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:	Deputy Chairman Chair of the Audit and Risk Management Committee Chair of the Nomination Committee Member of the Remuneration Committee
Interests in shares:	2,000,000*
Interests in options:	Nil*

'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.

* Interest at date of resignation.

Directors' Report continued

Company secretary

Clayton Freeman (B Com) has over 16 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 2025, and the number of meetings attended by each Director were:

	Full Board		Nomination Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
William Wavish	11	11	1	1	2	2
Robert Neale	11	11	1	1	2	2
Matthew Torrance	11	10	-	-	2	2
Mark Harrison	11	11	1	1	-	-
Aimee Travis*	6	6	-	-	1	1

	Audit and Risk Committee	
	Attended	Held
William Wavish	4	4
Robert Neale	4	4
Matthew Torrance	-	-
Mark Harrison	4	4
Aimee Travis*	2	2

* Appointed a Director on 24 January 2025.

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
- 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 ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives 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 profitability as a core component 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;
- share-based payments; 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 remunerations.

The long-term incentives ('LTI') include long service leave and share-based payments. The Group 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. As part of the arrangements leading up to the IPO of Alfabs Australia Limited all KMP members (including the Non-Executive Directors at the time of listing) received an award of unlisted options. The Managing Director and the Finance Director were granted 3,500,000 and 2,500,000 options, respectively, under the ESOP. The options have an exercise price of 30 cents and are only subject to time-based service conditions. During the year 1,000,000 options previously granted to senior employees lapsed due to not meeting time-based service conditions. The aggregate pool of interests in shares under the ESOP as at 30 June 2025 was 10,000,000.

Consolidated entity 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. The Directors continue to develop short-term incentive plans based on performance targets for executives and expect these to be implemented in 2026. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last three years.

Use of remuneration consultants

The Group did not engage remuneration consultants to prepare a formal remuneration report during the financial year ended 30 June 2025.

Voting and comments made at the Company's 22 November 2024 Annual General Meeting ('AGM')

At the 22 November 2024 AGM, 98.29% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors' Report continued

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 (from 29 May 2024)
Robert Neale	Director (from 29 May 2024*)
Matthew Torrance	Managing Director and Chief Executive Officer
Mark Harrison	Finance Director and Chief Financial Officer
Aimee Travis	Director (from 24 January 2025)

* Robert Neale resigned on 14 July 2025.

2025	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-cash and other ⁽²⁾ \$				
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

2024	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-cash and other ⁽⁴⁾ \$				
Non-Executive Directors:							
William Wavish ⁽¹⁾	206,669	–	–	–	–	789	207,458
Robert Neale	13,562	–	–	–	–	394	13,956
Executive Directors:							
Matthew Torrance ⁽¹⁾	445,192	–	176,022	43,471	90,983	1,035	756,703
Mark Harrison ⁽¹⁾⁽³⁾	301,791	70,000	14,971	30,342	32,506	739	450,349
Paul Torrance ⁽¹⁾⁽²⁾	18,400	–	–	–	–	–	18,400
	985,614	70,000	190,993	73,813	123,489	2,957	1,446,866

(1) The remuneration disclosed includes amounts paid prior to the incorporation of Alfabs Australia Limited on 24 January 2024.

(2) Paul Torrance resigned on 29 May 2024.

(3) The bonus paid to Mark Harrison was a discretionary bonus.

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

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

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2025	2024	2025	2024	2025	2024
Non-Executive Directors:						
William Wavish	81%	100%	–	–	19%	–
Robert Neale	100%	100%	–	–	–	–
Aimee Travis	100%	–	–	–	–	–
Executive Directors:						
Matthew Torrance	92%	100%	–	–	8%	–
Mark Harrison	92%	84%	–	16%	8%	–
Other Key Management Personnel:						
Paul Torrance	–	100%	–	–	–	–

Directors' Report continued

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 \$450,000 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.
Name:	Mark Harrison
Title:	Finance Director and Chief Financial Officer
Agreement commenced:	1 July 2023
Term of agreement:	Ongoing
Details:	Fixed annual base salary of \$300,000 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.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

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 2025.

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. The options are only subject to time-based service conditions. The options vest as set out in the following table:

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	\$0.3000	\$0.035
Robert Neale*	2,000,000	24/06/2024	24/05/2027	24/05/2028	\$0.3000	\$0.035
Matthew Torrance	3,500,000	20/06/2024	20/05/2027	20/05/2028	\$0.3000	\$0.035
Mark Harrison	2,500,000	20/06/2024	20/05/2027	20/05/2028	\$0.3000	\$0.035
Aimee Travis**	2,000,000	24/06/2024	24/05/2027	24/05/2028	\$0.3000	\$0.035

* The 2,000,000 options granted to Robert Neale lapsed on 14 July 2025 following his resignation.

** 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.

Options granted carry no dividend or voting rights.

Directors' Report continued

Additional information

The earnings of the Group for the three years to 30 June 2025 are summarised below:

	2025 \$	2024 \$	2023 \$
Sales revenue	95,498,020	96,447,672	84,422,246
EBITDA	27,576,679	18,546,963	14,293,665
EBIT	18,437,017	10,810,284	7,837,225
Profit after income tax	12,170,448	3,664,404	4,816,613

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

	2025	2024	2023
Share price at financial year end (cents)*	36.50	25.00	-
Basic earnings per share (cents per share)	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	Shares held at date of appointment	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
William Wavish	8,000,000	-	2,000,000	-	10,000,000
Robert Neale	2,000,000	-	-	-	2,000,000
Matthew Torrance	4,267,000	-	-	-	4,267,000
Mark Harrison	1,350,000	-	180,000	-	1,530,000
Aimee Travis	-	1,334,000	-	-	1,334,000
	15,617,000	1,334,000	2,180,000	-	19,131,000

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	Options held at date of appointment	Exercised	Expired/forfeited/other	Balance at the end of the year
Options over ordinary shares					
William Wavish	4,000,000	-	-	-	4,000,000
Robert Neale*	2,000,000	-	-	-	2,000,000
Matthew Torrance	3,500,000	-	-	-	3,500,000
Mark Harrison	2,500,000	-	-	-	2,500,000
Aimee Travis	-	2,000,000	-	-	2,000,000
	12,000,000	2,000,000	-	-	14,000,000

* Robert Neale resigned on 14 July 2025, subsequent to the reporting date. The options granted to him were subject to a service-based vesting condition and were forfeited upon resignation. The options remained outstanding but unvested as at 30 June 2025, and were forfeited in the subsequent financial year.

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 \$131,127 (2024: \$120,000) 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 (Finance Director of the consolidated entity) -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 \$65,850 (2024: \$45,900) was based on market rates.
- Matthew Torrance acquired workshop related services from the Group during the year, at market rates, totalling \$3,657.
- Since her appointment on 24 January 2025, legal fees of \$24,348.50 were paid to the firm of which Aimee Travis is a director for professional services rendered to the Group in the normal course of business.

Directors' Report continued

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

	Consolidated	
	2025 \$	2024 \$
Amounts recognised as revenue		
Rendering of services and sale of goods	200,634	1,591,571
Interest received	-	162,026
Amounts recognised as assets and liabilities		
<i>Current assets:</i>		
Trade and other receivables	-	21,210
<i>Non-current assets:</i>		
Property, plant and equipment	-	21,070,000
<i>Current liabilities:</i>		
Trade payables	-	495

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 statement of financial position. These payments are not recognised as an expense in the statement of profit or loss.

This concludes the remuneration report, which has been audited.

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	\$0.3000	10,000,000
24/06/2024	24/05/2028	\$0.3000	4,000,000
24/06/2024	24/05/2028	\$0.3000	7,000,000
21,000,000			

A total of 3,000,000 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.

Directors' Report continued

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 2025 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.

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Directors' Report continued

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 (*Roundings in Financial/Directors' Reports*) Instrument 2016/191, 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

25 August 2025
Kurri Kurri



Matthew Torrance

Managing Director and Chief Executive Officer

Auditor's Independence Declaration



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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 2025, 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.

A handwritten signature in black ink that reads 'Shaun Mahony'.

Shaun Mahony - Partner

A handwritten signature in black ink that reads 'Pitcher Partners NH Partnership'.

Pitcher Partners NH Partnership
Chartered Accountants

Dated: 25 August 2025
Newcastle West, NSW

Adelaide | Brisbane | Melbourne | Newcastle | Perth | Sydney



Pitcher Partners is an association of independent firms. An independent company. ABN 53 001 876 320. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

Financial Report

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

		Consolidated	
	Note	2025 \$	2024 \$
Revenue			
Other income	6	1,398,338	582,875
Interest revenue		164,972	165,801
Expenses			
Purchases of raw materials and consumables used and changes in inventories		(22,616,568)	(35,450,856)
Employee benefits expense		(33,060,912)	(30,024,666)
Depreciation and amortisation expense	7	(9,139,662)	(7,736,679)
Electricity and gas		(924,432)	(913,458)
Insurance		(2,958,415)	(2,138,461)
Rent - property and equipment - short-term and low-value leases		(157,692)	(790,813)
Repairs and maintenance		(3,479,644)	(2,886,323)
Transaction costs in connection with the IPO and preparation towards the IPO		-	(1,229,723)
Other expenses		(6,122,016)	(5,049,284)
Finance costs	7	(916,412)	(1,338,339)
Total expenses		(79,375,753)	(87,558,602)
Profit before income tax expense		17,685,577	9,637,746
Income tax expense	8	(5,515,129)	(5,973,342)
Profit after income tax expense for the year		12,170,448	3,664,404
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		12,170,448	3,664,404
Profit for the year is attributable to:			
Non-controlling interest		-	110,861
Owners of Alfabs Australia Limited		12,170,448	3,553,543
		12,170,448	3,664,404
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	110,861
Owners of Alfabs Australia Limited		12,170,448	3,553,543
		12,170,448	3,664,404
		Cents	Cents
Basic earnings per share	33	4.25	2.15
Diluted earnings per share	33	4.21	2.15

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 2025

		Consolidated	
	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	8,183,480	23,595,792
Trade and other receivables	10	18,229,480	13,694,273
Contract assets	11	1,723,955	624,291
Inventories	12	10,169,753	5,893,274
Other	13	695,632	-
Total current assets		39,002,300	43,807,630
Non-current assets			
Property, plant and equipment	14	84,302,217	62,229,993
Right-of-use assets	15	4,756,960	5,581,759
Intangibles		239,784	239,934
Deferred tax	8	3,512,417	3,922,224
Total non-current assets		92,811,378	71,973,910
Total assets		131,813,678	115,781,540
Liabilities			
Current liabilities			
Trade and other payables	16	14,589,064	14,690,452
Contract liabilities	17	3,301,106	2,884,488
Borrowings	18	9,633,783	16,583,291
Lease liabilities	19	806,640	756,879
Income tax	8	3,790,342	4,634,563
Employee benefits	20	2,695,638	2,471,643
Total current liabilities		34,816,573	42,021,316
Non-current liabilities			
Borrowings	18	19,369,092	2,792,355
Lease liabilities	19	4,586,517	5,404,198
Deferred tax	8	7,742,420	8,522,539
Employee benefits	20	432,234	297,092
Total non-current liabilities		32,130,263	17,016,184
Total liabilities		66,946,836	59,037,500
Net assets		64,866,842	56,744,040
Equity			
Issued capital	21	54,622,759	54,622,759
Reserves	22	(13,266,589)	(13,517,763)
Retained profits		23,510,672	15,639,044
Total equity		64,866,842	56,744,040

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 2025

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2023	396,972	–	24,091,444	1,007,584	25,496,000
Profit after income tax expense for the year	–	–	3,553,543	110,861	3,664,404
Other comprehensive income for the year, net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	3,553,543	110,861	3,664,404
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 21)	28,180,081	–	–	–	28,180,081
Share-based payments (note 34)	–	5,817	–	–	5,817
Acquisition of non-controlling interests (note 30)	170,000	–	183,445	(1,118,445)	(765,000)
Capital reorganisation (note 34)	25,875,706	(13,523,580)	(2,499,388)	–	9,852,738
Dividends paid (note 23)	–	–	(9,690,000)	–	(9,690,000)
Balance at 30 June 2024	54,622,759	(13,517,763)	15,639,044	–	56,744,040

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	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
Total comprehensive income for the year	–	–	12,170,448	–	12,170,448
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 22 and note 34)	–	251,174	–	–	251,174
Dividends paid (note 23)	–	–	(4,298,820)	–	(4,298,820)
Balance at 30 June 2025	54,622,759	(13,266,589)	23,510,672	–	64,866,842

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 2025

		Consolidated	
	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		100,100,578	106,023,911
Payments to suppliers and employees (inclusive of GST)		(81,989,072)	(84,991,905)
Interest received		164,972	165,801
Interest and other finance costs paid		(916,412)	(1,338,339)
Income taxes paid		(6,729,662)	(2,521,998)
Net cash from operating activities	32	10,630,404	17,337,470
Cash flows from investing activities			
Payments to acquire non-controlling interest in subsidiary		-	(765,000)
Payments for property, plant and equipment		(32,119,251)	(19,469,754)
Proceeds from disposal of property, plant and equipment		1,516,046	420,218
Net cash used in investing activities		(30,603,205)	(19,814,536)
Cash flows from financing activities			
Proceeds from issue of shares	21	-	30,000,000
Proceeds from bank loans	32	10,238,550	9,358,981
Proceeds from asset finance	32	23,832,740	1,081,622
Repayment of bank loans	32	(20,017,531)	(2,175,000)
Repayment of asset finance	32	(4,426,530)	(6,716,078)
Repayment of principal element of finance leases	32	(767,920)	(628,041)
Net proceeds from related party loans	32	-	9,744
Share issue transaction costs		-	(2,809,885)
Dividends paid		(4,298,820)	(5,000,000)
Net cash from financing activities		4,560,489	23,121,343
Net (decrease)/increase in cash and cash equivalents		(15,412,312)	20,644,277
Cash and cash equivalents at the beginning of the financial year		23,595,792	2,951,515
Cash and cash equivalents at the end of the financial year	9	8,183,480	23,595,792

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

Notes to the Consolidated Financial Statements

30 June 2025

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 25 August 2025. 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

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

New/amended pronouncement	Effective date	Impact on financial statements
AASB 2020-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024	No material impact on the Group
AASB 2022-6: <i>Non-current Liabilities with Covenants (Amendments to AASB 101/1060)</i>	1 January 2024	Additional disclosure has been included at note 18.

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.

Notes to the Consolidated Financial Statements continued

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 29.

Principles of group combination or consolidation

The Group financial statements comprise the consolidated financial statements of Alfabs Australia Limited ('Company' or 'parent entity') and its subsidiaries (together referred to hereafter as the 'Group'). For the financial year ended 30 June 2024, the Group financial statements comprised the consolidated financial statements of the parent entity and its subsidiaries for the period 1 February 2024 to 30 June 2024 and the combination of Alfabs Mining Equipment Pty Limited and other related entities for the period 1 July 2023 to 31 January 2024.

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 2016/191, 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 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Notes to the Consolidated Financial Statements continued

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 statement of profit or loss and other comprehensive income should they change. There was no material adjustment required to the estimated useful lives of any assets during the financial year (2024: 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 years ended 30 June 2025 and 30 June 2024, 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 - 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					
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
<i>Unallocated assets:</i>					
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
<i>Total assets includes:</i>					
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

Consolidated - 2024	Mining \$	Engineering \$	Other \$	Eliminations \$	Total \$
Revenue					
Sales to external customers	48,780,467	42,866,311	4,620,951	-	96,267,729
Intersegment sales	704,682	930,214	4,842,972	(6,477,868)	-
Total sales revenue	49,485,149	43,796,525	9,463,923	(6,477,868)	96,267,729
Rental revenue	179,943	-	-	-	179,943
Interest revenue	15,597	26,088	124,116	-	165,801
Total revenue	49,680,689	43,822,613	9,588,039	(6,477,868)	96,613,473
Adjusted EBITDA*					
Depreciation and amortisation	(6,348,551)	(635,137)	(752,991)	-	(7,736,679)
Interest revenue	15,597	26,088	124,116	-	165,801
Finance costs	(891,033)	(280,268)	(167,038)	-	(1,338,339)
Other non-cash expenses	-	-	(1,229,723)	-	(1,229,723)
Profit/(loss) before income tax expense	7,931,957	2,754,256	(1,048,467)	-	9,637,746
Income tax expense					(5,973,342)
Profit after income tax expense					3,664,404
Assets					
Segment assets	91,328,405	20,619,292	12,103,148	(35,786,021)	88,264,824
<i>Unallocated assets:</i>					
Alfabs Australia Ltd (the parent entity)**					
Cash at bank					18,097,803
Receivables					9,418,913
Total assets					115,781,540
<i>Total assets includes:</i>					
Acquisition of non-current assets	37,578,802	68,535	499,332	-	38,146,669
Liabilities					
Segment liabilities	63,005,943	18,094,636	14,302,709	(36,365,788)	59,037,500
Total liabilities					59,037,500

* Adjusted EBITDA excludes effects of significant items of income and expenditure which may have an impact on the quality of earnings such as transaction costs in connection with the IPO and other non-recurring expenses.

** 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	
	2025 \$	2024 \$
Revenue from contracts with customers		
Rendering of services	62,040,782	67,885,401
Equipment hire	25,319,214	21,007,155
Sale of goods	7,591,033	7,375,173
	94,951,029	96,267,729
Other revenue		
Rent	546,991	179,943
Revenue	95,498,020	96,447,672

Disaggregation of revenue

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

	Consolidated	
	2025 \$	2024 \$
Timing of revenue recognition		
Goods transferred at a point in time	7,591,033	7,375,173
Services transferred over time	58,318,334	63,873,466
Services transferred at a point in time	29,041,662	25,019,090
	94,951,029	96,267,729

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

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
Revenue	45,370,998	46,317,731	9,350,712	(5,541,421)	95,498,020
2024	Mining \$	Engineering \$	Other \$	Eliminations \$	Total \$
Rendering of services	21,090,113	43,796,525	8,514,440	(5,515,677)	67,885,401
Equipment hire	20,315,180	-	949,483	(257,508)	21,007,155
Sale of goods	8,079,856	-	-	(704,683)	7,375,173
Total sales revenue per segment	49,485,149	43,796,525	9,463,923	(6,477,868)	96,267,729
Other revenue	179,943	-	-	-	179,943
Total other revenue per segment	49,665,092	43,796,525	9,463,923	(6,477,868)	96,447,672

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 results 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 for a fixed term rental period and the revenue is recognised on a straight line basis over the term of the rental agreement.

Notes to the Consolidated Financial Statements continued

Note 6. Other income

	Consolidated	
	2025 \$	2024 \$
Net gain on disposal of property, plant and equipment	658,426	129,738
Insurance recoveries	-	307,396
Other	739,912	145,741
Other income	1,398,338	582,875

Note 7. Expenses

	Consolidated	
	2025 \$	2024 \$
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	913,891	250,000
Leasehold improvements	25,148	63,682
Plant, machinery and vehicles	7,302,905	6,599,191
Furniture, fittings and equipment	72,769	53,554
Buildings right-of-use assets	824,799	770,102
Total depreciation	9,139,512	7,736,529
Amortisation		
Patents, trademarks and licences	150	150
Total depreciation and amortisation	9,139,662	7,736,679
Finance costs		
Interest and finance charges paid/payable on borrowings	519,678	881,005
Interest and finance charges paid/payable on lease liabilities	396,734	457,334
Finance costs expensed	916,412	1,338,339
Superannuation expense		
Defined contribution superannuation expense	2,663,574	2,337,165

Notes to the Consolidated Financial Statements continued

Note 8. Income tax

	Consolidated	
	2025 \$	2024 \$
Income tax expense		
Current tax	5,885,441	5,127,031
Deferred tax – origination and reversal of temporary differences	(370,312)	846,311
Aggregate income tax expense	5,515,129	5,973,342
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	409,807	262,647
Increase/(decrease) in deferred tax liabilities	(780,119)	583,664
Deferred tax – origination and reversal of temporary differences	(370,312)	846,311
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	17,685,577	9,637,746
Tax at the statutory tax rate of 30%	5,305,673	2,891,324
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	101,437	211,528
Changes in deferred tax balances on capital reorganisation	108,019	495,607
Capital gains on capital reorganisation	-	2,374,883
Income tax expense	5,515,129	5,973,342
	Consolidated	
	2025 \$	2024 \$
Amounts credited directly to equity		
Deferred tax assets	-	(842,966)

Notes to the Consolidated Financial Statements continued

	Consolidated	
	2025 \$	2024 \$
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions	1,126,888	830,621
Lease liabilities	1,617,947	1,848,323
Accruals	84,990	497,775
Other	682,592	745,505
Deferred tax asset	3,512,417	3,922,224
Movements:		
Opening balance	3,922,224	3,341,905
Charged to profit or loss	(409,807)	(262,647)
Credited to equity	-	842,966
Closing balance	3,512,417	3,922,224
	Consolidated	
	2025 \$	2024 \$
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	6,315,332	6,848,011
Right-of-use assets	1,427,088	1,674,528
Deferred tax liability	7,742,420	8,522,539
Movements:		
Opening balance	8,522,539	4,249,164
Charged/(credited) to profit or loss	(780,119)	583,664
Additions through capital reorganisation	-	3,689,711
Closing balance	7,742,420	8,522,539
	Consolidated	
	2025 \$	2024 \$
Provision for income tax		
Provision for income tax	3,790,342	4,634,563

Notes to the Consolidated Financial Statements continued

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.

Note 9. Cash and cash equivalents

	Consolidated	
	2025 \$	2024 \$
Current assets		
Cash at bank	8,183,480	23,595,792

Notes to the Consolidated Financial Statements continued

Note 10. Trade and other receivables

	Consolidated	
	2025 \$	2024 \$
Current assets		
Trade receivables – revenue from contracts with customers	17,395,960	13,371,884
Less: Allowance for expected credit losses	(500,087)	(307,030)
	<hr/>	<hr/>
	16,895,873	13,064,854
 Other receivables	 	
	1,333,607	629,419
	<hr/>	<hr/>
	18,229,480	13,694,273

Allowance for expected credit losses

The Group has recognised a loss of \$252,429 (2024: \$256,281) in profit or loss in respect of the expected credit losses for the year ended 30 June 2025.

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	
	2025 %	2024 %	2025 \$	2024 \$	2025 \$	2024 \$
Not overdue	0.2%	2.2%	11,216,587	8,235,270	24,058	177,323
0 to 3 months overdue	–	0.3%	4,849,813	4,284,691	–	13,793
3 to 6 months overdue	6.7%	0.2%	91,436	564,416	6,145	1,078
Over 6 months overdue	38.0%	39.9%	1,238,124	287,507	469,884	114,836
			17,395,960	13,371,884	500,087	307,030

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

	Consolidated	
	2025 \$	2024 \$
Opening balance	307,030	152,833
Additional provisions recognised	252,429	256,281
Receivables written off as uncollectible	–	(82,558)
Unused amounts reversed	(59,372)	(19,526)
Closing balance	500,087	307,030

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.

Notes to the Consolidated Financial Statements continued

Note 11. Contract assets

	Consolidated	
	2025 \$	2024 \$
Current assets		
Contract assets	1,723,955	624,291

The Engineering segment comprises the entire contract asset balance at 30 June 2025 and 30 June 2024, and the increase is largely due to changes in the contract mix at 30 June 2025.

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	
	2025 \$	2024 \$
Current assets		
Raw materials – at cost	8,445,093	4,467,645
Less: Provision for impairment	(295,042)	(300,000)
	8,150,051	4,167,645
Work in progress – at cost	2,019,702	1,725,629
	10,169,753	5,893,274

Amounts recognised in profit or loss

	Consolidated	
	2025 \$	2024 \$
Inventories recognised as an expense during the year	9,221,859	8,149,582

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. Other

	Consolidated	
	2025 \$	2024 \$
Current assets		
Prepayments	695,632	-

Note 14. Property, plant and equipment

	Consolidated	
	2025 \$	2024 \$
Non-current assets		
Land and buildings - at cost	22,931,899	22,245,664
Less: Accumulated depreciation	(1,216,717)	(302,826)
	21,715,182	21,942,838
Leasehold improvements - at cost	896,000	891,939
Less: Accumulated depreciation	(137,633)	(112,485)
	758,367	779,454
Plant, machinery and vehicles - at cost	83,537,784	53,886,860
Less: Accumulated depreciation	(31,105,919)	(29,738,075)
	52,431,865	24,148,785
Furniture, fittings and equipment - at cost	671,095	429,477
Less: Accumulated depreciation	(309,760)	(260,070)
	361,335	169,407
Capital work in progress*	9,035,468	15,189,509
	84,302,217	62,229,993

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

Notes to the Consolidated Financial Statements continued

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 improvements \$	Plant, machinery and vehicles \$	Furniture, fittings and equipment \$	Capital work in progress \$	Total \$
Balance at 1 July 2023	–	998,244	27,448,092	171,863	2,722,032	31,340,231
Additions	22,031,605	34,198	2,935,835	51,213	12,793,818	37,846,669
Disposals	–	(35,528)	(254,837)	(115)	–	(290,480)
Reversal of impairment	–	–	300,000	–	–	300,000
Transfers in/(out)	161,233	(153,778)	318,886	–	(326,341)	–
Depreciation expense	(250,000)	(63,682)	(6,599,191)	(53,554)	–	(6,966,427)
Balance at 30 June 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

Accounting policy for property, plant and equipment

Buildings, leasehold improvements and each class of plant and equipment is 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.

Property, plant and equipment is tested for impairment whenever events or circumstances indicate that the asset may be impaired. For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash inflows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. An impairment loss is recognised when the carrying amount of an asset or cash generating unit (to which the asset belongs) exceeds its recoverable amount.

Notes to the Consolidated Financial Statements continued

Note 15. Right-of-use assets

	Consolidated	
	2025 \$	2024 \$
Non-current assets		
Land and buildings - right-of-use	6,946,579	6,946,579
Less: Accumulated depreciation	(2,189,619)	(1,364,820)
	4,756,960	5,581,759

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 2023	2,516,436
Additions	3,835,425
Depreciation expense	(770,102)
Balance at 30 June 2024	5,581,759
Depreciation expense	(824,799)
Balance at 30 June 2025	4,756,960

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.

Notes to the Consolidated Financial Statements continued

Note 16. Trade and other payables

	Consolidated	
	2025 \$	2024 \$
Current liabilities		
Trade payables	11,559,013	10,336,501
Other payables and accruals	1,864,657	3,605,690
GST payable	1,165,394	748,261
	14,589,064	14,690,452

Refer to note 24 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 17. Contract liabilities

	Consolidated	
	2025 \$	2024 \$
Current liabilities		
Contract liabilities – income in advance	3,301,106	2,884,488

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 \$3,301,106 as at 30 June 2025 (\$2,884,488 as at 30 June 2024) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2025 \$	2024 \$
Within 6 months	3,301,106	2,884,488

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 18. Borrowings

	Consolidated	
	2025 \$	2024 \$
Current liabilities		
Secured:		
Bank loans (a)	420,000	12,741,531
Equipment finance (a)	9,213,783	3,841,760
	9,633,783	16,583,291
Non-current liabilities		
Secured:		
Bank loan (a)	2,542,550	-
Equipment finance (a)	16,826,542	2,792,355
	19,369,092	2,792,355
	29,002,875	19,375,646

Refer to note 24 for further information on financial instruments.

(a) Bank loans

The Company and its subsidiaries, excluding Alfabs No. 1 Pty Ltd, are party to a master finance agreement with NAB (NAB Finance Agreement) for facilities with a total limit as at the facility date of \$45,200,000 (NAB Facilities), drawn to \$43,923,084 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 \$22,050,000 to fund the acquisition and delivery of equipment under the Malabar contract.

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

The \$22,050,000 corporate market loan for Malabar converted to term debt in June 2025 and is repayable over 36 months to nil at an interest rate of 6.18% with repayments commencing July 2025.

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 2.8-7.5% based on the timing of the loan agreements.

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 30, except for Alfabs No 1 Pty Ltd which was incorporated subsequent to the signing of the master finance agreement.

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 1.50:1;
- The Operating Leverage Ratio for the Group must not exceed 2.00:1; 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 2025 and 2024 reporting periods. The next review date for the covenants is 30 September 2025.

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	
	2025 \$	2024 \$
Total facilities		
Bank overdraft	3,600,000	3,400,000
Bank loan	3,452,550	25,432,550
Equipment finance	28,870,534	5,100,000
Bank guarantee facility	8,000,000	3,500,000
	43,923,084	37,432,550
Used at the reporting date		
Bank overdraft	-	-
Bank loan	2,962,550	12,741,531
Equipment finance	26,040,325	4,474,723
Bank guarantee facility	4,305,935	2,655,233
	33,308,810	19,871,487
Unused at the reporting date		
Bank overdraft	3,600,000	3,400,000
Bank loan	490,000	12,691,019
Equipment finance	2,830,209	625,277
Bank guarantee facility	3,694,065	844,767
	10,614,274	17,561,063

Accounting policy for borrowings

Borrowings are measured at amortised cost.

Notes to the Consolidated Financial Statements continued

Note 19. Lease liabilities

	Consolidated	
	2025 \$	2024 \$
Current liabilities		
Lease liability – land and buildings	806,640	756,879
Non-current liabilities		
Lease liability – land and buildings	4,586,517	5,404,198
	5,393,157	6,161,077

	Consolidated	
	2025 \$	2024 \$
Reconciliation of lease liabilities		
Carrying amount at the beginning of the year	6,161,077	2,953,693
Additions	–	3,835,425
Interest expense	397,480	457,334
Lease payments	(1,165,400)	(1,085,375)
Net movement during the year	(767,920)	3,207,384
Carrying amount at the end of the year	5,393,157	6,161,077

Refer to note 24 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.

Note 20. Employee benefits

	Consolidated	
	2025 \$	2024 \$
Current liabilities		
Annual leave	2,079,325	1,788,512
Long service leave	616,313	683,131
	2,695,638	2,471,643
Non-current liabilities		
Long service leave	432,234	297,092
	3,127,872	2,768,735

Notes to the Consolidated Financial Statements continued

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 12 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 12 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 21. Issued capital

	Consolidated			
	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares – fully paid	286,588,003	286,588,003	54,622,759	54,622,759

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	2		396,972
Share split	31 January 2024	59,093,000	\$0.1875	11,079,938
Acquisition of non-controlling interest in Camel Hire Company Pty Ltd	31 December 2023	–	\$0.0000	170,000
Shares issued to acquire:				
– Alfabs Protective Coatings Pty Ltd	31 January 2024	1,695,133	\$0.1610	273,000
– Alfabs Administration Pty Ltd	31 January 2024	8,534,000	\$0.1875	1,600,000
– Alfabs Services Pty Ltd	31 January 2024	5,333,000	\$0.1875	1,000,000
– Alfabs Forklift & Access Pty Ltd	31 January 2024	1	\$1.0000	1
– Alfabs Engineering Group Pty Ltd	31 January 2024	2,880,000	\$0.1875	540,000
– Camel Hire Company Pty Ltd	31 January 2024	9,520,000	\$0.1875	1,785,000
– Alfabs Labour Hire Pty Ltd	31 January 2024	1,040,000	\$0.1875	195,000
– Properties at Kurri Kurri and Mackay	31 January 2024	61,904,867	\$0.1610	9,969,739
Equity reclassification on capital reorganisation	31 January 2024			(566,972)
Exchange of shares on issue for shares in Alfabs Australia Ltd	31 January 2024	(150,000,003)		
Shares issued to the previous shareholders of Alfabs Mining Equipment Pty Ltd	31 January 2024	150,000,003		
Shares issued to sophisticated investors	11 April 2024	64,000,000	\$0.1875	12,000,000
Initial Public Offering	24 June 2024	72,000,000	\$0.2500	18,000,000
Issue of shares to employees	24 June 2024	588,000	\$0.2500	147,000
Transaction costs arising on share issues, net of tax				(1,966,919)
Balance	30 June 2024	286,588,003		54,622,759
Balance	30 June 2025	286,588,003		54,622,759

Notes to the Consolidated Financial Statements continued

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.

Share buy-back

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

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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.

The gearing ratio at the reporting date was as follows:

	Consolidated	
	2025 \$	2024 \$
Current liabilities - trade and other payables (note 16)	14,589,064	14,690,452
Current liabilities - borrowings (note 18)	9,633,783	16,583,291
Non-current liabilities - borrowings (note 18)	19,369,092	2,792,355
Total borrowings	43,591,939	34,066,098
Current assets - cash and cash equivalents (note 9)	(8,183,480)	(23,595,792)
Net debt	35,408,459	10,470,306
Total equity	64,866,842	56,744,040
Total capital	100,275,301	67,214,346
Gearing ratio	35%	16%

Notes to the Consolidated Financial Statements continued

Note 22. Reserves

	Consolidated	
	2025 \$	2024 \$
Share-based payments reserve	256,991	5,817
Capital reorganisation reserve	(13,523,580)	(13,523,580)
	(13,266,589)	(13,517,763)

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.

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 2023	-	-	-
Share-based payments	-	5,817	5,817
Capital reorganisation	(13,523,580)	-	(13,523,580)
Balance at 30 June 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)

Notes to the Consolidated Financial Statements continued

Note 23. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2025 \$	2024 \$
Interim dividend for the year ended 30 June 2025 of 1.5 cents per ordinary share	4,298,820	-
Dividends paid to the shareholders of Alfabs Mining Equipment Pty Ltd	-	8,600,000
Dividends paid to the shareholders of Alfabs Protective Coatings Pty Ltd	-	260,000
Dividends paid to the shareholders of Alfabs Services Pty Ltd	-	530,000
Dividends paid to the shareholders of Alfabs Labour Hire Pty Ltd	-	300,000
	4,298,820	9,690,000

* The dividend payments in the 2024 financial year occurred prior to the capital reorganisation transaction.

Franking credits

	Consolidated	
	2025 \$	2024 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	8,197,719	5,937,053

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 24. 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 the reporting date, the Group had the following variable rate borrowings:

Consolidated	2025		2024	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank loans	5.94%	2,962,550	5.15%	12,741,531
Net exposure to cash flow interest rate risk		2,962,550		12,741,531

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

Consolidated - 2025	Basis points increase			Basis points decrease		
	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

Consolidated - 2024	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Bank overdraft, bank loan, and equipment finance	200	(254,831)	(254,831)	(200)	254,831	254,831

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 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 written off when there is no reasonable expectation of recovery. 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 one year.

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 - 2025	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade and other payables	14,589,064	–	–	14,589,064
<i>Interest-bearing</i>				
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
Consolidated - 2024	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade and other payables	14,690,452	–	–	14,690,452
<i>Interest-bearing</i>				
Bank loans	13,178,942	–	–	13,178,942
Equipment finance	4,092,978	2,927,330	–	7,020,308
Lease liability	1,165,400	3,668,683	3,250,650	8,084,733
Total non-derivatives	33,127,772	6,596,013	3,250,650	42,974,435

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 25. 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	
	2025 \$	2024 \$
Short-term employee benefits	1,151,606	1,246,607
Post-employment benefits	88,072	73,813
Long-term benefits	14,865	123,489
Share-based payments	119,559	2,957
	1,374,102	1,446,866

The remuneration disclosed for 30 June 2024 includes amounts paid prior to the incorporation of Alfabs Australia Limited on 24 January 2024.

Note 26. 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	
	2025 \$	2024 \$
Audit services – Pitcher Partners NH Partnership		
Audit or review of the financial statements	157,000	140,000
Other services – Pitcher Partners NH Partnership		
Agreed upon procedures to support borrowing obligations	-	6,500
	157,000	146,500
Other services – Pitcher Partners network firm		
Non assurance services in relation to ASX listing	-	40,000

Note 27. Commitments

	Consolidated	
	2025 \$	2024 \$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	1,960,000	4,918,137

Notes to the Consolidated Financial Statements continued

Note 28. Related party transactions

Parent entity

Alfabs Australia Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2025 \$	2024 \$
Sale of goods and services:		
Sale of goods and services to other related parties controlled by key management personnel	1,129,046	1,591,571
Other income:		
Interest received - 3T Property Holdings Pty Ltd	-	93,150
Interest received - Torrance Family Trust	-	59,017
Interest received - Matthew Torrance	-	3,679
Interest received - Mineway Pty Ltd	-	6,180
Payment for goods and services:		
Rent paid to key management personnel*	65,400	92,825
Rent paid to other related party - Mineway Trust*	131,127	120,000
Rent paid to other related party - Torrance Family Trust*	-	441,317
Rent paid to other related party - Alfabs Superannuation Fund*	735,000	735,000
Other expenses	6,610	-
Other transactions:		
Acquisition of land and buildings from entity controlled by key management personnel	-	20,900,000
Dividends paid to related parties pre capital reorganisation	-	9,690,000
Acquisition of plant and equipment from key management personnel	-	150,000
Acquisition of plant and equipment from entity controlled by key management personnel	-	20,000
Sale of motor vehicles to key management personnel (selling price)	-	85,000

* 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 statement of financial position. These payments are not recognised as an expense in the statement of profit or loss.

Notes to the Consolidated Financial Statements continued

Related party transactions

- The Group sold various goods and services to entities controlled by Paul Torrance, at market value during the year totalling \$76,805 (2024: \$nil). 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 \$131,127 (2024: \$120,000) 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 (Finance Director of the consolidated entity) -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 \$65,850 (2024: \$45,900) was based on market rates.
- 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 (2024: \$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 (2024: \$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 (2024: \$6,000).
- Dura Sales (Aust) Pty Ltd acquired workshop and transport services from the Group during the year, at market rates, totalling \$40,580 (2024: \$nil).
- Dura Operations (Aust) Pty Ltd (Dura Operations) is a related entity of Paul Torrance. During the year Dura Operations acquired a Toyota Hilux at market value of \$55,000 plus GST. Equipment was also hired by the Group to Dura Operations, at market rates, totalling \$4,400.
- Paul Torrance acquired workshop related services from the Group during the year, at market rates, totalling \$931. Paul also charged the group equipment hire during the year, at deemed market value, totalling \$6,160 (2024: \$nil).
- Matthew Torrance acquired workshop related services from the Group during the year, at market rates, totalling \$3,657 (2024: \$nil).

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	
	2025 \$	2024 \$
Current receivables:		
Trade receivables from other related parties	1,529	21,210
Current payables:		
Trade payables to key management personnel	-	495

Notes to the Consolidated Financial Statements continued

Loans to/from related parties

	Consolidated	
	2025 \$	2024 \$
Loans receivable (note 10)*		
Opening balance	-	4,915,110
Interest accrued	-	162,026
Advanced	-	162,779
Repaid	-	(329,915)
Transferred to dividends payable	-	(4,910,000)
Closing balance	-	-
Loans payable (note 18)**		
Opening balance	-	210,256
Advanced	-	20,000
Repaid	-	(10,256)
Transferred to dividends payable	-	(220,000)
Closing balance	-	-
	2025 \$	2024 \$
Lease payable		
Closing balance	6,588,827	5,617,472

Note 29. 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	
	2025 \$	2024 \$
Loss after income tax	(3,295,458)	(1,274,134)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(3,295,458)	(1,274,134)

Notes to the Consolidated Financial Statements continued

Statement of financial position

	Parent	
	2025 \$	2024 \$
Total current assets	4,981,457	18,145,167
Total non-current assets	41,928,764	41,684,064
Total assets	46,910,221	59,829,231
Total current liabilities	898,884	6,474,789
Total non-current liabilities	-	-
Total liabilities	898,884	6,474,789
Net assets	46,011,337	53,354,442
Equity		
Issued capital	54,622,759	54,622,759
Share-based payments reserve	256,991	5,817
Accumulated losses	(8,868,413)	(1,274,134)
Total equity	46,011,337	53,354,442

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 2025 and 30 June 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

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.
- 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.

Notes to the Consolidated Financial Statements continued

Note 30. 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	
		2025 %	2024 %
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%	-

* Alfabs No 1 Pty Ltd was incorporated on 24 June 2025.

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 31. Events after the reporting period

On 25 August 2025, the Board approved the payment of a dividend of 1.7 cents per share with a record date of 16 September 2025.

On 3 July 2025:

- (a) Richard Hughes and Timothy Heenan of Deloitte SRT Pty Ltd were appointed as Voluntary Administrators of Dartbrook Commercial Pty Ltd ACN 665 337 413 (Dartbrook Commercial) (among other Dartbrook entities); and
- (b) Ben Campbell and David McGrath of FTI Consulting (Australia) Pty Limited were appointed as Receivers and Managers to certain assets of Dartbrook Commercial.

As at 30 June 2025, \$1,053,942.24 was owing to Alfabs by Dartbrook Commercial, which amount is included in the trade receivables (Dartbrook Debt). Alfabs hold a parent company guarantee from Australian Pacific Coal Limited (ASX:AQC), which guarantees payment of the Dartbrook Debt.

No other matter or circumstance has arisen since 30 June 2025 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 32. Cash flow information

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

	Consolidated	
	2025 \$	2024 \$
Profit after income tax expense for the year	12,170,448	3,664,404
Adjustments for:		
Depreciation and amortisation	9,139,662	7,736,679
Reversal of impairment	-	(300,000)
Share-based payments	251,174	152,817
Net gain on disposal of non-current assets	(658,426)	(129,738)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(4,535,207)	1,969,614
Decrease/(increase) in contract assets	(1,099,664)	1,289,625
Decrease/(increase) in inventories	(4,276,479)	5,358,755
Decrease in deferred tax assets	409,807	262,647
Increase in prepayments	(695,632)	-
Increase/(decrease) in trade and other payables	773,306	(1,514,191)
Increase/(decrease) in contract liabilities	416,618	(4,838,128)
Increase/(decrease) in provision for income tax	(844,221)	2,605,034
Increase/(decrease) in deferred tax liabilities	(780,119)	583,663
Increase in employee benefits	359,137	496,289
Net cash from operating activities	10,630,404	17,337,470

Non-cash investing and financing activities

	Consolidated	
	2025 \$	2024 \$
Shares issued to acquire properties	-	9,969,739
Related loans receivable offset against dividends payable	-	4,910,000
Related party loans payable transferred to dividends payable	-	220,000

Notes to the Consolidated Financial Statements continued

Changes in liabilities arising from financing activities

Consolidated	Leases \$	Bank loan \$	Equipment finance \$	Related party loans \$	Total \$
Balance at 1 July 2023	2,953,693	2,000,000	12,268,571	210,256	17,432,520
Net cash from/(used in) financing activities	(628,041)	7,183,981	(5,634,456)	9,744	931,228
Loan attaching to purchase of property	-	3,557,550	-	-	3,557,550
Acquisition of plant and equipment by means of leases	3,835,425	-	-	-	3,835,425
Transfer to dividends payable	-	-	-	(220,000)	(220,000)
Balance at 30 June 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

The total cash outflow for leases (inclusive of interest) in 2025 was \$1,165,400 (2024 - \$1,085,375).

Note 33. Earnings per share

	Consolidated	
	2025 \$	2024 \$
Profit after income tax	12,170,448	3,664,404
Non-controlling interest	-	(110,861)
Profit after income tax attributable to the owners of Alfabs Australia Limited	12,170,448	3,553,543
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	286,588,003	165,553,232
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	2,797,477	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	289,385,480	165,553,232
	Cents	Cents
Basic earnings per share	4.25	2.15
Diluted earnings per share	4.21	2.15

Notes to the Consolidated Financial Statements continued

Note 34. 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. A total of 6,000,000 options were granted to the Managing Director and 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 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 expiry 47 months after grant date. The total fair value of the options granted was \$385,000.

(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.

Set out below are summaries of options granted:

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	\$0.3000	11,000,000	-	-	(1,000,000)	10,000,000
24/06/2024	24/05/2028	\$0.3000	13,000,000	-	-	(2,000,000)	11,000,000
24,000,000				-	-	(3,000,000)	21,000,000
Weighted average exercise price			\$0.3000	\$0.0000	\$0.0000	\$0.0000	\$0.3000
2024 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	\$0.3000	-	11,000,000	-	-	11,000,000
24/06/2024	24/05/2028	\$0.3000	-	13,000,000	-	-	13,000,000
- 24,000,000				-	-	-	24,000,000
Weighted average exercise price			\$0.0000	\$0.3000	\$0.0000	\$0.0000	\$0.3000

No options were exercisable at 30 June 2025 and 30 June 2024.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.9 years (2024: 3.9 years).

The total expense arising from share-based payment transactions recognised during the year as part of employee benefit expense was \$251,174 (2024: \$5,817).

Notes to the Consolidated Financial Statements continued

For the options granted during the prior 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
20/06/2024	20/05/2028	\$0.2500	\$0.3000	33.10%	4.00%	4.04%	\$0.035
24/06/2024	24/05/2028	\$0.2500	\$0.3000	33.10%	4.00%	4.04%	\$0.035

Accounting policy for share-based payments

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing 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.

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 2025

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 2025

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 2025 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

25 August 2025
Kurri Kurri



Matthew Torrance
Managing Director and Chief Executive Officer

Independent Auditor's Report

to the members of Alfabs Australia Limited



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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 2025, 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 2025 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 the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

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Independent Auditor's Report continued



Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition and other related balances: Refer to note 5 – Revenue – rendering of services \$62,040,782, note 11 – Contract assets \$1,723,955, note 12 – Work in progress at cost \$2,019,702, note 17 - Contract liabilities \$3,301,106</p> <p>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 overtime.</p> <p>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:</p> <ul style="list-style-type: none">the stage of completion of the contract activitytotal forecast contract costs, andvariable consideration <p>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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none">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:<ul style="list-style-type: none">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; andevaluating 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



Key Audit Matter	How our audit addressed the key audit matter
<p>Malabar Contract:</p> <p>Relevant components of the following disclosures have been targeted by our audit risk assessment:</p> <p>Note 5 – Revenue – Hire of equipment \$25,319,214, note 14 – Property, plant and equipment – Plant, machinery and vehicles \$84,302,217, note 17 - Contract liabilities \$3,301,106, note 18 – Borrowings – Equipment finance \$29,002,875.</p>	<p>This was a key audit matter because of the financial significance and complexity of the Malabar Contract entered into with Malabar Resources Limited and Maxwell Ventures Pty Ltd (the 'Customer').</p> <p>The arrangement involves a substantial loan facility to fund the acquisition and overhaul of major plant and machinery for subsequent hire to the Customer, which introduces risks related to:</p> <ul style="list-style-type: none">the capitalisation of major plant and machinery;revenue recognition under the hire arrangement with the Customer; andcompliance with financial covenants attached to the related debt facility. <p>These areas require Management judgements and have a material impact on the Group's financial position and performance.</p> <p>Our procedures included:</p> <ul style="list-style-type: none">Obtaining an understanding of and evaluating the terms of the Malabar Contract and the associated debt financing facility;Testing the capitalisation of major plant and machinery relating to the Malabar Contract against the Group's capitalisation policy;Assessing whether there were indicators of impairment for major plant and machinery or capital work in progress;Evaluating the revenue recognition methodology applied to the hire arrangement in accordance with AASB 15;Testing the calculation of the contract liability with reference to revenue recognised over the hire period to date and payments received to date;Evaluating compliance with financial covenants attached to the debt facility, including review of loan documentation;Testing of financial covenant calculations;Assessing the adequacy of disclosures in the financial statements relating to the Malabar Contract.

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 2025 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.

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Alfabs Australia Limited 2025

Independent Auditor's Report continued



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.

Pitcher Partners Newcastle & Hunter Pty Ltd

Pitcher Partners is an association of independent firms. An independent company. ABN 53 001 876 320. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

Alfabs Australia Limited 2025

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 22 to 29 of the directors' report for the year ended 30 June 2025. In our opinion, the Remuneration Report of Alfabs Australia Limited, for the year ended 30 June 2025, 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.

A handwritten signature in black ink, appearing to read 'Shaun Mahony'.

SHAUN MAHONY
Partner

25 August 2025

A handwritten signature in black ink, appearing to read 'Pitcher Partners NH Partnership'.

Pitcher Partners NH Partnership
Newcastle

Pitcher Partners Newcastle & Hunter Pty Ltd

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Alfabs Australia Limited 2025

Shareholder Information

30 June 2025

The shareholder information set out below was applicable as at 4 August 2025.

Distribution of equitable securities

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

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	5,083	-	-	-
1,001 to 5,000	900,667	0.3	-	-
5,001 to 10,000	906,943	0.3	-	-
10,001 to 100,000	8,794,599	3.1	-	-
100,001 and over	275,980,711	96.3	13	100.0
	286,588,003	100.0	13	100.0
Holding less than a marketable parcel	21	-	-	-

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	140,026,003	48.9
HSBC Custody Nominees (Australia) Limited	26,635,397	9.3
Salter Brothers Emerging Companies Limited	25,881,643	9.0
Bill Wavish	5,733,333	2.0
Mr Matthew Torrance	4,267,000	1.5
Mr Andrew Torrance	4,267,000	1.5
Yvonne Wavish	4,266,667	1.5
Timster Pty Limited - The McRod Super Fund A/C	3,999,999	1.4
Richvale Pty Ltd	3,133,333	1.1
Rathvale Pty Limited	2,916,666	1.0
Sovori Pty Ltd - The Sovori A/C	2,666,666	0.9
Mr Murray Edward Bleach & Mrs Norma Leigh Edwards - The Bleach Super A/C	2,666,666	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	1,591,999	0.6
MWH Nominees No 1 Pty Ltd	1,530,000	0.5
Mrs Michele Torrance	1,440,000	0.5
Vardon Investments Pty Ltd - Vardon Investments Unit A/C	1,334,000	0.5
Timster Pty Limited - The Mcrod Super Fund A/C	1,333,334	0.5
G Chan Pension Pty Limited - Chan Super Fund A/C	1,333,333	0.5
	238,623,038	83.4

Shareholder Information continued

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	21,000,000	13

No persons hold 20% or more of unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Paul Torrance	140,026,003	48.9
HSBC Custody Nominees (Australia) Limited	26,635,397	9.3
Salter Brothers Emerging Companies Limited	25,881,643	9.0

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 2025

Directors

William Wavish
Non-Executive Chairman

Matthew Torrance
Managing Director and Chief Executive Officer

Mark Harrison
Finance Director and Chief Financial Officer

Aimee Travis
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

Level 3
The Boardwalk
1 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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alfabs.com.au

