

Alfabs Australia Limited – ASX Announcement 27 November 2026

Chairman's Address

Alfabs Australia Limited (ASX: AAL) (Alfabs or the Company) is holding its 2026 Annual General Meeting today. Attached is a copy of the Chairman's Address.

For further information, please contact:

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About Alfabs

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

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



Chairman’s Address

Good afternoon everyone, and welcome to the 2026 Annual General Meeting of Alfabs Australia Limited.

My name is Bill Wavish, Chairman of Alfabs, and I will be chairing today's meeting.

Before turning to the Company's performance, I would like to acknowledge the changes to our Board during the year.

Peter White joined Alfabs as Chief Financial Officer in January and was appointed Finance Director in May. Glen Robinson joined the Board in June as an Independent Non-Executive Director, bringing extensive experience in mining and resources. More recently, Matthew Keen joined as an Independent Non-Executive Director, bringing considerable experience in corporate development and acquisitions.

These appointments have strengthened the Board's financial, operational, mining, and commercial expertise as we enter the next stage of Alfabs' development.

I would also like to acknowledge our Managing Director and CEO, Matthew Torrance, Non-Executive Director Aimee Travis, Company Secretary Clayton Freeman and our external auditor, Shaun Mahoney from Pitcher Partners.

FY2026 Performance and Business Reset

FY2026 was a challenging year for Alfabs, but also an important period of change.

While revenue increased by 11% to $105.7 million, underlying EBITDA declined to $22.6 million, underlying net profit after tax fell to $5.2 million, and the business generated $5.7m of free cash flow. These results were below our expectations and highlighted the need to improve the performance of the business, particularly the cash conversion rate.

In January, the Board and management commenced a comprehensive review of the Group's operations, cost structures, capital allocation and balance sheet.

Our objective was clear: to build a more efficient, financially disciplined business capable of generating sustainable cash flow and attractive returns for shareholders.

At our Investor Day Update in June, we set out a clear plan to improve the Group's financial performance, strengthen the balance sheet and establish a pathway to sustainable shareholder returns.



I am particularly pleased with the progress made since the Investor Day. We have delivered on the key operational and financial actions we committed to undertake, and in several areas have progressed ahead of our original timetable.

This did require a number of difficult but necessary decisions, including a reduction in our workforce, the consolidation of our Mining workshops and a broader focus on operational efficiency.

Importantly, we are now beginning to see the financial benefits of these actions.

Free cash flow has improved significantly, with $6.5 million delivered over the last two quarters vs. $6m generated for the full 2025 financial year. This gives us confidence in delivering on our stated objective of generating FCF in 2028, two to three times higher, compared with FY2025. We are currently tracking towards the lower end of this range during FY2027, notwithstanding the challenging trading environment in Engineering.

While there is more work to be done, these results provide encouraging evidence that the changes implemented are having the intended effect.

Safety has also remained a priority throughout this period. The Group recorded a substantial reduction in recordable injuries during the second half of FY2026, and our Engineering division has now achieved more than 365 days without a lost-time injury.

I would like to recognise our employees for maintaining their commitment to safety and our customers during a period of significant organisational change.

Operational Performance

Turning to our operating divisions, Mining remains the foundation of the Group's earnings and cash generation.

Our underground equipment hire business continues to perform well, supported by high utilisation of our major hire assets, including those deployed at Malabar.

Average daily hire revenue increased by 14% during FY2026 to $79,100, and a further 9% to $86,500 in the first quarter of FY2027.

This improvement reflects both the strength of our underlying hire business and the benefits of the capital invested in expanding and improving our equipment fleet.

We have also made progress commercialising our internally developed equipment, including the fourth continuous miner and our AX-10 loader, which were both deployed on initial 12-month hires.



We believe the Mining division provides a strong platform for future growth, supported by our existing fleet, established customer relationships and opportunities to expand our product offering.

Our Engineering division has faced more challenging trading conditions, reflecting a softer market for major infrastructure projects. We have seen a delay in the timing of Projects.

While this has affected earnings and the current order book, we continue to focus on developing our tender pipeline. We have also retained the core capabilities and workforce required to capitalise on opportunities in the pipeline.

Engineering remains a relatively capital-light business with established capabilities, customer relationships and exposure to major infrastructure investment.

We believe there is meaningful upside as market conditions improve, although the timing of that recovery remains uncertain.

Balance Sheet and Debt Restructuring

A major priority for the Board during FY2026 has been improving the Group's balance sheet and ensuring that our funding arrangements are appropriate for the underlying business.

As shareholders will be aware, the significant investment in our Mining hire fleet over recent years placed increasing demands on the Group's cash flow.

While these assets provide attractive long-term earnings opportunities, the structure of our existing debt facilities placed constraints on our ability to reinvest in the business and to return capital to shareholders.

We have therefore undertaken a two-phase restructuring of the Group's debt arrangements.

Phase I was completed earlier this year, extending the tenor of our existing facilities and reducing annual principal repayments.

Pleasingly, as announced yesterday, Phase II is nearing completion, with the Company executing a new banking facilities agreement, of approximately $67 million with the Commonwealth Bank of Australia. This will replace our existing facilities with National Australia Bank.

The new arrangements represent a significant improvement in the Group's funding structure, including longer equipment finance repayment periods, greater financial flexibility and facilities better aligned with the long-term nature of our assets.



Importantly, the new arrangements are expected to materially reduce scheduled annual debt repayments.

When combined with the improvements in operating free cash flow, this is expected to deliver a substantial increase in the cash available to the Group for reinvestment, further debt reduction and shareholder returns.

Net debt has reduced from its peak in March 2026, supported by improved operating cash flow and more disciplined capital expenditure.

Our objective remains to maintain net leverage within a target range of 1.5 to 2.0 times EBITDA, providing the financial capacity to invest in the business while maintaining a prudent capital structure.

Settlement of the new banking facilities remains subject to satisfaction of customary conditions precedent, and we look forward to updating shareholders following completion.

The Board considers this an important milestone in positioning Alfabs for the next phase of its growth and development.

Shareholder Returns and Capital Allocation

The Board recognises the importance of delivering returns to shareholders, both through growth in the value of the Company and through dividends.

During FY2026, we made the decision to prioritise strengthening the balance sheet and improving cash generation over the payment of immediate dividends.

We believe this was the appropriate decision given the financial position of the Group at that time.

The progress made in restructuring our operations and securing more appropriate funding arrangements has now provided the Board with greater confidence in the Company's financial strength.

Importantly, the new financing arrangements with Commonwealth Bank specifically provide for the payment of a Special Dividend in respect of FY2026, sufficient to accommodate a distribution of **one cent per share**.

We currently expect net leverage to remain below 2.0 times EBITDA, even after allowing for the recently completed J&J Vac acquisition and a special dividend of this amount.

The Board will formally consider the payment of a special dividend following settlement of the new banking facilities and a final assessment of the Company's financial position.



The Board will also consider the payment of an interim dividend in respect of FY2027 following the release of the Company's half-year results in February 2027.

This reflects the Board's commitment to balancing shareholder distributions with the need to maintain a strong balance sheet and to fund attractive growth opportunities.

Looking forward, disciplined capital allocation will remain central to our strategy.

We intend to direct capital towards opportunities that generate attractive risk-adjusted returns, improve sustainable free cash flow and enhance long-term shareholder value.

Growth Opportunities

Having made substantial progress in resetting the business, our attention is increasingly turning towards opportunities for growth.

We see opportunities to expand our Mining equipment hire business through organic investment, innovative product development and selective acquisitions.

The recently completed acquisition of J&J Vac represents a significant addition to our Mining business.

J&J Vac specialises in underground pumping equipment, providing Alfabs with an established product offering that complements our existing equipment hire, innovative manufacturing and maintenance capabilities.

The acquisition provides an immediate contribution from an existing fleet of hire equipment, together with opportunities to manufacture and supply additional units through our established facilities.

We believe there is considerable potential to leverage Alfabs' existing customer relationships and workshop capabilities to develop this business further.

In addition, we also see potential in exploring opportunities to extend the application of this equipment into adjacent markets beyond underground coal mining.

We will continue to assess further acquisition opportunities, but will remain disciplined on valuation, financial returns and the deployment of shareholders' capital.

Our objective is not simply to grow the size of Alfabs, but to improve the quality of its earnings, cash generation and returns on capital.



Outlook

Looking ahead, FY2027 will remain a year of execution.

Our priorities are to complete the debt refinancing, embed the benefits of our operational restructuring, maintain strong performance in Mining and position Engineering for the opportunities in the pipeline.

We will also continue to pursue carefully selected growth opportunities that complement our existing operations.

The progress made over the past year has been significant.

We have undertaken a substantial operational restructuring, improved cash generation, strengthened our balance sheet and secured improved financing facilities that are better aligned with the needs of our business.

Importantly, we have delivered on the key commitments outlined to shareholders in June, and we are now in a position to turn our attention increasingly towards growth and shareholder returns.

There is more work ahead, particularly in navigating the challenging Engineering market, but the Board is confident that Alfabs is entering its next phase from a substantially stronger position.

Our priorities remain clear: sustainable free cash flow, disciplined capital allocation, a strong balance sheet and long-term value creation for shareholders.

Finally, on behalf of the Board, I would like to thank our employees for their hard work and commitment through a demanding year, our customers and suppliers for their continued support, and our shareholders for their support and confidence in Alfabs.

I will now move to the formal business of the meeting.

Bill Wavish
Chairman
Alfabs Australia Limited