



INVESTOR PRESENTATION

ALFABS GROUP

June 2024



Disclaimer



This presentation, any information contained within it and any information supplied in connection with the presentation (the Presentation) has been prepared by Alfabs Australia Limited ACN 674 455 442 (Alfabs or Company) and contains general background information relating to Alfabs' activities, current at the date of this Presentation. The Presentation is provided to the recipient on the terms set out in this notice (Disclaimer). By receiving, reviewing or attending the Presentation, the recipient agrees to be bound by the Disclaimer.

Not an Offer or Investment Advice

The Presentation does not constitute any offer, advice, recommendation, solicitation, advertisement or invitation to investors or potential investors in relation to holding, purchasing or selling securities in the Company. The Presentation does not constitute investment advice, financial product advice or any recommendation by Alfabs or any of its respective bodies corporate and affiliates, related entities, directors, officers, employees, advisors or agents (together, the "Relevant Persons") to the recipient. The Presentation is being provided to the recipient for information purposes only and does not purport to be complete and does not necessarily contain all information which a prospective investor would consider material or required to form the basis of any investment decision. The recipient should undertake its own independent enquiries and assessment of whether or not it wishes to participate in any investment relating to the Company. Nothing in the Presentation constitutes legal, financial, tax or other advice. The Presentation does not take into account the particular investment objectives, financial situation, taxation position or needs of any person or entity. The recipient should conduct its own investigations and analysis of the Company and seek legal, financial, tax and other advice from an independent, licensed professional advisor. To the maximum extent permitted by any law, none of the Relevant Persons accept any liability or responsibility for any loss or damage (however caused, including without limitation for negligence) arising from any use of or reliance placed on the Presentation.

No Liability

This Company has prepared this Presentation based on information available to it at the time of preparation and it will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date of this Presentation.

The information contained in the Presentation is general in nature and has not been verified or audited. To the maximum extent permitted by law, the Relevant Persons do not make any warranty, representation or guarantee (express or implied) regarding, and accept no liability for, the content, reliability, fairness, adequacy, accuracy, suitability, correctness, completeness or otherwise of the contents of the Presentation (including without limitation any opinions, forecasts, reports, estimates and conclusions contained in the Presentation). Further, the Relevant Persons make no representation or warranty that an investor will earn any return (income and growth) on their investment or that any capital invested will be returned.

Past Performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance or reasonableness of any forward looking statements, forecast financial information or other forecast. Actual results could differ materially from those referred to in this Presentation.

Financial Information

The financial information contained in this Presentation is unaudited unless otherwise stated. Recipients are cautioned therefore to not place any reliance on the financial information.

Forward Looking Statements

The Presentation includes certain forward-looking statements, which may be identified by words such as "expect", "will", "may", "could", "anticipates", "intends", "forecast", "estimate", "target", "plan" and other similar expressions. Forward-looking statements also include (without limitation) indications of future earnings and financial position, statements and information about the Company's expectations regarding the performance of the Company, including its plans, intentions, strategies, prospects and outlook. Forward-looking statements are based on subjective analysis and assumptions about future events that may not be correct or necessarily take place. They involve known and unknown risks, uncertainties and other factors which are beyond the control of the Company. Given these uncertainties, the recipient should exercise caution when considering, and must not rely on, such forecasts or forward-looking statements as the actual results may vary. The Company does not make any representation or warranty as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecast, projection or forward-looking statement contained in or inferred from the Presentation. The Company does not intend and is not required to provide the recipient with access to any updated information or to correct any inaccuracies in the Presentation which may become apparent, whether as a result of new information, future events or results or otherwise. To the maximum extent permitted by law, the Company excludes all liability (and the recipient releases the Company from) arising out of or in connection with any forward-looking statements that may be contained in or arise from the Presentation.

Confidentiality

All Information contained in this Presentation (including this Importance Notice) is confidential. By receiving the Information, you are deemed to agree that you will hold the Information in strict confidence, and keep it secret, and not reproduce, disclose or distribute the Information to any third party or publish the Information for any purpose.

Representations

In accessing this Presentation, you represent, warrant and agree for the benefit of the Company that wherever you are located, you are a person who is permitted under applicable law and regulation to receive and view information of the kind contained in this Presentation. If you are not such a person, you are not entitled to receive nor view this Presentation, and must promptly return all materials received from the Company (including this Presentation) without retaining any copies.

The background image shows a large industrial facility, likely a steel mill or manufacturing plant. In the foreground, two workers in safety gear are handling materials on a pallet. Behind them, a massive, multi-tiered cylindrical structure, possibly a blast furnace or a large storage tank, dominates the scene. The lighting is dim, with some overhead industrial lights visible. A red diagonal graphic element is present on the right side of the image, partially overlapping the text.

SECTION 1 **INTRODUCING ALFABS**

Why Invest in ALFABS



1	Market-leading diversified service provider	<ul style="list-style-type: none"> Alfabs is a market-leading, diversified group of companies that primarily operates across two divisions in Australia: <ul style="list-style-type: none"> Mining: Leading equipment hire business to operators in the underground black coal mining industry in Australia, as well as supplier of mining consumables and spare parts Engineering: Provider of fabrication, engineering, protective coatings, logistics and other services to Tier 1 and Tier 2 contractors for public and private infrastructure projects
2	Strong financial record of profitable growth	<ul style="list-style-type: none"> Strong track record of profitable growth driven by a growing customer base and existing customers increasing their spend: <ul style="list-style-type: none"> FY24 forecast revenue of \$94.0m forecast for FY24, up 10.6% on FY23 FY24 pro-forma forecast EBITDA of \$18.0m (19.1% EBITDA margin), up 25.0% on FY23 FY23 return on equity of 20.8%
3	Established industry fundamentals	<ul style="list-style-type: none"> Sustained demand for iron and steel is driving metallurgical coal demand, as well as thermal coal remaining a key component of energy consumption, underpinning significant demand for equipment hire and consumables Government funded infrastructure continues to gather momentum supporting the increased demand for engineering, fabrication and installation services
4	Clear opportunities for growth	<ul style="list-style-type: none"> Continued expansion within Australia focused on the following key growth pillars to support new and existing customer contracts: <ul style="list-style-type: none"> Significant Contract: Circa \$42M contract over 4 years executed with delivery to begin in Q1 FY25 Major Mining Equipment Investment: Experiencing significant inbound demand for additional mining equipment Refurbished Used Equipment: Ability to refurbish second-hand units that achieve quicker paybacks and generate additional workshop activity and maintenance revenue streams Bolt-on Acquisitions: Balance sheet flexibility to undertake acquisitions that can expand service offering, generate new Group revenues and provide additional diversification within its overall revenue mix
5	Experienced Board & Founder-led Management	<ul style="list-style-type: none"> Owned and operated by the Torrance family since 1986, the Family will retain 52.34% of the Company post listing. There has been no sell down in the IPO. Experienced board with proven track record of value creation including Bill Wavish as Chairman (previous CFO at Woolworths) and Rob Neale as Deputy Chairman (former MD and CEO of New Hope, former Chairman of Nickel Industries). The Directors (ex-Matthew) Torrance will retain approximately 3.96% of the Company post listing.

ALFABS History



Originally formed in the 1950s as Alfabs Engineers. Since 1986, the group has been owned and operated by the Torrance family, led by Paul Torrance.

In 2000, Matt Torrance succeeded Paul as General Manager and has transitioned to Managing Director in the lead up to the Company's listing.

Collectively the 2nd generation of the Torrance Family bring nearly 100 years of Alfabs experience reinforcing the long-standing relationships formed with industry participants on both the client and supplier sides.

The Group was restructured in January 2024 ahead of the listing in June 2024

The Founding Family will retain approximately 52.34% of the company post listing. Their holding will remain in escrow until 30 June 2026. No shares have been sold down during the pre-IPO or IPO process.



Founding Chairman Paul Torrance pictured below with sons (from left) Andrew, Jason and Matt who will continue his legacy.

Alfabs team at Cardiff circa 1957



Alfabs team at Kurri Kurri 2009, circa 50 years on

ALFABS Board & Management



WILLIAM WAVISH – Non-Executive Chairman

Former CFO and Finance Director at Woolworths. Previous roles include Executive Chairman of Myer, Chief Operations Manager at Industrial Equity Ltd and Managing Director at Chase Corporation.



The Directors (excluding Matthew Torrance) will hold approximately 3.96% of the Company post listing.



ROBERT NEALE – Non-Executive Director & Deputy Chair

Former MD and CEO of New Hope Corporation, he has a proven track record in operational and development roles. Previously Chairman of Nickel Industries Ltd and Chairman and Non-Executive Director for various organisations, including WestSide Corporation & Northern Energy Corporation as well as Director for Planet Gas and Bridgeport Energy.



CLAYTON FREEMAN – Group Financial Controller & Company Secretary

With over 15 years of experience as a Chartered Accountant, Clayton originally commenced in the audit department of a prominent accounting firm and has acquired extensive knowledge and expertise while holding senior positions in diverse industries. Also overseen multiple internationally dispersed teams, Clayton assumes responsibility for all financial operations, treasury and company secretarial functions and holds a Bachelor's degree in Commerce.



MATTHEW TORRANCE – Managing Director & CEO

Over 30 years of experience as he continues the Torrance family legacy. Beginning his career as an Apprentice B/M at Alfabs in the 80's before progressing to roles such as Workshop Supervisor, Estimator, and Workshop & Site Manager before being appointed GM in 2000. In 2010, assumed the role of CEO. Pioneered the establishment of Alfabs' Mining and Protective Coatings divisions and led acquisitions of Minepro (NSW) Pty Ltd in 2015 and LFP Mining in 2020.



HENRY THOMPSON – General Manager, Engineering

Over 15 years' experience in civil engineering, project management, and asset strategy. Former roles include Project Engineer, Project Manager, and Asset Strategy Superintendent in major infrastructure companies. Henry has managed and implemented large-scale projects, focusing on structural and mechanical design, project planning, and quality controls. Henry holds a Bachelor's degree in Civil Engineering and a Master's in Business Management and Administration.



MARK HARRISON – Finance Director & CFO

A Chartered Accountant, possessing versatile financial and commercial skills from 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.



SHAYNE FRANKLIN – General Manager, Mining

Shayne has over 15 years' experience in management at major mining and mining equipment companies. Former roles include, General Manager, Mining and Operations Manager and Project Manager. Shayne is a qualified electrician and pursuing a Graduate Certificate of Business Administration and Diploma of Management.



SECTION 2

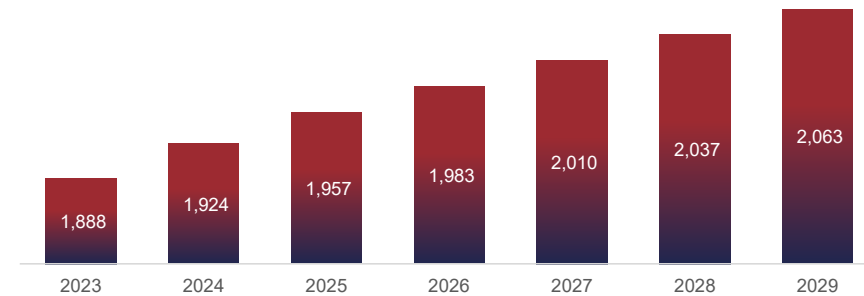
INDUSTRY OVERVIEW

Mining – Equipment Hire & Consumables

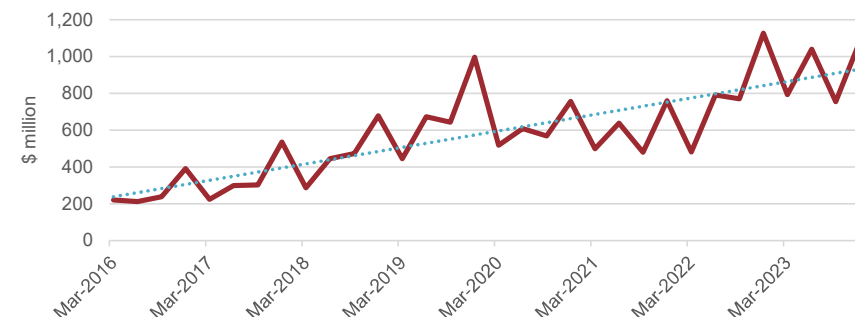
Supporting established industries with strong fundamentals

- **Sustained growth in Steel Demand**
 - Growth in industrial output and infrastructure-driven demand, will support steel world production which is projected to reach 2.1 billion tonnes by 2029¹
 - This will drive demand for metallurgical coal, with the IEA forecasting consumption will increase by 17Mt over 2023 to 2026¹
 - Australia is the largest global exporter of metallurgical coal and exports are projected to grow to meet global needs
- **Constraints on Alternate Energy Sources**
 - Coal remains the largest source of electricity, with ~6,550 operational coal-fired power plants worldwide. 75% of these are in Asia and only 3% are expected to shutdown over 2023 to 2029¹
 - Domestic capacity constraints with renewable energy support continued coal consumption for power generation in Australia and worldwide
- **Growth in coal mining capex and exploration expenditure**
 - Coal mining equipment capex has growth at a CAGR² of 19.4% between 2016 and 2023¹
 - Australian coal exploration expenditure has been growing rapidly over the long term and an even faster pace since March 2022, reaching \$320m in 2023, up 33% on 2022¹
- **Significant pipeline of metallurgical and thermal coal projects**
 - Australia has the 4th largest share of coal reserves in the world and has a significant pipeline of both metallurgical and thermal coal projects (42 publicly announced, 1 at DFS stage and 10 committed)¹

World Steel Production (Mt), 2023-2029^{1,3}



Capex by Quarter, Equipment, Plant and Machinery, Coal Mining, Australia 2016-2023^{1,3}



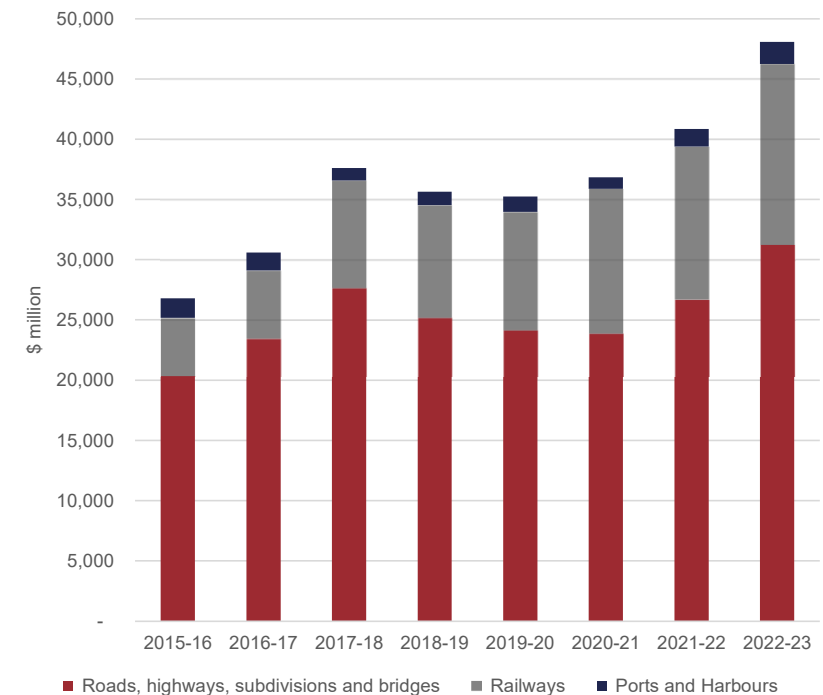
Notes: (1) Frost & Sullivan Report – 13 May 2024 (2) Compound Annual Growth Rate (3) World Steel Association; Department of Industry, Science and Resources (4) Source: Private New Capital Expenditure and Expected Expenditure, ABS

Engineering Services – Infrastructure & Mining

Growing need to support transport infrastructure and mining projects

- **High levels of transport and mining infrastructure spend**
 - Government-funded infrastructure build-out has underpinned record investment in infrastructure capital works in Australia, with population growth, continued urbanisation and an increased freight task underpinning demand for new transport infrastructure
 - WA, QLD and NSW continue to grow their infrastructure pipeline
 - Total transport infrastructure pipeline (2022–23 to 2026–27) in Australia is estimated at \$211 billion¹
- **Ageing assets, high utilisation and backlog of maintenance**
 - Deterioration in condition of transport infrastructure, due to ageing, drives demand for maintenance services
 - For the mining sector, reliability and reduced downtime are critical for operations
- **Infrastructure damage from extreme events**
 - Frequency and duration of fire weather events, heavy rainfall, floods, sandstorms and dust storms are projected to increase
 - Expenditure to improve resilience of infrastructure is a key priority of governments and the private sector
- **Skills shortage**
 - Demand for infrastructure construction outweighs supply with labour being the major capacity constraint
 - Across all types of infrastructure, labour shortage reached 229k full time workers as of October 2023¹
- **High profit growth among coal miners**
 - High coal prices have helped grow margins for Australian coal miners supporting improved cash reserves, increased M&A activity and infrastructure investments for growth

Total Value of Transport Infrastructure Engineering Construction Work Done, Australia, 2015-16 to 2022-2023^{1,2}



Notes: (1) Frost & Sullivan Report – 13 May 2024 (2) Source: Engineering Construction Activity, ABS, 2023



SECTION 3

COMPANY OVERVIEW

Divisional Overview

Mining (December H124 results)

\$25.0m

REVENUE

51%

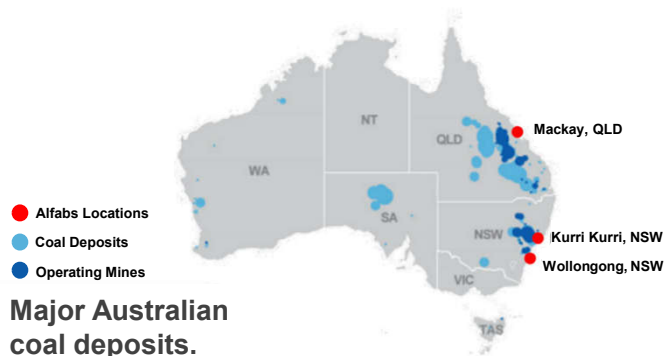
WEIGHTING

\$7.9m

EBITDA

76%

WEIGHTING



DIVISIONAL OVERVIEW

Located in proximity to large coal projects on Australian East Coast

Equipment hire: Providing equipment hire to operators in the underground black coal mining industry in Australia.

Workshop capability: Providing repair, maintenance, overhaul and construction of underground mining equipment.

Mining consumables: Supplying mining consumables and spare parts to mining operators.



Business Model

Term based contract model: Highly predictable revenue model driven by majority of contracts being on a term basis, resulting in a rate of return on equipment irrespective of whether it is used or not.

Leading mining brands: Mining revenue is from global and Australia mining majors with low counterparty risk.

Long term contracts supported by operating mines: The majority of mining hire revenue is from producing assets or soon to be producing assets with contracts and Purchase Order agreements typically signed for time periods of a minimum of 1 month up to 4 years with options to extend. For high value assets that are difficult to procure or are of critical value, customers seek long term contracts correlated to the length of tenure at mine. As equipment hire is for producing mines, there is no exposure to early-stage exploration companies.

Scheduled maintenance: Built into the contract to minimise downtime and disruptions and demonstrates to customers emphasis of high utilisation when onsite.

Cost + margin model for consumables: As the consumables business sells products, the business model is a typical cost-plus margin model.

Consumables represent recurring revenues: Products like Bat Bags and Machinery Consumables need to be replenished and replaced in line with mine development and production thus generating a recurring style revenue stream for Alfabs.

Regulation-enforced products: Bat Bags, PPE and other products have mandated regulatory requirements to ensure mine site compliance thereby driving recurring style demand.

Mining Equipment Hire

Specialises in the supply, design, manufacture, hire, service and repair of mining equipment.

The Company's in-depth understanding of the underground coal mining industry's needs allows it to develop innovative equipment packages and maintain a diverse fleet of assets for short- and long-term rental. Equipment includes Continuous Miners, LHDs, Feeder Breakers, Shuttle Cars, Man Transporters, QDS BOAR Bolters, Ventilation Fans, QDS Equipment & Ancillary items.



Continuous Miner



Man Transporter



Underground LHD Loader

Mining Workshop & Mining Consumables



Alfabs has its own workshops for the manufacture, design, repair, rebuild and overhaul of underground mining equipment.

Historically, Alfabs has been able to purchase and restore second-hand equipment at prices below the cost of brand-new equipment. Alfabs has specialised internal refurbishing capabilities to refurbish these second-hand units. This allows Alfabs to achieve quicker payback periods and improved cash conversion rates on these assets.



Continuous Miner
(Before Overhaul)



Continuous Miner
(After Overhaul)

Alfabs provides consumables relevant to the underground coal mining industry.

Its main product is the stone dust 'Bat Bag'. Products like Bat Bags and Machinery Consumables need to be replenished and replaced in line with mine development and production, thus generating a recurring revenue stream for Alfabs. Importantly, these products are typically mandated by the relevant regulator to ensure mine site compliance, which supports recurring demand.



Alfabs Bat Bag

Divisional Overview



Engineering (December H124 results)

\$23.8m

REVENUE

49%

WEIGHTING

\$2.5m

EBITDA

24%

WEIGHTING

DIVISIONAL OVERVIEW

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.

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

Logistics: Australia wide transport and logistics services

Labour Hire: Provision of personnel for engineering and site-based maintenance and upgrade projects

Business Model

Contract model: Alfabs Engineering primarily operates on a contract-based model, where the majority of its engagements are for a specific infrastructure project.

Quote for Time and Materials: The typical engagement process involves Alfabs responding to detailed tender proposals in response to the customer's requirements. The Company's in-house estimating team and supported by external parties where applicable carefully break down the scope of work, pricing, and other commercial terms through multiple rounds of negotiation with the client.

Capabilities and quality: Alfabs' ability to win these contracts is underpinned by its quality certifications, proximity to client sites, technical competency, and overall capacity to deliver complex projects.

Client base: The Company is engaged by Tier 1 or Tier 2 contractors on large infrastructure projects with low counterparty or payment risks.

Engineering Division – Multi-Service Provider



Steel & infrastructure installation & site services

- Onsite steel installation
- Onsite infrastructure installation
- Planned and emergency outages
- Minor works and labour hire
- Breakdown and turnarounds
- Executed a diverse range of projects in recent years to Tier 1 contractors to major public and private infrastructure projects including Central Station Northern Concourse Roof Project, Sydney Light Rail and Newcastle Transport Interchange



Protective Coatings

- Services include abrasive blasting, protective coatings, for clients and internally to the Alfabs Group
- In addition to outside area, the workshop is 2,000 square metres undercover with 3 x 15 tonne lifting capacity overhead cranes that can accommodate larger projects
- We have a purpose-built blast chamber to address larger projects, one of the largest and most easily accessible in the Hunter Valley



Transport & logistics, Forklift & access

- Transport and Logistics is an integral and trusted partner in Alfabs clients' supply chain.
- Alfabs transports loads Australia wide.
- Forklift and Access has a significant fleet of hire equipment including forklifts, elevated work platforms (EWPs), materials handling equipment including telehandlers, boom lifts and scissor lifts.

Engineering Project Portfolio

PROJECT

- Construction of the roof required ~8,000-man hours from a team of 45 skilled workers.
- Fabrication of the roof comprised 58 Cassettes (up to 13m long) and 8 Girders (up to 21m long) totalling 342 tonnes of steel.
- The roof was fully constructed and pre-assembled in parts on Alfabs Kurri Kurri Engineering site.
- After construction was complete on the Kurri Kurri site the roof was disassembled and loaded onto prime movers in sections.
- The logistics team then moved these roof sections to the site where the roof was reassembled and installed.



Growth Strategy



New Contract

In 2023, the Company executed a long-term hire agreement for development equipment with a contract value of circa \$42 million over an initial 4-year term including an option to extend for another two years.

Under the terms of the agreement the Company has been engaged to overhaul and hire three 'development sets'. Each development set comprises of a continuous miner, shuttle car, feeder breaker and auxiliary fan.

Hire revenue is expected to commence in the first quarter of FY25

Major Mining Equipment Investment to Support Existing and New Contracts

- Alfabs aims to grow revenue and earnings by deepening its presence in the Australian underground coal mining market.
- Company plans to allocate a portion of the capital it is raising to fund new equipment acquisitions. These strategic investments will allow Alfabs to expand its fleet of specialised mining hire equipment, enabling it to meet the increasing needs of its existing customer relationships.

Refurbishing Used Equipment to Support New and Existing Contracts

- Alfabs also intends to acquire additional second-hand "shells" - used mining machines that require refurbishment and upgrades before being put into service.
- Historically, Alfabs has been able to purchase these second hand units at discounted prices below the cost of brand new equipment. Alfabs has the ability to refurbish these second-hand units with its specialised internal refurbishing capabilities. This allows Alfabs to achieve quicker payback periods on these refurbishment projects.

Bolt-on Acquisitions

- Alongside its organic growth initiatives, Alfabs is also exploring strategic bolt-on acquisitions of complementary businesses. Focus for acquisitions will be to focus on opportunities that deliver scale that will deliver operational efficiencies or significant cross-selling opportunities, increased revenue and earnings growth opportunities. These must be acquired at a favourable price with an emphasis on earnings accretion and meeting return on invested capital hurdles

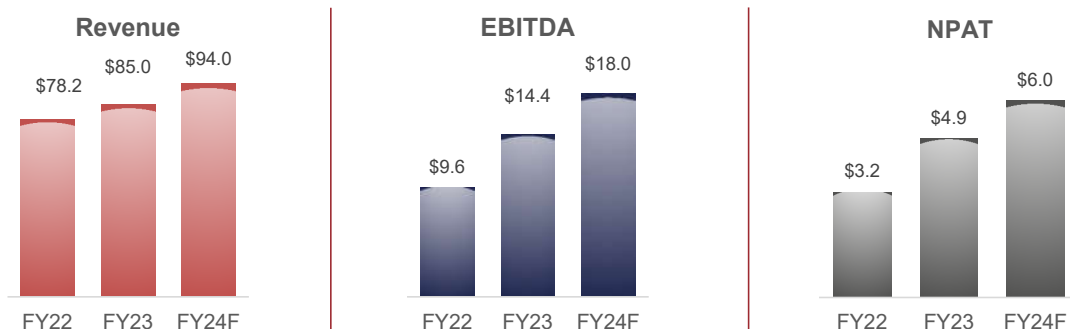


SECTION 4

FINANCIAL INFORMATION

ALFABS Financial Performance

KEY FINANCIAL METRICS (Pro Forma \$m)



\$ millions	FY22A	FY23A	H124A	FY24F
Total Revenue	78.2	85.0	49.4	94.0
Cost of goods sold	(61.3)	(59.9)	(32.5)	(62.7)
Administrative expenses	(7.2)	(10.7)	(6.5)	(13.3)
EBITDA	9.6	14.4	10.4	18.0
Depreciation & amortisation expense	(4.6)	(6.5)	(3.8)	(7.6)
EBIT	5.0	7.9	6.7	10.4
Finance costs	(0.5)	(0.9)	(0.5)	(1.8)
Net Profit before income tax	4.5	7.0	6.2	8.6
Income tax expense	(1.3)	(2.2)	(1.9)	(2.6)
Net Profit after income tax	3.2	4.9	4.3	6.0
<i>Revenue growth</i>		8.7%		10.6%
<i>EBITDA growth</i>		50.0%		25.0%
<i>EBITDA margin</i>	12.3%	16.9%		19.1%
<i>EBIT margin</i>	6.4%	9.3%		11.1%
<i>PBT margin</i>	5.8%	8.2%		9.1%
<i>NPAT margin</i>	4.1%	5.8%		6.4%

Notes: (1) Return on Assets and Return on Equity is based on FY23 net profit after tax over average total assets and average total equity from the 30/06/2023 and 30/06/2022 Statutory balance sheets respectively.

COMMENTARY

- Revenue growth of 8.7% in FY23 and 10.6% for FY24F is underpinned by growing Mining revenues due to the growth and expansion of fleet of underground hire equipment combined with year on year incremental shifts in pricing.
- EBITDA has grown 50% between FY22-23 driven by strong focus by management on EBITDA across all business units has ensured the business has historically targeted growth in revenues while maintaining gross margins and strong cost management discipline.
- Margin and profit growth have occurred as a result of a growing proportion of the group's revenue coming from Alfabs' higher-margin mining equipment hire and mining consumables division and improved performance of the engineering division.
- Alfabs is experiencing a surge in new mining opportunities at present and as a result, management are forecasting increases in FY24 being revenue growth of 10.6% to \$94.0m and EBITDA growth of 25.0% to \$18.0m.
- Alfabs has signed a significant contract – circa \$42m contract over 4 years executed with delivery to begin in Q1 FY25**
- 20.8% return on equity and return on assets of 6.8% on FY23 historical basis¹.
- Alfabs intends to pursue strong growth opportunities through organic and inorganic growth.
- Alfabs will target the payment of at least 50% of NPAT as dividends. The payment of a dividend by Alfabs, if any, is at the discretion of the Directors and will be a function of a number of factors.

Pro Forma Balance Sheet

Bank facilities commentary

- Alfabs has a \$22 million corporate markets loan to fund the acquisition of equipment required to be delivered under the \$42m contract
- Pro Forma Adjustments include \$12 million pre-IPO raise.
- At 26th April, 2024 total banking facilities with NAB amounted to \$40.5 million, of which \$14.9 million was drawn.
- Post completion of the Offer the Company expects to be in a net cash position.

Key Financial Metrics¹

	FY24F
Net debt / EBITDA	net cash
Total debt / Total Equity	42.6%
Net debt / Total Equity	net cash
EBIT / Net interest expense	5.8x

\$ millions	31-Dec-23 Statutory	Pro Forma Adjustments	Impact of the Offer	31-Dec-23 Pro Forma
Total Assets	80.2	27.1	16.2	123.5
Current Assets	37.3	6.2	16.2	59.7
Cash and Cash Equivalents	5.8	10.9	16.2	32.9
Trade and other receivables	13.5	-	-	13.5
Inventories	11.8	-	-	11.8
Other financial assets	6.2	(4.7)	-	1.5
Non-Current Assets	42.9	20.9	-	63.8
Property, Plant and equipment	32.8	20.9	-	53.7
Deferred tax assets	4.1	-	-	4.1
Intangible assets	0.2	-	-	0.2
Right of use assets	5.7	-	-	5.7
Total Liabilities	51.2	16.0	-	67.3
Current Liabilities	35.7	5.4	-	41.2
Trade and other payables	13.4	-	-	13.4
Lease liability	0.7	-	-	0.7
Current tax liabilities	4.0	-	-	4.0
Financial liabilities	11.8	0.4	-	12.2
Provisions	2.3	-	-	2.3
Other liabilities	3.4	5.0	-	8.4
Non-Current Liabilities	15.5	10.6	-	26.1
Lease liabilities	5.5	-	-	5.5
Deferred tax liabilities	4.8	3.7	-	8.5
Financial liabilities	4.9	6.9	-	11.8
Provisions	0.3	-	-	0.3
Equity	29.0	11.1	16.2	56.3
Share capital	0.6	20.7	16.2	37.4
Retained profits	28.4	(9.6)	-	18.8

Notes: (1) Net debt is calculated as financial liabilities less cash and cash equivalents from the 31-Dec-2023 Pro Forma Post Offer completion balance sheets. Total debt is calculated as the total current and non-current financial liabilities.

Statutory & Pro Forma Historical Cash Flows



Commentary

- In FY23, operating cash flows increased to \$13.3 million up \$2.8 million in line with improvements to EBITDA.
- Investing cash flows decreased by \$0.7 million, which was primarily driven by the difference in year on year payments for property, plant and equipment.
- The \$7.5 million decrease in financing cashflows primarily relates to a year on year decrease in proceeds from plant and equipment asset finance.

Statutory and pro forma historical cash flows

\$ millions	FY22 Audited	Historical Statutory FY23 Audited	H124 Reviewed	Historical Pro Forma
				H124 Max Raise
Operating Cashflow	10.5	13.3	7.3	7.4
Receipts from customers	83.6	94.1	53.8	54.2
Payments to suppliers and employees	(74.3)	(79.8)	(45.9)	(46.3)
Interest received	0.2	0.2	-	-
Interest paid	(0.7)	(1.1)	(0.5)	(0.5)
Government grant funding received ¹	1.6	-	-	-
Income tax (paid) / refunded	0.1	(0.0)	(0.1)	(0.1)
Investing Cashflow	(11.9)	(11.2)	(4.7)	(4.7)
Payments for property, plant and equipment	(13.9)	(11.4)	(4.7)	(4.7)
Proceeds from trust distributions ²	1.7	0.2	-	-
Proceeds from sale of property, plant and equipment	0.3	-	-	-
Financing Cashflow	4.6	(2.9)	0.3	27.3
Dividends paid	(0.4)	-	-	-
Proceeds from borrowings	2.0	-	7.4	7.4
Repayment of borrowings	-	-	(2.0)	(2.0)
Proceeds from asset finance	9.0	3.4	0.7	0.7
Movement from / (to) related party loans	(0.8)	(0.2)	(1.6)	(1.6)
Repayment of asset finance	(4.8)	(5.5)	(3.8)	(3.8)
Repayment of lease liabilities	(0.5)	(0.5)	(0.4)	(0.4)
Net proceeds from capital raisings ³	-	-	-	27.0
Net cashflow	3.2	(0.8)	2.8	29.9
Cash at the beginning of the year	0.5	3.7	3.0	3.0
Cash at the end of the year	3.7	3.0	5.8	32.9

Notes: (1) Government grant funding received – reflects the one-off stimulus funding received from the Australian Federal Government in response to the COVID-19 pandemic which is not expected to recur. (2) Proceeds from trust distributions – reflects distributions received from related party trusts which will not recur post-restructure (3) Includes \$12.0m from pre-IPO raise completed on 11th April 2024



APPENDIX A

ADDITIONAL INFORMATION

Environmental & Quality Certifications

Alfabs Group is certified to ISO 14001 Environmental Management Systems. We value this as it:

- Demonstrates that Alfabs is environmentally conscious to clients and stakeholders
- Improves cost control by conserving energy and input materials
- Allows Alfabs to continuously improve in environmental performance
- Shows that Alfabs have implemented a systemic approach to achieve environmental objectives

Alfabs Group is also a Platinum member of the ASI Environmental Sustainability Charter (ESC) and fully certified to the performance requirements of the platinum level.

Alfabs commits to run our business in accordance with the ESC sustainability charter guidelines and share knowledge of sustainability with others, as demonstrated by:

- Promoting steel as an environmentally suitable form of construction which can be recycled again and again
- Operating to optimise the manufacturing, processing and treatment of steel
- Committing to embrace environmental hierarchy of – Reduce, Reuse, Remanufacture and Recycle
- Showing commitment to ESC by consistently updating the Environmental Management System

The Alfabs Engineering business holds an esteemed CC3 accreditation.

This accreditation supports the high level of quality and assurance controls that the business has in place and positions Alfabs favourably to work on Tier 1 and government infrastructure projects.

Alfabs is also a pre-qualified fabrication contractor at the CC3 level for Transport NSW which automatically qualifies the company to tender for any complex fabrication activities, e.g. bridges, rail infrastructure.



Key Risks

This Section describes key risks associated with an investment in the Company's business and an investment in Shares.

It does not list every risk that may be associated with the Company or an investment in Shares now or in the future and the occurrence or consequences of some of the risks described in Section 5 of the Prospectus are partially or completely outside the control of the Company, the Directors and the Management team. Further details about these and other general risks associated with an investment in Alfabs are set out in Section 5 of the Prospectus.



Competition

The markets in which Alfabs 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. Alfabs 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 Alfabs is unable to counter these actions.

Reliance on key personnel

Alfabs relies on the experience and knowledge of its management team. The Company is also dependent on its ability to recruit and retain suitably qualified personnel. In the event that such key personnel left Alfabs and it was unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

Downturn in resources or infrastructure industry

If there is a loss of contracts or service supply with Alfabs' clients, 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 Alfabs' products or services, it could have a significant negative effect on Alfabs' business, financial position and prospects.

Significant management ownership

Assuming maximum subscription, the Founding Family will own and control approximately 52.5% excluding options and Employee Gift Offer Shares (57.3% if minimum subscription) of the Company post listing on ASX. This significant management ownership could lead to the Directors holding significant control and voting power over the Company as shareholders and directors.

Macroeconomic conditions

Demand for Alfabs' services are affected by general economic conditions in Australia, as well as general economic conditions globally which are outside the control of Alfabs, its management team and its Board. The events which could be expected to have a material impact on Alfabs' business and financial performance include:

- A prolonged downturn in general economic conditions, or other macroeconomic factors, may affect Alfabs customers and in turn result in reduced demand or pricing for certain products or services. The structure and segment dynamics of the industries in which Alfabs operates may also be affected;
- Adverse changes in the level of inflation, interest rates, taxation rates, exchange rates, government policy (including fiscal, monetary and regulatory policies) and employment rates.



Thank you

