



REPLACEMENT PROSPECTUS

Alfabs Australia Limited

ACN 674 455 442

Joint Lead Managers:



BELL POTTER

Financial advisor:

HALL CHADWICK 

This is a replacement prospectus dated 4 June 2024. It replaces a prospectus dated 29 May 2024 relating to an offer for shares by Alfabs Australia Limited.





Important Notices

Offer

This Prospectus is issued by Alfabs Australia Limited (ACN 674 455 442) (**Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). This Prospectus contains an invitation for you to apply for fully paid ordinary shares (**Shares**) in the Company (**Offer**). Refer to Section 7 of this Prospectus for further information.

This Prospectus also contains an offer of up to 840,000 Shares to Eligible Employees under the Employee Gift Offer.

Lodgement and listing

This is a replacement prospectus dated 4 June 2024. It replaces a prospectus dated 29 May 2024 relating to an offer for shares by Alfabs Australia Limited. The Company will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs (including financial and tax issues).

It is important that you read this Prospectus carefully and in its entirety before deciding whether or not to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether or not to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be other risk factors in addition to the risks in Section 5 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information contained in this Prospectus. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for or acquire Shares offered under this Prospectus (**Applications**) in the seven-day period after the Prospectus Date (**Exposure Period**). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days).

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of the funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Applications received during the Exposure Period.

Financial information presentation

Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

All references to FY22, FY23 and FY24 appearing in this Prospectus are to the financial years ended 30 June 2022, 2023 and 2024, respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, except where otherwise stated.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 4 and 5.

Past performance statements

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward looking statements

This Prospectus may contain forward looking statements which are identified by words such as 'may', 'will', 'could', 'would', 'should', 'believes', 'estimates', 'expects', 'intends', 'plans', 'anticipates', 'predicts', 'outlook', 'forecasts', 'guidance' and other similar words that involve risks and uncertainties. Any forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company. Any forward looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 5, the specific and general assumptions set out in Section 4.9, the sensitivity analysis set out in Section 4.10 and other information contained in this Prospectus.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements. The Company does not intend to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Market Data

This Prospectus, including the Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to Alfabs' business and markets. The Company has obtained significant portions of this information from market research prepared by third parties.

Any statements, data or other content referenced or attributed to reports by a third party (each a **Third Party Report**) in this Prospectus represent research opinions or viewpoints only of that third party, and are in no way to be construed as statements of fact. Whilst the views, opinions, forecasts and information contained in Third Party Reports are based on information believed by the third party author in good faith to be reliable, that third party author is not able to make any representation or guarantee as to the accuracy or completeness of any information upon which a view, opinion or forecast or information contained in any Third Party Report is based. Any views, opinions or predictions contained in a Third Party Report are subject to inherent risks and uncertainties, and third parties do not accept responsibility for actual results or future events.

Any statement made in a Third Party Report is made as at the date of that Third Party Report and any forecasts or expressions of opinion are subject to future change without notice by any respective third party author of Third Party Reports. Investors are cautioned not to place undue reliance on Third Party Reports. A third party is not obliged to, and will not, update or revise any content of a Third Party Report, other than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of that Third Party Report. The Third Party Reports do not represent investment advice or provide an opinion regarding the merits of the Offer.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any (if any) of the forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. The Company has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Disclaimers

Blue Ocean Equities Pty Limited and Bell Potter Securities Limited have acted as Joint Lead Manager to the Offer. Blue Ocean Equities Pty Limited and Bell Potter Securities Limited have not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its affiliates, officers or employees. To the maximum extent permitted by law, Blue Ocean Equities Pty Limited and Bell Potter Securities Limited and each of their affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy securities in the United States and may not be distributed to, or relied upon by, persons in the United States. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws.

For details of selling restrictions that apply to the Offer and the sale of Shares in certain jurisdictions outside of Australia, please refer to Section 9.17.

Prospectus availability

During the Exposure Period, an electronic version of this Prospectus (without an application form) will be available at www.alfabs.com.au. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety. You may, before the Closing Date, obtain a paper copy of this Prospectus, which is available free of charge to any person in Australia by calling the Alfabs' IPO Information Line on 1300 288 664 (within Australia) and +61 (2) 8072 1400 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday (excluding public holidays). This Prospectus is also available to persons who are Australian residents in electronic form at the Offer website www.alfabs.com.au.

For details relating to the availability of this Prospectus in certain jurisdictions outside of Australia, please refer to Sections 7.12 and 9.17.

Applications

Applications may be made only during the Offer Period on the application form attached to, or accompanying, this Prospectus. By making an Application, you represent and warrant that you were given access to this Prospectus, together with an application form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. Refer to Section 7 for further information.

Offer management

The Offer is being arranged and managed by the joint lead managers Blue Ocean Equities Pty Limited and Bell Potter Securities Limited.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Important Notices^{continued}

Privacy

By completing an Application Form to apply for Shares, you are providing personal information to the Company through the Share Registry, which is contracted by or on behalf of the Company to manage Applications. The Company and the Share Registry on the Company's behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of the Company. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Company's register of members;
- the Joint Lead Managers in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Share Registry if any of the details you provide from time to time change.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry through the following means:

Website: <https://www.automicgroup.com.au>

Telephone: 1300 288 664 (within Australia) or
+61 (2) 9698 5414 (international)

Email: hello@automic.com.au

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Intellectual Property

This Prospectus may contain trademarks of third parties which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with the Company.

Consent not sought for certain statements

Unless specifically noted in Section 9.13, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus on the basis of ASIC Corporations (Consents to Statements Instrument) 2016/72 relief from the Corporations Act for statement used from books, journals or comparable publications.

Company Website

The Company maintains a website at www.alfabs.com.au. Any references to documents included on the Company's website are for convenience only, and information contained in or otherwise accessible through this or a related website, or a website referred to in this Prospectus is incorporated in this Prospectus by reference and is not a part of this Prospectus.

Investigating Accountant's Report and Financial Services Guide

The provider of the Investigating Accountant's Report is required to provide Australian Retail Investors with a financial services guide in relation to its independent review under the Corporations Act (Financial Services Guide). The Investigative Accountant's Report and the Financial Services Guide is provided in Section 8.

Defined terms and abbreviations

Some words and expressions used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear. Unless otherwise stated or implied, references to times in this Prospectus is to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in AUD unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding.

Replacement Prospectus

This Prospectus is a replacement prospectus and makes changes to the original prospectus dated 29 May 2024. The material changes made to the original prospectus are as follows:

- amending the Letter From the Chair to include reference to the risks associated with the Company and to include a cross-reference to the Risk Section (Section 5);
- adding a further table in Section 9.4 to show the fully diluted capital structure.

Questions

If you have any questions about how to apply for Shares, please call your Broker. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions in relation to the Offer, you can call Automic on 1300 288 664 (within Australia) and +61 (2) 9698 5414 (outside Australia) from 8.30am to 7pm (Sydney time) Monday to Friday (excluding public holidays) or email hello@automic.com.au.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, broker, lawyer or other professional adviser before deciding whether or not to invest in the Company.

This Prospectus is important and should be read in its entirety.

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Key Offer Information

OFFER STATISTICS	
Offer Price	\$0.25
Total proceeds from the Offer ¹	\$18.0 million
Number of Shares offered to New Shareholders under the Offer ²	72,000,000
Total number of Shares on issue on Completion of the Offer	286,840,003
Market capitalisation at the Offer Price ³	\$71.7 million
Estimated net cash/(debt) on Completion of the Offer	\$8.9 million
Enterprise value at the Offer Price	\$62.8 million
Enterprise value/Pro forma forecast FY24 EBITDA	3.5x
Enterprise value/Pro forma forecast FY24 EBIT	6.0x

¹ Not including the Employee Gift Offer – see section 7.8.

² Not including the Employee Gift Offer – see section 7.8.

³ Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares at Completion of the Offer.

KEY DATES

Prospectus Date ⁴	4 June 2024
Retail Offer opens	12 June 2024
Retail Offer closes and Applications due	20 June 2024
Settlement of the Offer	21 June 2024
Issue of Shares under the Offer (Completion of the Offer)	24 June 2024
Expected despatch of holding statements	24 June 2024
Shares expected to begin trading on ASX on a normal settlement basis	28 June 2024

DATES MAY CHANGE

Note: This timetable is indicative only and may be subject to change without notice. Unless otherwise indicated, all times are Sydney time. The Company and the Joint Lead Managers reserve the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement of the Offer, in each case without notification. If the Offer is cancelled or withdrawn before the Settlement of the Offer, then Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible.

HOW TO INVEST

Applications for Shares can be made in accordance with the procedures described in this Prospectus. Instructions on how to apply for Shares in the Retail Offer are set out in Section 7 and on the back of the Application Form.

QUESTIONS

Please call Automic on 1300 288 664 (within Australia) or +61(2) 9698 5414 (outside Australia) from 8.30am to 7pm (Sydney time) Monday to Friday (excluding public holidays) or email hello@automic.com.au. If you are unclear in relation to any matter or are uncertain as to whether Alfabs is a suitable investment for you, you should seek advice from your accountant, financial advisor, stockbroker, lawyer or other independent professional advisor before deciding whether to invest in Shares.

⁴ The original prospectus was lodged with ASIC on 29 May 2024 and this replacement prospectus was lodged with ASIC on 4 June 2024.



“

ALFABS EMPLOYS MORE THAN 200 STAFF ACROSS SEVERAL BUSINESS LOCATIONS INCLUDING THE HEAD OFFICE IN KURRI KURRI (HUNTER VALLEY, NSW), ALONG WITH BRANCHES/WORKSHOPS IN WOLLONGONG (NSW) AND MACKAY (QLD).



Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to join me as an investor in Alfabs Australia Limited (**AAL**, **Alfabs**, or the **Company**).

Alfabs is a market leading diversified group of companies with core competencies in underground coal mining equipment hire, repair, overhaul and mining consumable supply together with our engineering division which undertakes heavy and complex steel fabrication, abrasive blasting, protective coatings and onsite installation, maintenance and logistics.

Based in Kurri Kurri (near Newcastle) in the lower Hunter Valley of NSW together with key strategic locations at Wollongong NSW and Mackay, Qld, Alfabs is able to service the entire Australian east coast.

With a highly trained and experienced workforce of over 200 people, Alfabs has a long history and is an established presence across its respective markets.

The business has been privately owned by the Torrance family for several decades and continues to retain a founder led presence with the second generation of the founding family continuing to undertake active roles across the group's various operations.

The underground coal mining equipment business has been very successful, and is growing. Alfabs focuses on underground coal mining equipment leasing hire, maintenance and equipment life-cycle renewal supported by its in-house workshop capability and facilities. Long-term hire arrangements are supported by fixed monthly rentals, thereby ensuring reliable cash flow.

Engineering and site installation projects are co-ordinated to ensure that timing, quality and profitability metrics are under close day-to-day control. Recent large engineering projects, such as the Central Station Northern Concourse Roof in Sydney, NSW have driven profitability and provided positive cash flow. The size and structure of Alfabs' facilities has allowed pre-assembly to drive accuracy, quality and reliability for its clients' projects. Key ancillary services of industrial coating and blasting together with logistics support these projects as part of the overall deliverable and group profitability.

As Alfabs focuses on reliability of cash flow, this is an attractive financial model where cash flow historically has exceeded profitability.

Alfabs' relationships with and ability to service most of the main east coast underground mines mean that Alfabs will be in a position to deploy funds raised under the Offer to secure bolt-on acquisitions to enhance its service offering.

The current financial year is a year of continued growth for Alfabs. EBITDA growth of 25% from FY23 to \$18m forecast for FY24 is the key financial metric. This follows EBITDA growth of 50% from FY22 to FY23. AAL expect to pay a dividend during FY25 of at least 50% of FY24 NPAT in accordance with its dividend policy (see Section 4.11).

The Non-Executive (Rob Neale) and Executive (Matthew Torrance – Managing Director and Mark Harrison – Finance Director) Board members are very experienced and are all investors in the business.

This Prospectus contains important information about the Offer and AAL's business and industries and I encourage you to read all aspects of the document in full prior to making an investment. In particular, an investment in Alfabs involves a range of company specific and industry wide risks; some of which may not be within the Company's control. The key risks that could affect Alfabs' business, financial condition and performance are outlined in Section 5 of this Prospectus.

Alfabs is undertaking this public offer to investors of 72m shares at a price of \$0.25 per share to raise \$18m.

Funds raised under the Offer will be used predominately to support the continued growth of the business, take advantage of the current market demand for underground mining hire equipment and supporting services provided by the group, and to provide funds for potential bolt-on acquisition opportunities under investigation.

On behalf of my fellow Directors and our Senior Management Team, I commend this investment opportunity to you and look forward to welcoming you as a shareholder in Alfabs.

Yours sincerely,



William P.R. Wavish
Chairman



SECTION 1

INVESTMENT OVERVIEW

1. Investment Overview

1.1 INTRODUCTION

TOPIC	SUMMARY	FOR MORE INFORMATION
Who is Alfabs?	Alfabs is a market-leading, diversified group of companies that primarily operates across two divisions in Australia – Mining and Engineering.	Section 3.1
What is Alfabs' history?	<p>Alfabs has a long history, tracing its origins back to the 1950s. Since 1986, the group has been owned and operated by the Torrance family. This long standing experience and deep-rooted connections have been instrumental in driving the Company's growth and success.</p> <p>The Company started as a boiler-making and engineering firm but gradually expanded into the mining equipment for the underground mining sector over the past 20 years. The engineering business grew to a heavy fabricator of steel structures for infrastructure projects. Today, Alfabs is vertically integrated encompassing engineering, fabrication, blasting, painting, delivery, and installation, making Alfabs a one-stop shop for engineering projects.</p>	Section 3.3
What milestones has Alfabs reached?	<p>Over the past 38 years, Alfabs has achieved the following milestones, positioning it for continued future expansion:</p> <ul style="list-style-type: none"> • Established a strong customer base: Alfabs has numerous national and international mine operators as well as government and private infrastructure clients as customers. • Coverage across Eastern seaboard: Alfabs' operations include the Head Office in Kurri Kurri, Hunter Valley (NSW) along with branches/workshops in Wollongong (NSW) and Mackay (QLD) close to major coal mining basins. • Leading brand: Alfabs is highly regarded in the market by its customer base and potential customers, which assists in driving a high rate of quotation enquiries across the Mining and Engineering businesses. • Technical expertise: Alfabs employs a team of approximately 210 team members from labour assistants, tradesmen, operators, administration and experienced managers and professionals to effectively address complex client requirements. • Extensive production, manufacturing and warehousing: Both divisions have large workshops for projects and large scale warehousing for its assets and consumables. • Built an experienced Board of Directors: Along with Matthew Torrance and Mark Harrison, William Wavish (ex-Woolworths CFO & Finance Director) has been added as Chairman and Robert Neale as Deputy Chairman (ex-New Hope Corporation MD & CEO and ex-Nickel Industries Chairman). 	Section 3.3
What are the key details of the Mining business?	<p>The Mining division primarily sells to national and internationally owned black coal mines in Australia.</p> <ul style="list-style-type: none"> • 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. 	Section 3.4

1. Investment Overview continued

TOPIC	SUMMARY	FOR MORE INFORMATION
What are the key details of the Engineering business?	<p>The Engineering division primarily sells to Tier 1 and Tier 2 contractors for public and private infrastructure projects.</p> <ul style="list-style-type: none"> • 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. 	Section 3.5
Who are the customers of Alfabs?	<p>Alfabs' customers are primarily national and international operators of operational underground black coal mines in Australia for the Mining divisions; and contractors and government departments for public infrastructure projects, as well as to infrastructure owners and operators.</p> <p>Alfabs has a track record of forming long-term relationships with its customers. Growth in revenue has predominantly been driven by expanding the spend of its customers over time by supporting their demands with services, products and equipment.</p> <p>In the mining equipment and consumables division, Alfabs targets mining operators directly.</p> <p>For the engineering division, Alfabs' sales pipeline can range from as little as 3 months to up to 6-9 months of visibility, depending on when new projects are secured.</p>	Sections 3.6 and 3.8
What is the Offer?	An Initial Public Offering of 72 million new fully paid ordinary shares at \$0.25 per share.	Section 7
Why is the Offer being conducted?	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> • Fund hire fleet and related capex; • Fund bolt-on acquisitions; and • Working capital and costs of the Offer. 	Sections 3, 4 and 7

1.2 KEY FEATURES

TOPIC	SUMMARY	FOR MORE INFORMATION
Where does Alfabs operate?	Alfabs has coverage across Eastern seaboard with operations include the Head Office in Kurri Kurri, Hunter Valley (NSW) along with branches/workshops in Wollongong (NSW) and Mackay (QLD) close to major coal mining basins.	Section 3.3
How does Alfabs generate income?	<p>Mining</p> <ul style="list-style-type: none"> • Term based contract model: Highly predictable revenue model driven 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. • Cost + margin recurring revenue model for consumables: As the consumables business sells products that are required to be replenished or replaced due to use or regulation requirements, the business model is a typical cost plus margin model with recurring revenue stability. <p>Engineering</p> <ul style="list-style-type: none"> • Transactional model: Contract-based model, where the majority of its engagements are for a specific infrastructure project, responding to tender in line with customer's requirements. • 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. • Blue chip client base: Alfabs is engaged by Tier 1 or Tier 2 contractors on large infrastructure projects with low counterparty or payment risks. 	Section 3.7
What is Alfabs' growth strategy?	<p>Alfabs' growth strategy is designed to leverage the Company's assets, operational infrastructure, and market position to drive both revenue growth and margin expansion into the future.</p> <ul style="list-style-type: none"> • Major Equipment Investment: Alfabs is experiencing significant inbound demand for additional mining equipment that aligns with its current product and service offerings, pointing to a significant growth opportunity. Alfabs plans to acquire new equipment to capitalise on this opportunity. • Refurbishing Used Equipment: In addition to investing in new mining equipment, Alfabs also intends to acquire additional second-hand "shells" – used mining machines that require refurbishment and upgrades before being put into service. • Bolt-on Acquisitions: Alongside its organic growth initiatives, Alfabs is also exploring strategic bolt-on acquisitions of complementary businesses. Alfabs has undertaken acquisitions in the past and has identified a number of opportunities. 	Section 3.10

1. Investment Overview continued

TOPIC	SUMMARY	FOR MORE INFORMATION
What is Alfabs' pro forma historical financial performance?	The table below sets out the pro forma income statements for the financial years FY2022, FY2023 and half year H12024 together with a forecast for the full year to 30 June 2024.	Section 4

⁵ Finance costs represent net interest income and expenses.

1.3 KEY STRENGTHS

TOPIC	SUMMARY	FOR MORE INFORMATION
Profitable with growth	Strong financial performance in FY2023 underline's the company's rapid growth. With \$85 million revenue an 8.7% increase on FY2022 and \$14.4 million EBITDA, a 50.0% increase of FY2022. These results demonstrate the Company's ability to generate sustainable revenues and growing profits in a mature market.	Section 3.11
Significant mining equipment fleet	Over decades, Alfabs has accumulated an extensive and diversified fleet of specialised mining equipment, ranging from QDS and ancillary equipment through to continuous miner and other development hire assets. New entrants would require substantial capital to develop the size and scale required to provide a level of service expected by customers.	Section 3.11
Long standing Tier 1 and Tier 2 clients	For both its mining and engineering divisions, Alfabs has cultivated long-standing relationships with its clients, built on a foundation of trust, reliability, and quality workmanship. This deep well of goodwill and industry reputation provides the company with a significant competitive advantage.	Section 3.11
Highly skilled personnel	Both mining and engineering divisions are supported by a highly skilled and experienced workforce allowing Alfabs to deliver complex projects to high standards.	Section 3.11
End to end capabilities	Alfabs' ownership of key infrastructure ensures greater reliability, consistency, and responsiveness in serving the diverse needs of Alfabs' clients. Offering a complete, integrated service solution gives Alfabs an advantage over competitors.	Section 3.11
Regulatory drivers	Ongoing compliance focus of companies and regulatory authorities ensure continued demand for the Company's consumables. Alfabs can leverage its supply capabilities to meet the heightened demand for these specialised consumables.	Section 3.11

1.4 KEY RISKS

TOPIC	SUMMARY	FOR MORE INFORMATION
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.	Section 5.2.1
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.	Section 5.2.2
Labour and labour shortages	Alfabs' 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 Alfabs' earnings, profitability and growth.	Section 5.2.3

1. Investment Overview continued

TOPIC	SUMMARY	FOR MORE INFORMATION
Reliance on key supply relationships and supply chain	<p>The Company will rely 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 Company'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.</p> <p>Alfabs 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).</p>	Section 5.2.4
Growth prospects and Company expansion plans	<p>Alfabs growth prospects are dependent upon a number of factors. If Alfabs fails to execute or is delayed in the execution of any expansion plan, its financial performance is likely to be negatively affected.</p> <p>Alfabs may pursue acquisitions or bolt-on purchases or other strategic partnership in order to realise benefits including inorganic growth, accelerated development and delivery of product and service offerings. There is a risk that Alfabs may not be successful in identifying attractive opportunities, it fails to successfully implement such opportunities or such implementation is not commercially or strategically successful.</p>	Section 5.2.5
Equipment hire fleet and product selection	<p>An important element of the business is an ability to assess and identify hire equipment and products that appeal to Alfabs 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 Alfabs financial performance.</p>	Section 5.2.6
Downturn in resources or infrastructure industry	<p>If there is:</p> <ul style="list-style-type: none"> • a loss of contracts or service supply with Alfabs' clients, including the Malabar Contract summarised at Section 9.6.1; • 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, <p>it could have a significant negative effect on Alfabs' business, financial position and prospects.</p>	Section 5.2.7
Delay risk	<p>The potential exists for delays or cancellations in the delivery of hire fleet or engineering projects without any practical recourse being available to Alfabs to recover lost earnings. Any such delay or cancellation would have an adverse impact on Alfabs earnings and profits.</p>	Section 5.2.8

TOPIC	SUMMARY	FOR MORE INFORMATION
Liability risk	<p>The provision of products and services by Alfabs carries with it a risk of liability for losses arising from various actions including the provision of defective services, personal injury or property damage and losses suffered by third parties.</p> <p>Alfabs maintains public and product liability insurances and seeks to limit contractual liability to such exposure. There remains a risk that Alfabs' insurance coverage will be insufficient to meet future claims or that Alfabs will be unable to secure insurance to satisfactorily cover all anticipated risks and that the cost of such insurance will increase beyond anticipated levels.</p> <p>If legal action was taken against Alfabs and insurance does not respond or the costs of insurance increases beyond anticipated levels, it could have a material adverse effect on the financial performance of the business.</p>	Section 5.2.9
Funding	<p>While Alfabs believes it will have sufficient funds after completion of the Offer to meet all of its growth and capital requirements for the near term, Alfabs may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that Alfabs will be able to raise such capital on favourable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.</p> <p>There is a risk Alfabs may become unable to repay its current or future debt facilities in terms and a financier may take action to enforce the failure, which would have a significant negative effect on Alfabs financial position and prospects.</p>	Section 5.2.10
Reputation	<p>Alfabs has developed a strong reputation and relies on this to establish and maintain relationships with its customers. There is a risk that any event by which Alfabs suffers a loss of reputation, for example by way of dissatisfied stakeholders, poor performance, litigation, or a perception that any such events exist, may result in damage to the Alfabs brand and may impact on future earnings and growth prospects.</p>	Section 5.2.11
Regulatory risk	<p>Changes to the regulatory environment in which Alfabs operates may affect the performance of its business. In addition to the regulatory risk faced by all listed entities, Alfabs' success will be dependent on its ability to continue to operate within the black coal industry and successfully navigating and adapting its business model to regulatory changes within that industry.</p>	Section 5.2.12
Significant management ownership	<p>The Founding Family will own and control approximately 52.3% excluding options 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.</p>	Section 5.2.13
Litigation risk	<p>In the ordinary course of its business, Alfabs may be subject to the risk of litigation and other disputes with its employees, consultants, lessors, regulators, advisors and former advisors and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation, which ultimately is likely to have an adverse effect on the financial performance of the Company.</p>	Section 5.2.14

1. Investment Overview continued

TOPIC	SUMMARY	FOR MORE INFORMATION
Occupational health, safety and environment	<p>Alfabs 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.</p> <p>Alfabs 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.</p> <p>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 Alfabs which may negatively impact on the financial performance and growth prospects.</p>	Section 5.2.15
Pricing risk	There is a pricing risk in respect of Alfabs' current and future operations. If the costs for the provision of Alfabs' fleet, products or services to its customers has not been adequately budgeted for or unexpectedly increases and cannot be recovered by an equivalent or greater margin, it may have an adverse impact on the financial performance of the Company.	Section 5.2.16
Insurance	Alfabs maintains customary insurances against typical business risks, such as public liability insurance, directors and officers' liability, workers compensation and marine cargo transit cover. There is a risk that Alfabs' insurances may not insure all risks, may not be adequate in coverage, may not be renewed and/or may not be able to be obtained. There is also a risk that claims brought under the insurance policies could increase the premiums payable by Alfabs going forward.	Section 5.2.17
Other risks	A number of other risks are included in Section 5.	Sections 5.2 and 5.3

1.5 BOARD AND SENIOR MANAGEMENT

TOPIC	SUMMARY	FOR MORE INFORMATION												
Who are the Directors and senior management of the Company?	Directors	Section 6												
	<table><tr><th>NAME</th><th>POSITION</th></tr><tr><td>William Wavish</td><td>Non-Executive Chairman</td></tr><tr><td>Robert Neale</td><td>Non-Executive Director</td></tr><tr><td>Matthew Torrance</td><td>Chief Executive Officer and Managing Director</td></tr><tr><td>Mark Harrison</td><td>Chief Financial Officer and Finance Director</td></tr></table>		NAME	POSITION	William Wavish	Non-Executive Chairman	Robert Neale	Non-Executive Director	Matthew Torrance	Chief Executive Officer and Managing Director	Mark Harrison	Chief Financial Officer and Finance Director		
	NAME		POSITION											
	William Wavish		Non-Executive Chairman											
	Robert Neale		Non-Executive Director											
	Matthew Torrance		Chief Executive Officer and Managing Director											
	Mark Harrison		Chief Financial Officer and Finance Director											
	Senior Management													
	<table><tr><th>NAME</th><th>POSITION</th></tr><tr><td>Matthew Torrance</td><td>Chief Executive Officer</td></tr><tr><td>Mark Harrison</td><td>Chief Financial Officer</td></tr><tr><td>Clayton Freeman</td><td>Group Financial Controller and Company Secretary</td></tr><tr><td>Henry Thompson</td><td>General Manager – Engineering</td></tr><tr><td>Shayne Franklin</td><td>General Manager – Mining</td></tr></table>		NAME	POSITION	Matthew Torrance	Chief Executive Officer	Mark Harrison	Chief Financial Officer	Clayton Freeman	Group Financial Controller and Company Secretary	Henry Thompson	General Manager – Engineering	Shayne Franklin	General Manager – Mining
	NAME		POSITION											
Matthew Torrance	Chief Executive Officer													
Mark Harrison	Chief Financial Officer													
Clayton Freeman	Group Financial Controller and Company Secretary													
Henry Thompson	General Manager – Engineering													
Shayne Franklin	General Manager – Mining													

1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

TOPIC	SUMMARY	FOR MORE INFORMATION	
What are the shareholding interests in the Company post Completion of the Offer?		Section 7.1.3	
What significant benefits and interests are payable to Directors and what significant interests do they hold?	On Completion of the Offer, the relevant interests in Shares held by the Directors are expected to be as follows:	Section 6.4.3	
1 Directors may hold their interests in the Shares shown above directly, or through holdings by companies or trusts.			

1. Investment Overview continued

TOPIC	SUMMARY	FOR MORE INFORMATION	
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	At Completion, it is expected that approximately 189 million Shares, representing 65.96% of the total issued capital of the Company on an undiluted basis, will be subject to either ASX escrow and/or voluntary escrow arrangements. A summary is set out below:	Sections 7.11 and 9.9	
	</		

1.7 PROPOSED USE OF FUNDS AND KEY TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the Offer?	<p>The Offer contained in this Prospectus is an invitation to apply for 72 million Shares to raise \$18 million by Alfabs at the Offer Price. The Shares being offered will represent 25.1% of the total number of Shares on issue on Completion of the Offer.</p> <p>This Prospectus also includes the Employee Gift Offer of up to 840,000 Shares which is open to Eligible Employees.</p>	Section 7.1
Who is the issuer of this Prospectus?	Alfabs Australia Limited is a company registered in New South Wales.	Section 9.1

TOPIC	SUMMARY	FOR MORE INFORMATION												
What is the proposed use of the funds raised under the Offer?	<table><tr><th>SOURCES</th><th>\$M</th></tr><tr><td>Cash proceeds for New Shares issued under Offer</td><td>18.0</td></tr><tr><td>Total</td><td>18.0</td></tr></table>	SOURCES	\$M	Cash proceeds for New Shares issued under Offer	18.0	Total	18.0	Section 7.1.1						
	SOURCES	\$M												
	Cash proceeds for New Shares issued under Offer	18.0												
	Total	18.0												
	<table><tr><th>USES</th><th>\$M</th></tr><tr><td>Hire fleet and related capex</td><td>10.0</td></tr><tr><td>Working capital</td><td>3.2</td></tr><tr><td>Bolt-on acquisitions</td><td>3.0</td></tr><tr><td>Costs of the Offer</td><td>1.8</td></tr><tr><td>Total</td><td>18.0</td></tr></table>	USES	\$M	Hire fleet and related capex	10.0	Working capital	3.2		Bolt-on acquisitions	3.0	Costs of the Offer	1.8	Total	18.0
	USES	\$M												
	Hire fleet and related capex	10.0												
	Working capital	3.2												
	Bolt-on acquisitions	3.0												
	Costs of the Offer	1.8												
Total	18.0													
The Offer proceeds are sufficient to meet Alfabs' objectives. Taking into account the Company's cash position (refer to Section 4), the Company has enough working capital at the time of its admission to carry out its stated objectives.														
The above table should be considered an indication of current intention as at the Prospectus Date. Investors should note, as with any projection, the allocation of funds set out above is considered an indication of current intention as at the Prospectus Date and may change depending on a number of factors including the growth rate of the business, the sources of funding utilised and general economic conditions. In light of this, the Board reserves the right to adjust the way the funds are applied at its discretion.														
Will the Shares be quoted on ASX?	Alfabs will apply to ASX within seven days after the Prospectus Date for its admission to the Official List, and quotation of Shares by, ASX under the code "AAL".	Section 7.14.1												
	Completion of the Offer is conditional on ASX approving that application and granting permission for the Shares to be quoted on ASX on terms acceptable to the Company. If this approval is not given within three months of the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all monies received from Applicants will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.													
How is the Offer structured and who is eligible to participate in the Offer?	<p>The Offer comprises:</p> <ul style="list-style-type: none">the Retail Offer consisting of the:<ul style="list-style-type: none">Public Offer;Broker Firm Offer; andPriority Offer;the Institutional Offer; andthe Employee Gift Offer.	Sections 7.3, 7.4, 7.5, 7.7 and 7.8												
Is the Offer underwritten?	No.	Not applicable												

1. Investment Overview continued

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the allocation policy?	<p>The allocation of Shares between the Public Offer, Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company having regard to the allocation policies outlined in Sections 7.3.5, 7.4.4, 7.5.5 and 7.7.2.</p> <p>The allocation of Shares among Applicants in the Institutional Offer was determined by the Joint Lead Managers in consultation with the Company.</p> <p>The allocation of Shares among Applicants in the Public Offer and the Priority Offer will be determined by the Company in consultation with the Joint Lead Managers.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients.</p>	Sections 7.3.5, 7.4.4, 7.5.5 and 7.7.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty will be payable by Applicants on the acquisition of Shares under the Offer.	Section 7.10
What are the tax implications of investing in the Shares?	A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Section 9.11. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether or not to invest.	Section 9.11
When will an Applicant receive confirmation that an Application has been successful?	It is expected that holding statements will be despatched by standard post on or around 24 June 2024.	Section 7.14.2
How can an Applicant apply for Shares?	<p>Public Offer Applicants</p> <p>Public Offer Applicants may apply for Shares by completing a valid Public Offer Application Form attached to or accompanying this Prospectus.</p> <p>Broker Firm Offer Applicants</p> <p>Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Application Form attached to or accompanying this Prospectus and following the instructions of their Broker who invited them to participate in the Broker Firm Offer.</p> <p>Priority Offer Applicants</p> <p>Applicants under the Priority Offer must apply in accordance with the relevant instructions provided in their Priority Offer invitation made under this Prospectus. Existing Shareholders are treated as Priority Offer Applicants.</p> <p>Institutional Offer Applicants</p> <p>The Joint Lead Managers have separately advised Institutional Investors of the application procedure under the Institutional Offer.</p> <p>Employee Gift Offer</p> <p>Eligible Employees will receive a personalised offer from the Company detailing terms of the Employee Gift Offer and how to apply.</p>	Sections 7.3.2, 7.4.2, 7.5.2, 7.7.1 and 7.8.2

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the minimum Application size?	<p>The minimum Application size under the Public Offer, the Broker Firm Offer and the Priority Offer is \$2,000 (which is equivalent to 8,000 Shares in aggregate).</p> <p>No minimum Application size applies to the Employee Gift Offer.</p>	Section 7.2
Can the Offer be withdrawn?	<p>The Company may withdraw the Offer at any time before the issue of Shares to Applicants under the Offer. If the Offer, or any part of it, does not proceed, all monies received from Applicants will be refunded (without interest) in accordance with the Corporations Act.</p>	Section 7.13
Where can I find out more information about the Offer?	<p>All enquiries in relation to this Prospectus should be directed to Automic on:</p> <ul style="list-style-type: none"> • within Australia 1300 288 664; or • outside Australia: +61 (2) 9698 5414, <p>from 8.30am to 7pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>If you have any questions about whether or not to invest in the Company, you should seek professional advice from your accountant, financial advisor, stockbroker, tax advisor, lawyer or other professional advisor before deciding whether or not to invest.</p>	Section 7



SECTION 2

INDUSTRY OVERVIEW

2. Industry Overview

Industry Overview

The Australian Market Opportunity in Underground Mining Equipment and Engineering for Infrastructure and Mining

1. Introduction

This report describes the Australian market opportunity in (1) underground black coal mining and (2) engineering services for infrastructure and mining for the Company.

The Company is active in the following markets:

- **For Underground Black Coal Mining**
 - **Equipment Hire** (hire fleet offerings include quick detach system (QDS)¹ equipment, underground bolters, man transporters, underground load, haul dump (LHD) trucks, feeder breakers,² shuttle cars, continuous miners³ and other ancillary items and equipment)
 - **Mining Workshop** for the repair, rebuild, overhaul, and manufacture of a broad range of equipment including hire fleet items noted above
 - **Mining Consumables** direct supply of a range of mining-based consumables including equipment parts, underground stonedust ('bat bags'),⁴ drill tips and bits, hoses, tyre retreading⁵ and repairs
- **Engineering Services for Infrastructure and Mining**
 - **Heavy Steel Fabrication**
 - **Onsite Infrastructure Installation Services**
 - **Planned and Emergency Outages** (on-site maintenance, repair, and asset management solutions)
 - **Labour Hire** (for engineering projects)
 - **Breakdown and Turnarounds** (from regular and routine maintenance and servicing to major overhauls)
 - **Transport and Logistics** Australia-wide
 - **Forklift and Access** (equipment and vehicle maintenance, hire of forklifts, access and materials handling equipment)
 - **Protective Coatings** (abrasive blasting, painting and protective coating applications)

¹ QDS include a diverse range of attachments that can be quickly removed and replaced with another type of attachment based on the task at hand. They include forks, augers, pods, buckets, hammers, clamps, reelers, etc.

² Feeder breakers crush and break up larger pieces of mined coal between the continuous miners and the conveyor belt system

³ Continuous miners are integrated extraction and loading machines that break off coal from the seam and transfer it to the haulage system

⁴ Coal dust explosion barrier bag products

⁵ Reusing used tyres by replacing the outer tread

2. Industry Overview continued

F R O S T & S U L L I V A N

Market Report

2. Scope and Definitions

Underground Coal Mining: A method in which access to coal seams is gained through underground shafts, galleries, and tunnels. Although there are many ways to mine an underground deposit, coal is usually stripped by automatic shearers or continuous miners using either short/long walls or room-and-pillar exploitations. Underground mining is generally more labour-intensive and requires higher capital investments than opencast mining.⁶

Equipment Hire for Underground Coal Mining: The provision of underground coal mining equipment on a hire basis. This can include longwall relocation, run of mine,⁷ development, production, and ancillary equipment.

Transport Infrastructure: This sector includes:

- Roads, highways, subdivisions, and bridges
- Railways
- Ports and Harbours

Engineering Services for Transport Infrastructure and Mining: In the context of this study, engineering services for transport infrastructure include fabrication, surface treatment, installation, alterations, extensions, or other additions in relation to structural and architectural elements projects such as train stations, transport interchanges, bridges, etc. For the mining sector, the relevant engineering services include scheduled maintenance, shutdown maintenance, component rebuild services, etc.

3. Australian Market Opportunity - Underground Coal Mining Equipment

3.1 Market Drivers

The factors driving demand for underground coal mining equipment and services in Australia are the following.

Sustained Demand for Iron and Steel

Supported by growth in industrial output and infrastructure-driven demand, new steelmaking capacity totalling 120 million tonnes (Mt) is expected in Asia, North America, Europe, and the Middle East. This will support world steel production which is projected to reach 2.1 billion tonnes by 2029.⁸

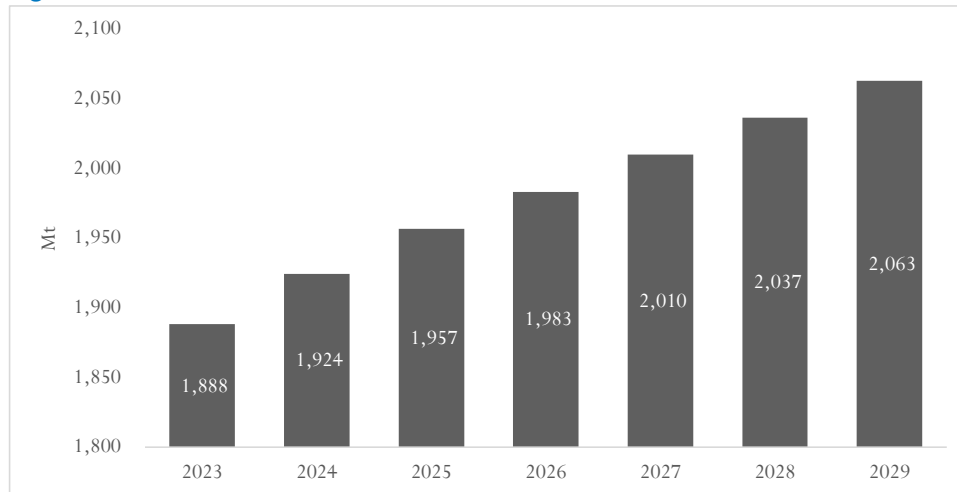
This is expected to drive demand for metallurgical coal, with the IEA forecasting that global metallurgical coal consumption will increase by 17 Mt to 1,118 Mt over the period 2023 to 2026.⁹

⁶ Coal 2023, Analysis and forecast to 2026, International Energy Agency (IEA)

⁷ Run of mine refers to the raw material extracted from a mine site before it is processed

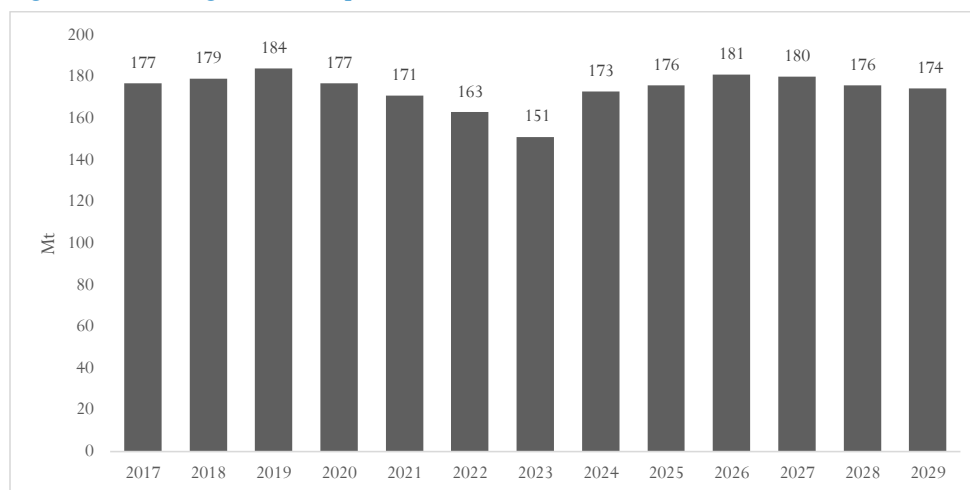
⁸ Resources and Energy Quarterly, March 2024, Department of Industry, Science and Resources, Commonwealth of Australia

⁹ Coal 2023, Analysis and forecast to 2026, International Energy Agency (IEA)

Figure 1: Steel Production, World, 2023 to 2029

Source: World Steel Association; Department of Industry, Science and Resources

Australia is by far the largest exporter of metallurgical coal globally and its exports are projected to grow as it continues to serve the needs of its major metallurgical coal export destinations – India, Japan, South Korea, and Taiwan.¹⁰

Figure 2: Metallurgical Coal Exports, Australia, 2017-2029

Source: Resources and Energy Quarterly, Department of Industry, Science and Resources, Commonwealth of Australia

¹⁰ Resources and Energy Quarterly, March 2024, Department of Industry, Science and Resources, Commonwealth of Australia

2. Industry Overview continued

F R O S T & S U L L I V A N

Market Report

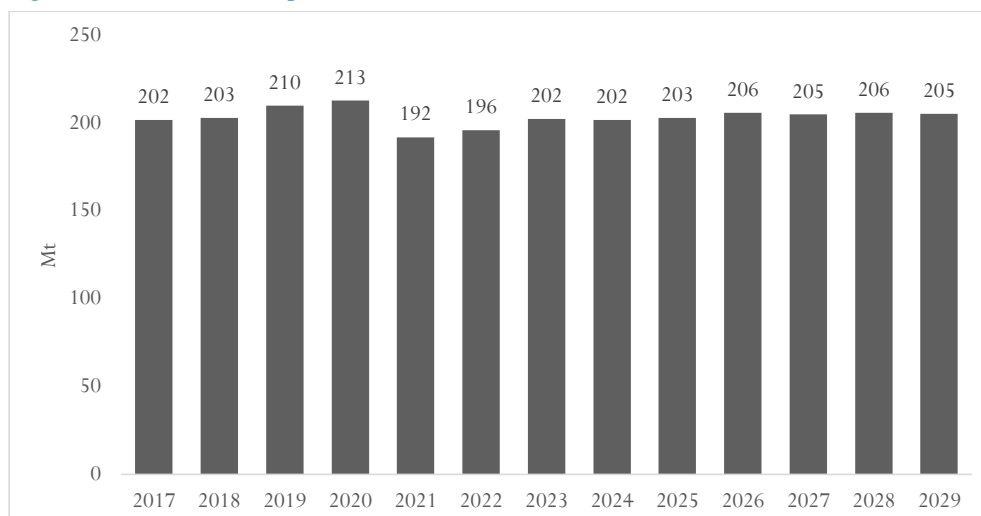
Global Energy Security Needs

Coal remains the dominant source of electricity globally, with coal-fired power generation accounting for 36% of the total in 2022. As a result of high gas prices and weak nuclear power activity in 2022, global coal demand from the power sector rose about 4% (up 220 Mt).¹¹

Despite the rise of renewable energy generation, coal is still the single largest source of electricity worldwide (and is expected to remain so over the medium term) on account of abundant reserves, the cost-effectiveness of coal mining, and the established coal mining infrastructure in many regions. Globally, there are around 6,550 operational coal-fired power plants, with over 75% in Asia. While a significant number of the plants outside Asia are expected to shutdown (as those regions progress decarbonisation initiatives), only 3% are expected to shut down in Asia over the period 2023 to 2029.¹²

Australia is the second largest exporter of thermal coal globally,¹³ and continued demand for Australian coal to meet the energy security goals in developing economies in Asia will underpin the need for coal mining equipment and services in Australia. Despite the decarbonisation trend globally, Australia's thermal coal exports are forecast to remain relatively stable.

Figure 3: Thermal Coal Exports, Australia, 2017-2029



Source: Resources and Energy Quarterly, Department of Industry, Science and Resources, Commonwealth of Australia

Global Non-power Thermal Coal Demand

Apart from its use in the power sector, thermal coal also finds use in the manufacture of cement and for providing heat for industrial and residential applications. Global cement production was 4.16 billion tonnes in 2022 and is forecast to remain stable through to 2030.¹⁴ In 2022, global non-power thermal coal and lignite consumption rose by 7% to 1,642 Mt. The IEA forecasts that global thermal coal and lignite consumption for non-power use will increase by 58 Mt between 2023 and 2026.¹⁵

¹¹ Coal 2023, Analysis and forecast to 2026, International Energy Agency (IEA)

¹² Resources and Energy Quarterly, March 2024, Department of Industry, Science and Resources, Commonwealth of Australia

¹³ Ibid

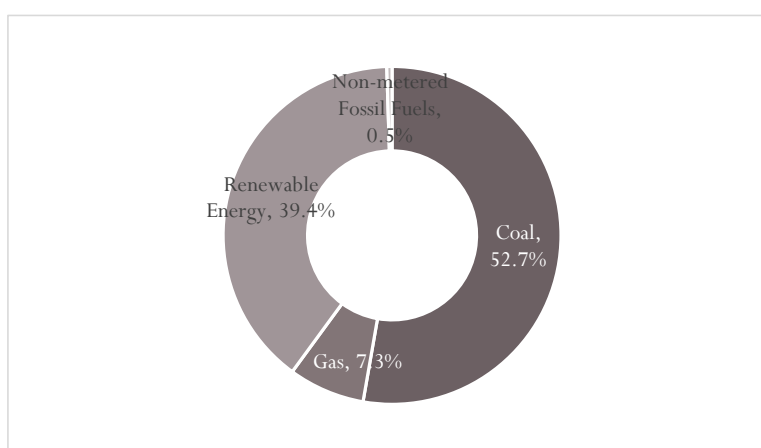
¹⁴ Cement, IEA, <https://www.iea.org/energy-system/industry/cement>

¹⁵ Coal 2023, Analysis and forecast to 2026, International Energy Agency (IEA)

Domestic Constraints with Alternate Energy Sources

Coal is still the single largest source of electricity generation by source in Australia, accounting for 52.7% of the total in 2023.

Figure 4: Electricity Generation by Source, Australia, 2023



Source: Clean Energy Australia 2024, Clean Energy Council

The lack of sufficient renewable energy capacity in Australia to ensure stability of the electricity grid is forcing some rethink on timeframes for closure of specific coal-fired power plants. Apart from challenges in build out of renewable energy generation assets themselves, Australia has significant shortcomings in terms of transmission lines, substations, and other enabling infrastructure needed to support increased wind and solar power generation. This is not only from the perspective of funding needed, but also the time and effort required to progress projects (owing to lengthy and complex approval processes, social license challenges, and protracted engagement with local communities), as well as the time to build (aggravated further by inflation and supply chain constraints).

In terms of gas in Australia, supply is forecast to decline faster than demand over the long-term. Without the development of new gas fields, pipelines, and potentially liquified natural gas (LNG) import terminals, the southern states (New South Wales (NSW), Victoria, South Australia, and Tasmania) will face significant shortages of locally produced gas from 2027.¹⁶

These domestic capacity constraints with renewable energy and gas support continued coal consumption for power generation in Australia.

Growth in Coal Conversion

Coal conversion refers to the use of coal as a feedstock to produce another commodity, and is usually via the following pathways:

- **Coal-to-liquids** (producing liquid fuels such as diesel or gasoline from coal): In China, 38 Mt of coal was used to produce around 10 Mt of oil products in 2021 and factoring in the number of new coal-to-liquid projects under construction in the country, an annual growth of over 8% for coal-to-liquids is expected between 2022 and 2026.¹⁷

¹⁶ Gas Inquiry 2017-2030, December 2023, Australian Competition and Consumer Commission

¹⁷ Coal 2023, Analysis and forecast to 2026, IEA

2. Industry Overview continued

F R O S T & S U L L I V A N

Market Report

- **Coal-to-gas** (gasification of coal to produce synthetic natural gas or fertiliser from ammonia): Coal gasification accounted for 26% of global ammonia production in 2020. Global ammonia production is expected to grow from 185 Mt in 2020 to 230 Mt in 2050; driven by food demand which underpins fertiliser uptake.¹⁸ Another coal-to-gas opportunity that has received increased focus is that of hydrogen production. In 2022, around 30% of the energy requirement for dedicated hydrogen production was met with coal (mostly used in China).¹⁹ Adding carbon capture and storage (CCS) to the coal gasification process for hydrogen production or combining coal with biomass for hydrogen production results in lower lifecycle emissions.²⁰
- **Coal-to-chemicals** (gasification of coal to produce methanol which is then used to manufacture olefins for plastic manufacturing, or ethylene glycol which is then used to manufacture polyester): Global methanol production is expected to grow from 98 Mt in 2019 to 500 Mt by 2050.²¹

Higher Safety Standards and Practices

Whilst high mining equipment utilisation - driven by the coal demand factors discussed above - leads to increased equipment wear; thus supporting demand for rental and refurbishment/servicing, it also increases work health and safety risks. To enable enhanced risk and hazard management, as well as work health and safety best practices in the mining industry, several reforms have been implemented to relevant regulation, some of which have boosted demand for equipment hire and consumables. For example, the *Work Health and Safety (Mines and Petroleum Sites) Regulation 2022*²² for NSW specifies more stringent exhaust emissions standards in underground mines (which drives the use of more efficient fleet, thus spurring demand for quality and well-maintained hire equipment) and specifies the optimal coverage needed with explosion barriers (which drives demand for bat bags).

Financial Drivers for Use of Specific Services

Demand for a number of specific services is driven by the cost savings that result from the use of such services. For example, the high cost of new mining tyres prompts miners to use tyre repair and retreading services. Similarly, the high costs of unplanned downtime or outage (as a result of equipment failure) prompts miners to hire equipment that is reliable and well-maintained.

3.2 Market Opportunity Indicators

The drivers discussed above have helped underpin coal mining equipment capex, which has been growing at a compound annual growth rate (CAGR) of 19.37% between 2016 and 2023, as highlighted in the figure below:

¹⁸ Ammonia Technology Roadmap, IEA, 2021

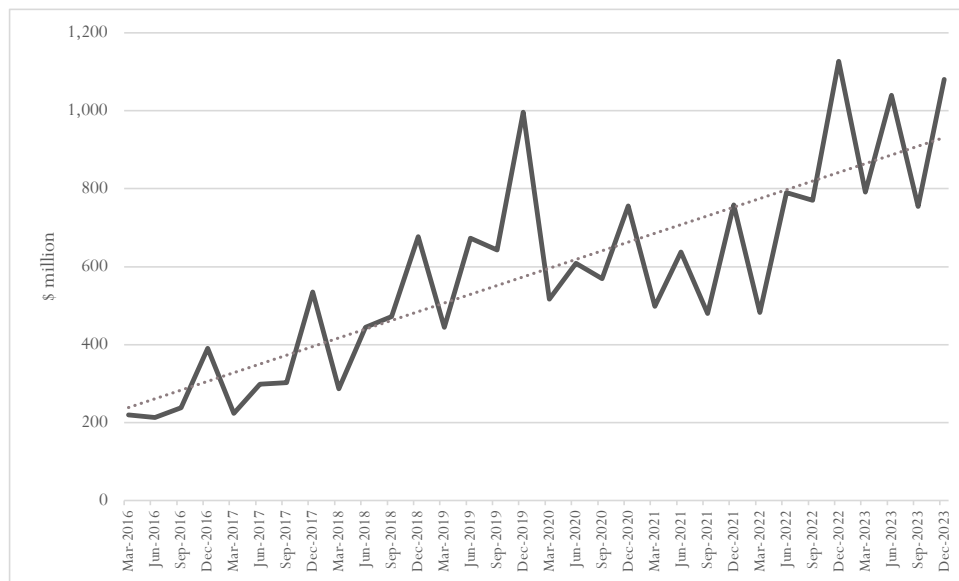
¹⁹ Hydrogen, IEA, <https://www.iea.org/energy-system/low-emission-fuels/hydrogen>

²⁰ Hydrogen Shot Technology Assessment, Thermal Conversion Approaches, US Department of Energy (DOE), May 2023

²¹ Innovation Outlook : Renewable Methanol, International Renewable Energy Agency (IRENA), 2021

²² Work Health and Safety (Mines and Petroleum Sites) Regulation 2022, NSW Government, <https://legislation.nsw.gov.au/view/html/inforce/current/sl-2022-0509>

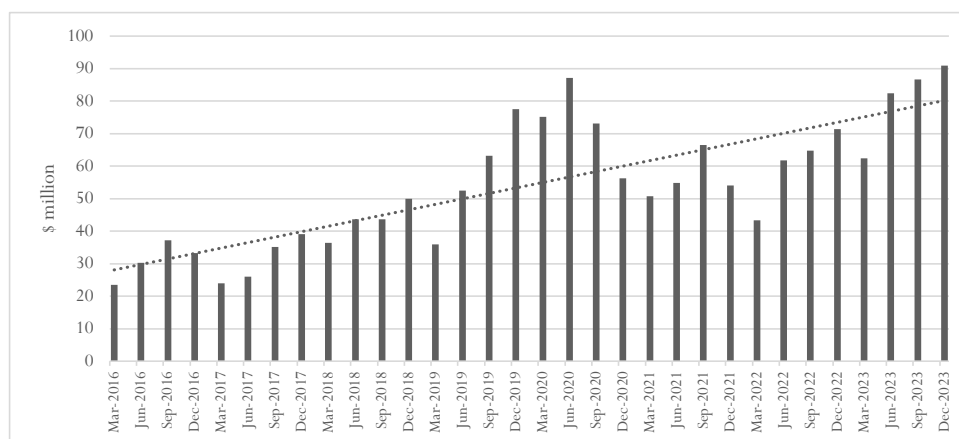
Figure 5: Capex by Quarter, Equipment, Plant and Machinery, Coal Mining, Australia, 2016-2023



Source: Private New Capital Expenditure and Expected Expenditure, ABS

This growth in capex is supported by the growth in exploration expenditure which drives new mine development or expansion to existing mines. Australian coal exploration expenditure has been growing rapidly over the long term, and at an even faster pace since March 2022, to reach \$320 million in 2023, a 33% increase over the previous year.²³

Figure 6: Coal Exploration Expenditure by Quarter, Australia, 2016-2023



Source: Mineral and Petroleum Exploration, Australia, ABS

²³ Resources and Energy Quarterly, March 2024, Department of Industry, Science and Resources, Commonwealth of Australia

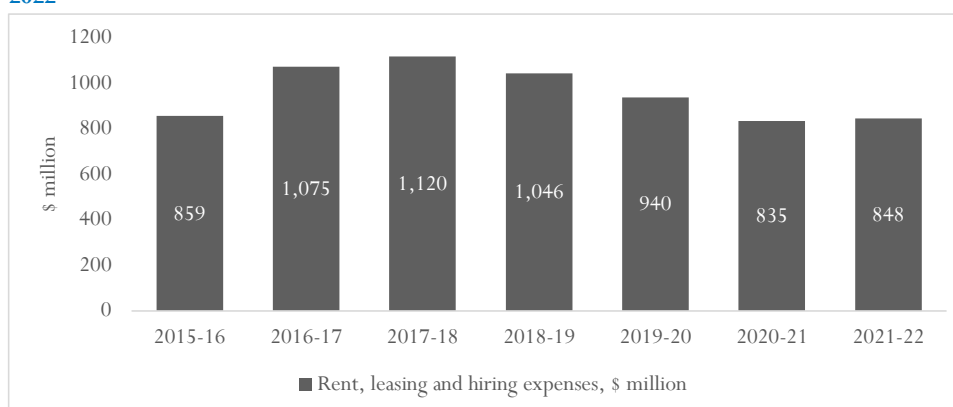
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Despite the most recent levels of rent, leasing and hiring expenditure in coal mining not equalling the peak levels of 2017-18, they show an upward trend since the dip during the COVID pandemic.

Figure 7: Rent, Leasing and Hiring Expenses, Coal Mining, Australia, 2015-2016 to 2021-2022



Source: Australian Industry, ABS

Australia has the fourth-largest share of coal reserves in the world.²⁴ This presents significant opportunities to establish new coal mines or expand existing ones in the country.

New or expanded coal mines (expanding the area on the mining lease that can be mined, increasing the depth of the mine, or extending the life of the mine) will add to total coal production capacity and expand the addressable opportunity for mining equipment and services.

Recent new or expanded coal mines include the following:

Table 1: Recent New or Expanded Coal Mines, Australia, 2022-2024

Project	Company	State	Type	Estimated New Capacity (Mtpa)	Resource	Commercial Operation
Stratford extension	Yancoal Australia	NSW	Expansion	1.2	Thermal and metallurgical coal	2023
Tahmoor South	SIMEC Group	NSW	New project	3.5	Metallurgical coal	2022
Maxwell Underground Mine	Malabar Resources	NSW	New project	4.7	Metallurgical coal	2024
Olive Downs (phase 2)	Pembroke Resources	QLD	Expansion	n/a	Metallurgical coal	2024+

Source: Resources and Energy Major Projects 2023, Department of Industry, Science and Resources, Commonwealth of Australia

As shown in the table below, Australia has a significant pipeline of both thermal and metallurgical coal projects (42 publicly announced, 1 at definitive feasibility stage, and 10 committed). Whilst not all publicly announced projects progress through to advanced feasibility or committed and operational stages, the

²⁴ Coal, Geoscience Australia, September 2023

strong pipeline underpins the equipment hire and consumables market opportunity for Alfabs Australia Limited.

Table 2: Major Coal Project Pipeline, Australia, as at October 2023

Project	Company	State	Type	Status	Estimated New Capacity (Mtpa)	Resource	Estimated Start Commercial Operation
Alpha (mine and rail)	GVK Hancock Coal	QLD	New project	Announced	24	Thermal coal	2029+
Angus Place West	Centennial Coal	NSW	Expansion	Announced	2	Thermal coal	2026+
Blackwater South	BHP	QLD	Expansion	Announced	8	Metallurgical coal	2029+
Boggabri Coal Extension	Idemitsu	NSW	Expansion	Announced	8.6	Thermal and metallurgical coal	2029+
Bulga Optimisation Project mod 3 and Bulga Underground mod 7	Glencore	NSW	Expansion	Committed	6.6	Thermal and metallurgical coal	2029+
Byerwen Coal project Stage 2	Byerwen Coal	QLD	Expansion	Announced	n/a	Metallurgical coal	2029+
Carborough Downs	Fitzroy Australia Resources	QLD	New project	Announced	5	Metallurgical coal	2025+
Caval Ridge Mine Horse Pit Extension	BHP Mitsubishi Alliance	QLD	Expansion	Announced	15	Thermal and metallurgical coal	2026
Chain Valley Extension	Delta Coal	NSW	Expansion	Announced	2.1	Thermal coal	2024+
Colton	New Colton Coal	QLD	New project	Announced	0.5	Metallurgical coal	2029+
Comet Ridge	Bowen Coking Coal	QLD	New project	Announced	n/a	Thermal and metallurgical coal	2029+
Corvus (formerly Teresa)	Corvus Coal Assets (New Emerald Coal)	QLD	New project	Announced	1.6	Thermal and metallurgical coal	2029+
Curragh Extension Project	Coronado Global	QLD	Expansion	Announced	n/a	Thermal and metallurgical coal	2024
Dartbrook	Australian Pacific Coal	NSW	Expansion	Definitive feasibility	7.4	Thermal coal	2025+
Dysart East	Bengal Energy	QLD	New project	Announced	n/a	Metallurgical coal	2025
East Olive Downs South Extended/Wilunga	Pembroke Resources	QLD	Expansion	Announced	4	Thermal and metallurgical coal	2029+
Elimatta	New Hope Coal	QLD	New project	Announced	5	Thermal coal	2029+
Gemini coal mine	Magnetic South	QLD	New project	Announced	1.9	Metallurgical coal	2025+

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Project	Company	State	Type	Status	Estimated New Capacity (Mtpa)	Resource	Estimated Start Commercial Operation
Gooniyella-Riverside & Broadmeadow Extension (Red Hill) Mine	BMA	QLD	Expansion	Announced	n/a	Metallurgical coal	2029+
Grosvenor Phase 2	Anglo American	QLD	Expansion	Announced	6	Metallurgical coal	2026+
Hillalong	Shandong Energy Group	QLD	New project	Committed	4.2	Thermal and metallurgical coal	2025+
HVO Continuation	Yancoal / Glencore	NSW	Expansion	Announced	42	Thermal and metallurgical coal	2025+
Isaac Plains Complex (Isaac Downs)	Stanmore Coal	QLD	Expansion	Committed	n/a	Metallurgical coal	2027+
Karin	Vitrinite Pty Ltd	QLD	New project	Announced	1.7	Metallurgical coal	2029+
Kevin's Corner	GVK	QLD	New project	Announced	10.6	Thermal coal	2029+
Lake Vermont Meadowbrook Extension	Bowen Basin Coal Pty Ltd / Jellinbah	QLD	Expansion	Announced	5.5	Metallurgical coal	2027+
Mandalong Southern Extension	Centennial Mandalong Pty Ltd (Banpu PCL)	NSW	Expansion	Committed	n/a	Thermal coal	2024
Meandu King 2 East Project	Stanwell	QLD	Expansion	Announced	5	Thermal coal	2024+
Minyango	Qcoal	QLD	New project	Announced	6	Thermal and metallurgical coal	2029+
Moolarben CHPP upgrade	Yancoal	NSW	Expansion	Announced	2	Thermal coal	2027
Moorlands	Cuesta Coal Ltd	QLD	New project	Announced	1.9	Thermal coal	2029+
Moranbah South	Anglo American and Exxaro Resources Limited	QLD	New project	Announced	n/a	Metallurgical coal	2029+
Mt Pleasant Optimisation Project	Mach Energy	NSW	Expansion	Announced	7.5	Thermal coal	2026+
Mt Thorley	Yancoal Australia	NSW	Reactivation	Announced	2	Thermal and metallurgical coal	2029+
Narrabri (Stage 3)	Whitehaven Coal	NSW	Expansion	Announced	9	Thermal and metallurgical coal	2024+
New Lenton	Bowen Coking Coal	QLD	New project	Announced	1.5	Thermal and metallurgical coal	2029+

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Project	Company	State	Type	Status	Estimated New Capacity (Mtpa)	Resource	Estimated Start Commercial Operation
Newstan Mine Extension	Banpu	NSW	Reactivation	Announced	3.2	Thermal and metallurgical coal	2029+
North Goonyella	Peabody	QLD	Reactivation	Committed	5	Metallurgical coal	2026+
Rolleston (phase 2)	Glencore, Sumisho, IRCA	QLD	Expansion	Announced	5	Thermal coal	2026+
Saraji East	BMA	QLD	New project	Announced	8	Metallurgical coal	2026+
South Galilee	Alpha Coal Pty Ltd and AMCI (Alpha) Pty Ltd	QLD	New project	Announced	3	Thermal coal	2029+
Springsure Creek	Adamelia Resources	QLD	New project	Announced	7	Thermal coal	2029+
Spur Hill	Malabar Resources	NSW	New project	Announced	6	Thermal and metallurgical coal	2029+
Taraborah	Shenhua Group	QLD	New project	Announced	5.7	Thermal coal	2029+
Vickery	Whitehaven Coal	NSW	Expansion	Committed	8	Thermal and metallurgical coal	2025+
Wallarah 2	Korea Resources Corp / Sojitz Corp	NSW	New project	Committed	4	Thermal coal	2026+
Wandoan	Glencore	QLD	New project	Announced	n/a	Thermal coal	2029+
Wards Well	Stanmore SMC	QLD	New project	Announced	15	Metallurgical coal	2028
Washpool	Magnetic South	QLD	New project	Announced	2.6	Metallurgical coal	2029+
Wilkie Creek	New Wilkie Energy	QLD	Reactivation	Committed	4	Thermal coal	2029+
Wilton-Fairhill	Futura Resources	QLD	New project	Committed	3	Metallurgical coal	2024+
Winchester South	Whitehaven Coal	QLD	New project	Announced	6	Thermal and metallurgical coal	2029+

Source: Resources and Energy Major Projects 2023, Department of Industry, Science and Resources, Commonwealth of Australia

Underground coal, which is the focus end-market for Alfabs Australia Limited's equipment hire business, accounted for over 16% of total coal mine production in Australia, equating to 83.7 Mt in 2022-23.²⁵

In terms of operating underground coal mines in Australia, there are 26 underground mines and 9 underground and surface mines producing 1 Mtpa and more each.²⁶

Over the three-year period 2021 to 2023, driven by depleting reserves of coal in shallower sections, the strip ratios (the amount of overlying rock that has to be removed to expose the coal seam) for open-cut

²⁵ Resources and Energy Quarterly, March 2024, Department of Industry, Science and Resources, Commonwealth of Australia

²⁶ Global Energy Monitor. Global Coal Mine Tracker, April 2024 release

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mines in NSW have risen at a rate of 6% per year on average, thus making open-cut coal mining less efficient than before.²⁷ This is likely to strengthen the case for underground coal mining.

3.3 Industry Structure

Industry Structure

Most operating coal mines in the country are located in the coal mining regions of the states of NSW and Queensland. As a result, mining equipment hire and consumables supply operations serving these customers are also concentrated in these two states.

Figure 8: Indicative Location of Operating Coal Mines, Australia

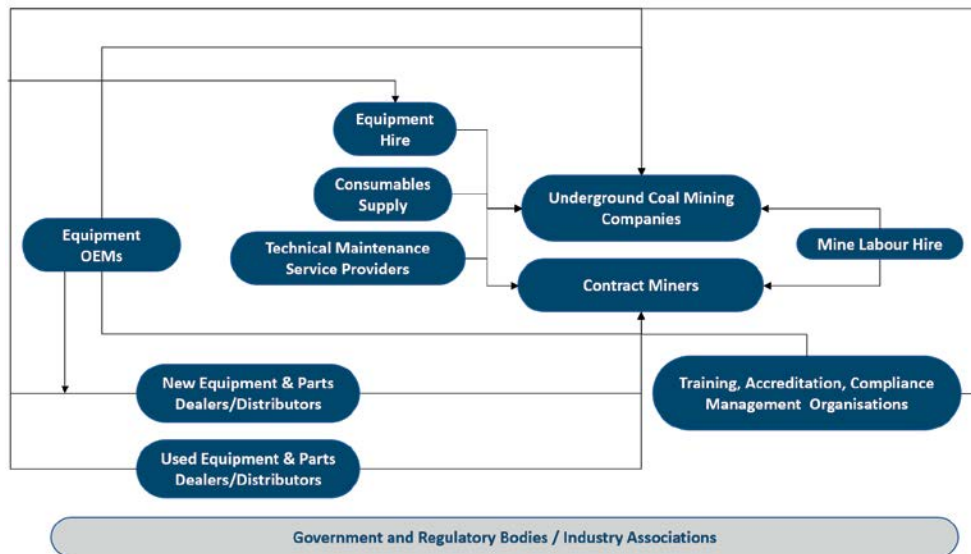


Source: Frost & Sullivan

The ecosystem of industry stakeholders involved in underground mining equipment hire and consumables is outlined below:

²⁷ Why Australia's coal mines are getting bigger, Institute for Energy Economics & Financial Analysis, November 2023, <https://ieefa.org/resources/why-australias-coal-mines-are-getting-bigger>

Figure 9: Underground Coal Mining Equipment and Consumables, Industry Structure, Australia



Source: Frost & Sullivan

Coal mining companies include both multinational and domestic companies. Underground coal miners include Yancoal Australia, Kestrel Coal Resources, Anglo American Plc, Glencore Plc, BHP, etc.

Contract miners are businesses that specialise in the execution of core and secondary operation activities for mine owner companies. This can often include planning and managing all aspects of production, thus making this a key customer segment for equipment hire companies.

Equipment OEMs have their installed base and product knowledge as key competitive differentiators. Some offer build-operate-and-maintain/rental contracts, thus competing indirectly with equipment hire firms.

Consumables suppliers are quite diverse – reflective of the diversity of types of consumables used in underground coal mines.

Technical maintenance service providers undertake workshop repairs, field maintenance services, and spare parts services to the underground coal mining industry. In some instances, equipment OEMs nominate some of these workshops to act as authorised service centres for their products. Some operations have mobile workshops (trucks) to conduct onsite service at the mines. Workshops offer specialised repair, overhaul, assembly, fabrication, testing, refurbishment, stocking, sales of spares/consumables, etc.

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Competitive Factors

The key factors providing competitive advantage in the underground coal mining equipment hire market include the following:

- **Scale of equipment range for hire:** Companies with a comprehensive range of specialised attachments, implements, and consumables for underground mining environments enjoy strong competitive advantage. The need for a large fleet also presents a high barrier to entry for new entrants.
- **Skilled workforce:** The technical expertise to refurbish, repair, and maintain equipment (so that reliability, safety, and other compliance obligations are met) is critical.
- **Workshop and warehousing locations and facilities:** Well-equipped workshops provide competitors control over the repair/overhaul process. Large scale warehousing facilitates responsiveness to customer needs. Proximity of these workshops and warehousing to key mining regions is also critical. In the case of underground coal mining, this would include the coal regions of Hunter Valley, Wollongong, and Mackay.
- **Model supporting cost efficiencies and high return on capital:** Companies that are able to implement strategies that enable cost efficiencies are better positioned than others in the industry. For example, in the case of Alfabs Australia Limited, their ability to source second-hand equipment (which they then overhaul in inhouse workshops for use in rental fleet) lowers the cost of capital. Inhouse workshops also enable lower lifecycle costs of the fleet through the ability to directly control and undertake regular and major service of the equipment.
- **Value-added services:** Companies with relevant ancillary services are able to demonstrate greater value to mining customers. For example, in the case of Alfabs Australia Limited, the supply of protective coatings (used in blasting and painting steel for infrastructure projects and in rebuilds and overhauls for mining), as well as the provision of logistics (which enables delivery of equipment and consumables in a vertically integrated model) provides competitive advantage.

Leading Competitors

In the underground coal mining equipment hire segment, leading competitors include Bis Industries, Cougar Mining Group, and Alfabs Australia Limited.

Other competitors active in this market include a diverse range of companies, including PIMS Group, Impact Mining Equipment, Mine and Tunnel Constructions (MTC), Coal Mine Services (CMS), Coalroc, Solid Engineering, The Cutter Group, Above & Below Services, Bedrock Mining Equipment, Lunar Mining, etc.

Specific consumables and services may be also delivered by niche suppliers. For example, Becker Mining supplies bat bags for underground coal mining, while off the road (OTR) tyre retreading/repair competitors may include independent mining tyre suppliers (e.g. Bridgestone Mining Solutions Australia, Kal Tire, Tyre Doctor, Big Tyre, Tytec, etc.)

4. Australian Market Opportunity - Engineering Services for Transport Infrastructure and Mining

4.1 Market Drivers

The factors driving demand for engineering services for transport infrastructure and mining in Australia are the following.

High Levels of Transport and Mining Infrastructure Spend

A government-funded infrastructure build-out has underpinned record investment in infrastructure capital works in Australia over the last decade, with transport sector infrastructure being the largest beneficiary. Population growth, continued urbanisation, and an increased freight task are likely to be factors that will underpin demand for new transport infrastructure.

In addition, the states that dominate the mining production in the country - Western Australia, Queensland, and NSW - continue to grow their infrastructure pipeline as the positive impact of high commodity prices continues to strengthen those economies.

Ageing Assets, High Utilisation, and Backlog of Maintenance

The deterioration in condition of transport infrastructure assets – on account of ageing – drives demand for maintenance services. In the mining sector, reliability and reduced downtime remain critical for operations at mining sites. This is because the size of the demand opportunity is such that any unplanned downtime translates into a considerable lost opportunity in dollar terms. Apart from obvious wear and tear and ageing of structures (for infrastructure) and structures and equipment (for mining), another factor that accentuates the need for maintenance services is the accumulated backlog of postponed maintenance.

Infrastructure Damage as a Result of Extreme Events

The frequency and duration of fire weather events, heavy rainfall and floods, sandstorms, and dust storms are projected to increase throughout Australia.²⁸ In 2023, 43 disasters were declared across Australia, impacting 137 Local Government Areas (LGAs), with \$134.5 million direct disaster payments to individuals, businesses and local councils.²⁹ Given that transport infrastructure supports productivity,

²⁸ Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC), August 2021

²⁹ National Emergency Management Agency (NEMA) quoted in State of Australia's Regions 2024, Commonwealth of Australia 2024

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liveability, and economic growth of cities, towns and regional areas, expenditure to improve resilience of such infrastructure is a key priority of governments and the private sector. This underpins the demand for fabrication and installation services for transport infrastructure asset renewal.

Skills Shortage

Despite public infrastructure construction activity easing in 2023, demand still significantly outweighs supply, with labour being the major capacity constraint. Across all types of infrastructure, labour shortage reached 229,000 full time workers as of October 2023 (particularly challenging in roles such as engineers, architects, scientists, trades, and labour).³⁰ This is expected to support demand for the contracting out of engineering services to service providers with the requisite in-house technical expertise and workshops.

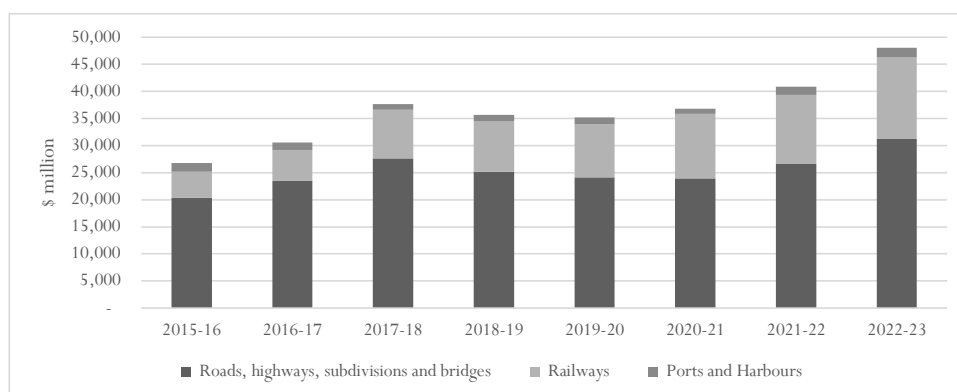
High Profit Growth Amongst Coal Miners

High coal prices in 2021 and 2022 have helped grow margins for Australian coal miners. In 2022, whilst weighted average costs increased by about 36%, average prices for hard coking coal in Australia increased by 64%, thus driving up profitability. In the high calorific value (HCV) thermal coal segment, the weighted average cost increased by about 56% in 2022 while average prices at the port of Newcastle, NSW (a benchmark in this segment) rose by around 165%. Whilst profit margins decreased in 2023, they remain at healthy levels, thus supporting improved cash reserves amongst coal miners and increased M&A activity and infrastructure investments for growth.³¹ This will drive demand for engineering services in the coal mining sector.

4.2 Market Opportunity Indicators

The value of transport infrastructure engineering construction work done in Australia has grown from \$26.79 billion in 2015-16 to \$48.07 billion in 2022-23.³²

Figure 10: Total Value of Transport Infrastructure Engineering Construction Work Done, Australia, 2015-16 to 2022-23



Source: *Engineering Construction Activity*, ABS, 2023

The total transport infrastructure pipeline (2022-23 to 2026-27) in Australia is estimated at \$211 billion.³³

³⁰ Infrastructure Market Capacity 2023 Report, Infrastructure Australia, December 2023

³¹ Coal 2023, Analysis and forecast to 2026, IEA

³² Engineering Construction Activity, ABS, 2023

³³ Infrastructure Market Capacity 2023 Report, Infrastructure Australia, December 2023

Examples of transport infrastructure projects in the pipeline include the following:

Table 3: Examples of Transport Infrastructure Projects in the Pipeline, Australia

State/Territory	Project
NSW	Epping Bridge Project
NSW	Macquarie Park Precinct and Bus Interchange
NSW	Parramatta Light Rail Stage 2 Enabling Works (Wentworth Point Bridge)
NSW	SouthWest Metro Conversion and Station Works (SWM3)
NSW	Sydney Metro West - Hunter Street Station and Precinct
NSW	Sydney Metro West - Parramatta Integrated Station
NSW	Sydney Metro West - Pyrmont Integrated Station
NSW	Sydney Metro West - Stations Package West (Westmead, North Strathfield, Burwood North, Five Dock, The Bays)
NSW	Sydney Metro West - Sydney Olympic Park Integrated Station
NSW	Zero Emission Buses Stage 1 - New Macquarie Park bus depot
QLD	Gold Coast Light Rail Stage 4
QLD	Direct Sunshine Coast Line
QLD	Toowong -West End Green Bridge
QLD	St Lucia- West End Green Bridge
QLD	Gladstone Coal Shiploader Project
QLD	Toondah Harbour Redevelopment
QLD	Gold Coast Cruise Ship Terminal
QLD	Cairns Port Ship Lift
QLD	Urangan Boat Harbour
QLD	Varsity Lakes to Elanora Rail Extension
QLD	Elanora to Coolangatta Rail Extension
QLD	Shorncliffe Line
QLD	Salisbury to Beaudesert Passenger
QLD	Brisbane to Toowoomba Rail Passenger Services
QLD	Townsville Port Expansion Project - Outer Harbour Expansion (Berths 14+15)
VIC	Suburban Rail Loop – Airport
VIC	E-Class Tram Infrastructure Program
VIC	Suburban Rail Loop East Main Works
SA	Aldinga Rail Extension
SA	South Australian Regional Bridge Upgrades
SA	Station Refresh Program (Alberton, Ethelton, West Croydon, Woodlands Park)
SA	Cape Jervis Harbour Precinct
SA	Port Dock Railway Line
SA	SteamRanger Heritage Railway Bridge Upgrades
WA	Karnup Station
WA	Woodman Point Ammo Jetty
WA	Batavia Coast Marina - Jetty
TAS	Tasmanian Freight Rail Revitalisation: Tranche 4
TAS	Direct Rail Access to Bell Bay Wharf
TAS	Charles Street Bridge
TAS	Northern Suburbs Transit Corridor
ACT	ACT Light Rail Stage Two - Civic to Woden

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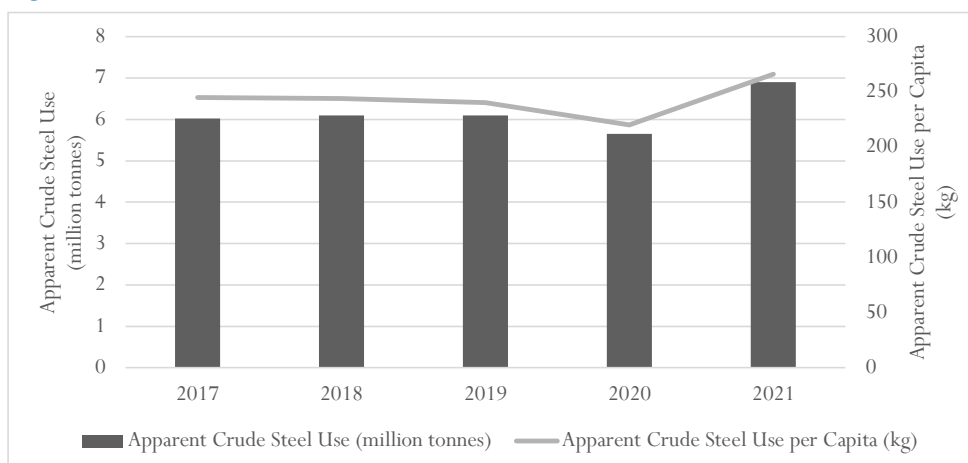
NT	Northern Territory Freight Rail and Logistics Capacity Improvements
NT	Beetaloo Sub-basin Enabling Infrastructure
NT	Marine Industry Park
NT	Middle Arm Sustainable Development Precinct
NT	Aurizon – Railway service expansion

Sources: Infrastructure NSW, Queensland Major Contractors Association, State Government of Victoria, Department for Infrastructure and Transport (South Australia), Department of Transport (Western Australia), Infrastructure Tasmania, Infrastructure NT

Note: (1) This is not a comprehensive list, but indicative of the project pipeline. (2) Not all announced/proposed projects are expected to progress to construction

In terms of structural steel, Australia's increase in overall steel use (as highlighted in the figure below) remains the underpinning demand driver for steel fabricators.

Figure 11: Crude Steel Use, Australia, 2017-21



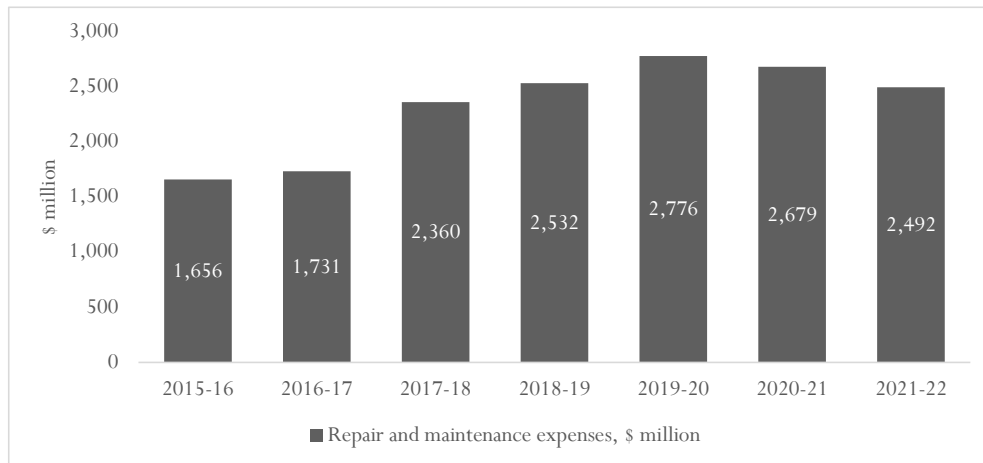
Source: World Steel Statistical Yearbook 2022, quoted in 'Capabilities of the Australian steel industry to supply major projects in Australia', Australian Steel Institute, June 2023

Australian steel fabricators' total output capacity across all end-markets and applications is around 1.6 Mtpa.³⁴

Despite the most recent levels of repair and maintenance expenditure in coal mining not equalling the peak levels of the recent past, they are well above the levels of six or seven years ago. This is expected to support demand for engineering services related to repair, shutdown maintenance, etc. in mining.

³⁴ Capabilities of the Australian steel industry to supply major projects in Australia, Australian Steel Institute, June 2023

Figure 12: Repair and Maintenance Expenses, Coal Mining, Australia, 2015-2016 to 2021-2022



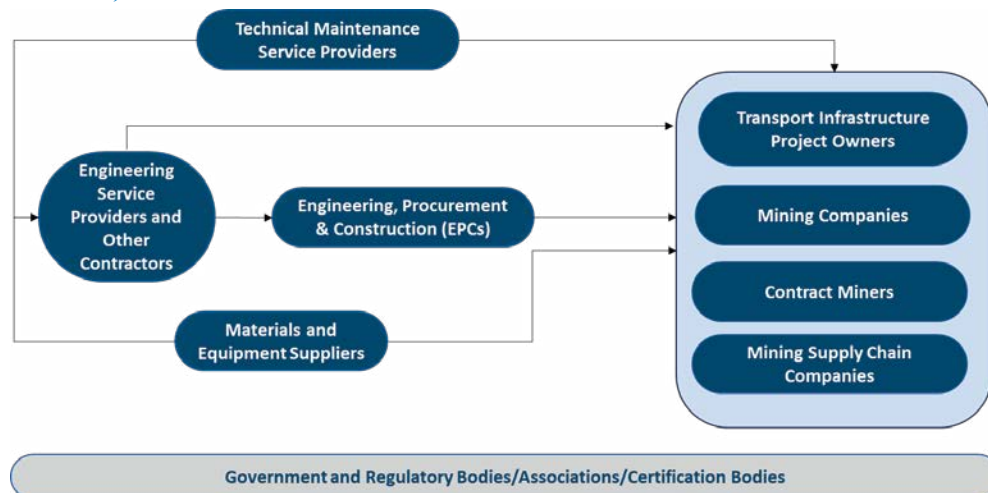
Source: Australian Industry, ABS

4.3 Industry Structure

Industry Structure

The ecosystem of industry stakeholders involved in engineering services for transport infrastructure and mining sectors in Australia is outlined below:

Figure 13: Engineering Services for Transport Infrastructure and Mining, Industry Structure, Australia



Source: Frost & Sullivan

Engineering, procurement & construction (EPC) companies are often commissioned by the project owner to manage the overall infrastructure project, including the appointment of a range of engineering service providers and contractors.

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Transport infrastructure project owners include government/public sector entities at federal, state and local government levels and private sector companies.

Mining companies include both multinational and domestic companies. Contract miners are businesses that specialise in the execution of core and secondary operation activities for mine owner companies. This can often include capital works and production activities, thus making this a key customer segment for engineering service companies.

Mining supply chain companies include suppliers of equipment, chemicals, explosives, PPE, other consumables, etc. to mining companies.

Engineering service companies provide design, pre-assembly, fabrication, surface treatment (painting/blasting), transport of structures, as well as installation on site.

The capabilities of many of these companies lend themselves to addressing fabrication and installation opportunities in the wider infrastructure sector (beyond transport infrastructure) including energy (electricity and gas transmission networks, renewable energy generation, energy storage, etc), telecommunications networks, and water and wastewater assets, as well as industrial, commercial, and institutional buildings.

Competitive Factors

The key factors providing competitive advantage in the engineering services for infrastructure and mining sectors in Australia include the following:

- **Scale of operations:** Clients are likely to give project work only to engineering service firms who they believe have the size and scope of operations to successfully deliver them. This includes operating large and well-equipped workshop facilities for fabrication and surface treatment (including cranes to handle large structures, blast chamber, pre-assembly areas, etc), as well as appropriate transport and logistics capabilities (such as transporters of Oversize Overmass (OSOM) loads).
- **Expertise:** The ability to deliver projects on time, to specification, and in budget is critical. This calls for expertise across all facets including design, engineering, procurement, fabrication, surface treatment, installation, and commissioning.
- **Business process excellence:** This refers to excellence in areas such as project management, supplier/subcontractor management, labour relations, and safety management. Reputation is an important selection factor for clients, and therefore demonstrating excellence in business processes is generally fundamental for companies operating in this sector. Holding relevant certifications, such as Construction Core Competency (CC3) certification to Australian Standard AS/NZS 5131 for fabrication and erection of structural steelwork or accreditation to the Association for Materials Protection and Performance (AMPP) Coating Inspector Program, the Painting Contractor Certification Program (PCCP), the National Heavy Vehicle Accreditation Scheme (NHVAS), etc. also helps competitors deliver enhanced value to customers.
- **Established client relationships:** Longevity in business, a track record of successful project delivery, and flexibility and responsive to clients help engineering service firms maintain strong client relationships.

Leading Competitors

Apart from Alfabs Australia Limited, examples of leading competitors in the engineering services for infrastructure and mining include:

- **Fabrication Services:** S&L Steel, Civmec, IMF, Algon Steel, etc. in the NSW market, as well as GVP Fabricators, Samaras Group, Sencova, Stilcon, Pacific Industrial Company, Sun

Engineering, Crisp Bros. & Haywards, Belmore Engineering, Beenleigh Steel Fabrications, Sutcliffe Engineering, etc. in the wider Australian market

- **Installation Services:** Drew Project Services and FCS, as examples of NSW-based competitors, as well as wider Australian market competitors such as Downer, Monadelphous, Programmed, McConnell Dowell, Decmil, Fulton Hogan, Laing O'Rourke, Ventia, etc.
- **Industrial Maintenance and Shutdown Services:** Monadelphous, Programmed, Ventia, Downer, McMahon Services, Mader, etc.
- **Ancillary Services (protective coatings and abrasive blasting):** KGB Protective Coatings, Doito, Blastcoat, CCMP, etc.
- **Ancillary Services (logistics):** Goldsprings Heavy Haulage, Woods Transport, etc.

5. Summary

In 2022, global coal demand reached a new record high of 8,415 Mt, increasing by 4%; and in 2023, the estimated global coal demand was a new all-time high of about 8,536 Mt. China, India, and the ASEAN countries combined account for around three-quarters of global coal demand.³⁵

While metallurgical coal demand is expected to outpace thermal coal demand - driven by sustained demand for iron and steel - thermal coal consumption will remain a key component of diverse end-sectors' energy consumption roadmaps given the uncertainties and supply constraints of renewable energy and gas. These and other factors such as improved safety standards and practices, as well as specific financial drivers for use of certain services, will underpin demand for equipment hire and consumables for underground coal mining in Australia.

In the Australian market for engineering services for transport infrastructure and mining, the government-funded infrastructure build-out that gathered momentum over the last decade continues to support demand for fabrication and installation services. Similarly, ageing assets, high utilisation, a growing backlog of maintenance work, infrastructure damage as a result of extreme events, as well as the skills shortage amongst project owners will drive outsourcing of engineering services.

The strong project pipeline across both markets analysed above confirms the large and growing opportunity in the country for Alfabs Australia Limited.

6. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Alfabs Australia Limited and no interest in the outcome of any fund raising. Payment of these fees to Frost & Sullivan is not contingent on the outcome of any fundraising. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of fund raising.

³⁵ Coal 2023, Analysis and forecast to 2026, IEA



SECTION 3

COMPANY OVERVIEW

3. Company Overview

3.1 INTRODUCTION TO ALFABS

Alfabs is a market-leading, diversified group of companies that primarily operates across two divisions in Australia – Mining and Engineering:

Mining

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.

Engineering

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.
- **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.

Figure 3.1: Divisional results HY124

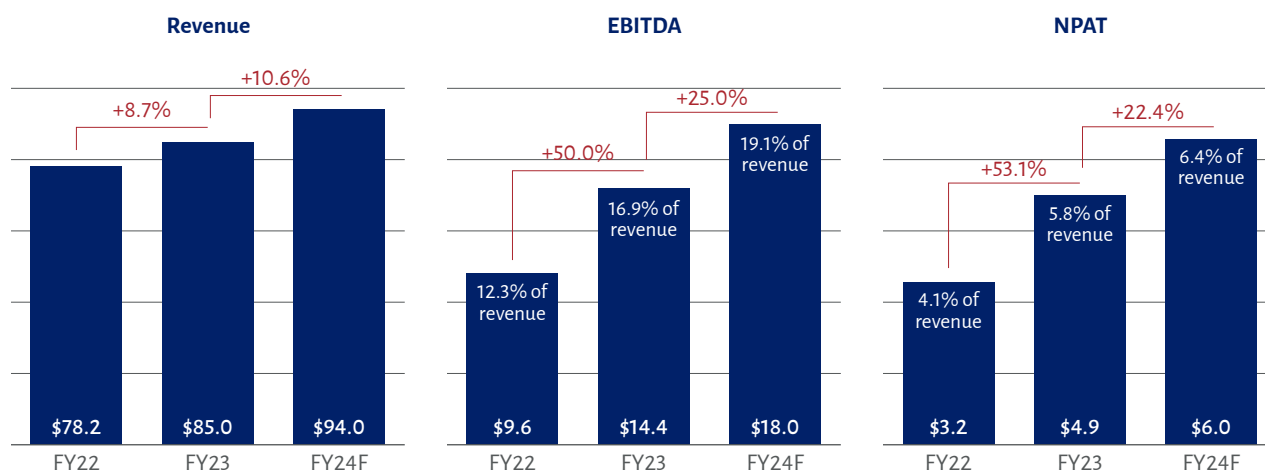
\$ MILLIONS	REVENUE		EBITDA	
	\$ millions	%	\$ millions	%
31 December 2023 HY Results				
Mining	25.0	51	7.9	76
Engineering	23.8	49	2.5	24
Total	48.8	100	10.4	100

These HY124 figures were extracted from the (reviewed) financial report details of which are included in the Statutory Historical Income Statements in Section 4 of this Prospectus.

Growth has occurred from new customers seeking Alfabs' services and existing customers increasing their spend. Revenue excluding other income has grown by 8.7% to \$85 million in FY2023. Revenue is forecast to grow a further 10.6% to \$94.0 million in FY2024. Profit growth has outpaced this top line growth with EBITDA margin growing from 12.3% of revenue to 16.9% of revenue in FY2023 and forecast to increase further to 19.1% of revenue. This 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.

3. Company Overview continued

Figure 3.2: Key financial metrics¹



1. FY22, FY23 and FY24F figures are based on Pro Forma Historical Income Statements in Section 4 of this Prospectus.

3.2 ALFABS OPERATING FOUNDATIONS

Alfabs has built the following foundations into the group's operations:

- **Client focus:** For several decades, Alfabs has displayed a strong focus on "Safety, Quality and Delivery" in serving its clients. This customer-centric approach has been instrumental in building long-term relationships and repeat business.
- **High-Quality workmanship:** Alfabs has been able to cater to the unique needs of the mining and engineering industries by providing high-quality workmanship and specialised expertise.
- **Integrated solution:** Alfabs support client needs through an integrated range of products and services.

The financial, technical and business foundations on which Alfabs operates has supported the Company's historic performance and has created a platform to support the next stage of growth.

3.3 BACKGROUND AND POSITIONING

Alfabs has a long history, tracing its origins back to the 1950s when it was founded as Alfabs Engineers. Since 1986, the group has been owned and operated by the Torrance family, led by Paul Torrance. The group's founding principles and family-led culture continued through Paul Torrance's three sons – Andrew, Matthew, and Jason – each actively involved full-time in various roles across the business. 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. This extensive experience and deep-rooted connections have been instrumental in driving the Company's growth and success.

In 2000, Matthew Torrance succeeded Paul Torrance as General Manager, while Paul maintained a strategic presence around the business, most recently as Managing Director in the lead up to the Company's listing. The Torrance family's commitment to preserving the Company's culture and fostering its growth remains unwavering, ensuring a seamless transition to a listed company and continued success for Alfabs.

The Company started as a boiler-making and engineering firm but gradually expanded into the mining equipment sector over the past 20 years. The mining equipment business started small, with Alfabs acquiring three small QDS (quick-detach system) units, used for efficient and rapid installation of roof bolts in underground mining operations. Over time, the Company steadily accumulated more specialised mining equipment. In some cases, such as certain underground bolting equipment (BOAR bolters), Alfabs has become the original equipment manufacturer (OEM) for these units. In recent years the Company has expanded into larger scale high-end development equipment, including continuous miners.

The engineering business evolved from a simple boiler-making operation to a heavy fabricator of steel structures for infrastructure projects. In 2007 Alfabs acquired a protective coatings operation, enabling the company to better control the quality and delivery of its end products to customers. In 2020 the transport and logistics operation was formalised. This vertical integration, which encompasses engineering, fabrication, blasting, painting, delivery, and installation, has made Alfabs a one-stop shop for engineering projects.

Alfabs has achieved the following milestones, positioning it for continued future expansion:

- **Established a strong customer base:** Alfabs has numerous customers including national and international mine operators as well as government and private infrastructure clients.
- **Coverage across Eastern seaboard:** Alfabs' operations include the Head Office in Kurri Kurri, Hunter Valley (NSW) along with branches/workshops in Wollongong (NSW) and Mackay (QLD) close to major coal mining basins.
- **Leading brand:** Alfabs is highly regarded in the market by its customer base and potential customers, which assists in driving a high rate of quotation enquiries across the Mining and Engineering businesses.
- **Technical expertise:** Alfabs employs a team of approximately 210 team members from labour assistants, tradesmen, operators, administration and experienced managers and professionals to effectively address complex client requirements.
- **Extensive production and manufacturing capabilities:** The Engineering division has a 3,000 sqm undercover workshop for fabrication, welding and spraying, and a 21,000 sqm pre-assembly and lay down area. For the Mining division, a heavy workshop has been commissioned for refurbishing, repairing and maintaining mining equipment. A purpose-built facility was also completed in 2021 for the stone dust 'bat bags' consumables used as a fire suppression protection system for underground coal mines.
- **Warehousing:** Alfabs has large scale warehousing for its construction and drilling consumables, spare parts, as well as PPE and safety supplies. The warehousing capability allows Alfabs to offer timely service to its customers and mining fleet to minimise mining disruptions.
- **Built an experienced Board of Directors:** Along with Matthew Torrance and CFO Mark Harrison, William Wavish (ex-Woolworths CFO & Finance Director) has been added as Chairman and Robert Neale as Deputy Chairman (ex-New Hope Corporation MD & CEO and ex-Nickel Industries Chairman).
- **External funding:** Introduced new shareholders through a \$12 million pre-IPO equity raising.

Alfabs has made significant progress towards the main IPO listing and this Offer will provide additional funds to accelerate the Company's growth to service by capitalising on the strong opportunities the Company is experiencing.

3. Company Overview continued

3.4 MINING DIVISION

3.4.1 Mining Equipment Hire

Alfabs 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. Alfabs has invested substantial capex towards its mining equipment available for hire.

To successfully mine underground coal, a variety of equipment is required that Alfabs can supply:

Continuous Miners	Machines used to extract coal from the coal seam by cutting and removing it. Continuous miners can significantly increase the rate of coal extraction compared to traditional mining methods.
LHDs	LHDs (Load, Haul, Dump) are large, powerful underground mining trucks used to transport mined coal and other materials within the mine. These low-profile vehicles are designed to navigate the confined underground environment.
Feeder Breakers	Machines to crush and break up large pieces of mined coal between the continuous miners and the conveyor belt system helping to prevent blockages and improve the overall efficiency of the coal transportation and processing system.
Shuttle Cars	Shuttle cars receive coal from the continuous miner and transport it to an underground loading point such as the end of the mine belt conveyor system.
Man Transporters	A vehicle designed to transport personnel underground via a drift.
QDS BOAR Bolters	Specialised roof bolting machines used to install roof support systems to maintain the structural integrity of the underground tunnels. The Quick-Detach System (QDS) allows for fast, safe and efficient installation of roof bolts.
Ventilation Fans	Large fans used to circulate fresh air throughout the underground mine and remove dust and gases.
QDS Equipment & Ancillary Items	Quick Detach System (QDS) equipment and other ancillary items to fit and support a range of underground applications.

3.4.2 Mining Workshops

Alfabs has its own workshops for the manufacture, design, repair, rebuild and overhaul of underground mining equipment. Alfabs regularly acquires second-hand “shells” – used mining machines that require refurbishment and upgrades – before being made available to the hire fleet.

Alfabs has refurbished and repaired used equipment such as man transporters and underground LHD loaders, which are in high demand amongst its customers. Historically, Alfabs has been able to purchase and restore these second-hand units 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. By undertaking this activity Alfabs can not only meet the growing customer demand for equipment but also generate additional workshop activity and maintenance revenue streams.

Man Transporter (before refurbishment)



Man Transporter (after refurbishment)



Underground LHD Loader (before refurbishment)



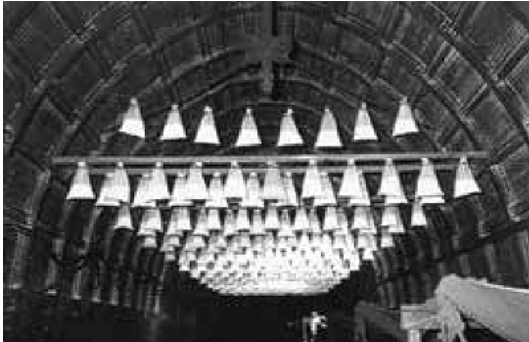
Underground LHD Loader (after refurbishment)



3. Company Overview continued

3.4.3 Mining Consumables

Alfabs provides consumables relevant to the underground coal mining industry. Its main product is the stone dust 'Bat Bag'.



Alfabs Bat Bags provide clients with an efficient and effective explosion barrier method proven more effective than water barriers or dust shelves. Alfabs supplies these Bat Bag fire suppression protection systems to a large portion of NSW and QLD underground mines.

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. Importantly, these products are typically mandated by the relevant regulator to ensure mine site compliance, which supports the recurring style demand from customers for Alfabs products. As the replenishment of these products is driven by NSW and QLD mine production levels and safety regulations, there will be potential for ongoing supply of consumable items, providing a stable and predictable revenue source for the Company.

In addition to Bat Bags, Alfabs distributes other mining related consumables. The Alfabs spare parts and consumables warehouse services Alfabs and its clients and is equipped with a variety of components including raw materials, mechanical, hydraulic, tooling, safety, and critical spares.

3.4.4 Tyre retreading and repair

Alfabs provides specialised large mining tyre and general mining tyre retreading and repair capabilities.



3.5 ENGINEERING DIVISION

3.5.1 Engineering

Alfabs is one of the industry's leading suppliers in structural steel engineering, fabrication, coating and installation. Its main steel and infrastructure installation and site services include:

- **Steel fabrication:** Providing customised engineering and steel fabrication solutions made to design specification for complex infrastructure and industrial projects.
- **Onsite infrastructure installation:** Once the steel structural elements have been fabricated, Alfabs also specialises in pre-assembly and installation through to final completion.
- **Planned and emergency outages:** Alfabs' tradespeople provide on-site maintenance, repair, and asset management solutions to ensure the optimal performance and reliability of critical infrastructure and equipment.
- **Minor works and labour hire:** Alfabs has a wide range of engineering capabilities and can provide the manpower needed to complete client engineering projects.
- **Breakdown and turnarounds:** Highly skilled team of boilermakers and fitters/mechanics that assist in the restoration of our client's equipment from regular and routine maintenance and servicing through to full and major overhauls.

The Engineering and Services team have executed a diverse range of projects in recent years to Tier 1 contractors to major public and private infrastructure projects.

PROJECT	CENTRAL STATION NORTHERN CONCOURSE ROOF PROJECT
Description	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 onto the Central Station location where the roof was reassembled and installed.
PROJECT	SYDNEY LIGHT RAIL
Description	2019 contract involved supply, detailed drafting, fabrication, surface treatment and installation of all structural elements associated with 20 stops or stations on the Sydney Light Rail path.
PROJECT	NEWCASTLE TRANSPORT INTERCHANGE
Description	Contract involved supply, detailed drafting, fabrication, surface treatment and installation of all structural and architectural items associated with Wickham footbridge, platform structures and canopies, light rail canopy and all handrails and balustrades. Contract also included the supply and installation of the Space Frame structure over the main building.
PROJECT	SYDNEY YARD ACCESS BRIDGE
Description	Contract involved supply, detailed drafting, fabrication, surface treatment and installation of all structural and architectural items associated with Sydney Yard Access Bridge at Central Station as part of the Sydney Metro City and Southwest works.

3. Company Overview continued

3.5.2 Other Businesses

Alfabs also operates a number of complementary businesses that enable the Company's vertical integration.

Protective Coatings	Alfabs Protective Coatings provides 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 – measuring 20 metres long and eight metres wide by five metres high – with doors at both ends. The chamber is one of the largest and most easily accessible in the Hunter Valley.
Transport and Logistics	Alfabs Transport and Logistics is an integral and trusted partner in its clients' supply chain. Ensuring compliance with the Heavy Vehicle National Law (HVNL) and Chain of Responsibility (CoR) legislation, Alfabs transports loads Australia wide. Alfabs is a transporter of Oversize Overmass (OSOM) loads with National Heavy Vehicle Regulator (NHVR) permits.
Forklift and Access	Alfabs 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.

3.6 CUSTOMERS

Alfabs' customers are primarily national and international owners and operators of underground black coal mines in Australia for the Mining divisions; and Tier 1 and Tier 2 contractors and government departments for public infrastructure projects, as well as to infrastructure owners and operators.

Alfabs has a track record of forming long-term relationships with its customers. Growth in revenue has predominantly been driven by expanding the spend of its customers over time by supporting their demands with services, products and equipment.

The business has an established portfolio of long-standing relationships with its key customers.

3.7 BUSINESS MODEL

As each business division in Alfabs is separate, each has its own business model, as outlined below:

Mining	<ul style="list-style-type: none"> • 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 on 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.
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Engineering	<ul style="list-style-type: none"> • 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.
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3.8 SALES AND MARKETING

Alfabs has a structured sales and marketing approach, with each of its core business divisions maintaining their own targeted client base and marketing strategies.

Mining	<p>In the mining equipment and consumables area, Alfabs targets mining operators directly.</p> <p>While Alfabs focuses on running each area as a distinct business, opportunities for cross-selling often present in the ordinary course of client engagement.</p>
Engineering	<p>The engineering division, which focuses on government and private infrastructure projects, has a well-established customer base that includes Tier 1 and Tier 2 contractors. Alfabs typically works as a subcontractor or supplier on major projects.</p> <p>As key clients oversee numerous projects such as train station upgrades, bridge maintenance, and light rail construction, there is usually advanced visibility of upcoming projects.</p> <p>For the engineering division, Alfabs' sales pipeline can range from as little as 3 months to up to 6-9 months of visibility, depending on when new projects are secured.</p> <p>The engineering business is more project-driven and transaction-based, with each job having unique requirements and timelines.</p>

Overall, Alfabs manages its sales pipeline actively, recognizing the differences between the project-based engineering work and the more recurring nature of the mining operations. The Company strives to maintain a healthy backlog of work and optimise resource utilisation across its business divisions.

3. Company Overview continued

3.9 OPERATIONS AND FACILITIES

Alfabs has its Head Office and Workshops at Kurri Kurri (servicing the Hunter Valley, NSW). This site is complemented by branches and workshops in Wollongong, NSW to service the Sydney Basin and Mackay, QLD to service the Bowen Basin and other QLD projects. The location of Alfabs operations allows the Company to service the majority of Australia's major coal operations.



Alfabs Engineering Division is based out of Kurri Kurri NSW comprises a 3,000 square metre undercover workshop and a 21,000 square metre for pre-assembly and lay down yard.

Undercover workshop	<ul style="list-style-type: none">• Heavy lifting capabilities: Comprises 1 x 30 tonne and 3 x 15 tonne overhead cranes. The workshop size enables the use of mobile cranes to supplement lifting capacities.• Processing workshop: Allows large beams to be cut, drilled, mitred and angled on site prior to entering the workshop.• Heavy structure fabrication capability: Advanced design of workshop has enabled the fabrication of structures that exceed 150 tonne sections.
Outdoor pre-assembly Yard	<ul style="list-style-type: none">• Large site: The site is situated on land utilised as a hardstand, pre-assembly and laydown area.• Large lay down area: Large area allows complete pre-assembly of fabricated structures before delivery to site.
Protective Coatings facility	<ul style="list-style-type: none">• A purpose-built blast chamber to address larger projects: Measuring 20 metres long and 8 metres wide by 5 metres high – with doors at both ends, the chamber is one of the largest and most easily accessible in the Hunter Valley.• 24/7 capability: The facility offers 24-hour/ 7-day service to minimise disruptions to clients and meet tight deadlines for project completion.

3.10 GROWTH STRATEGY

Alfabs' growth strategy is designed to leverage the Company's assets, operational infrastructure, and market position to drive both revenue growth and margin expansion into the future.

In 2023, the Company executed a long-term hire agreement for development equipment to Malabar Resources with a contract value of circa \$42 million over an initial 4-year term including an option to extend for another 2 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. Further details can be found in Section 9.6.1 of the Prospectus.

Over the next two years, investments will be directed towards continued expansion within Australia, focusing on the following key growth pillars to support new and existing customer contracts:

- Major Equipment Investment;
- Refurbished Used Equipment; and
- Bolt-on Acquisitions.

3.10.1 Major Mining Equipment Investment to Support New & Existing Contracts

Alfabs aims to grow revenue and earnings by deepening its presence in the Australian underground coal mining market. Alfabs is experiencing significant inbound demand for additional mining equipment that aligns with its current product and service offerings, pointing to a significant growth opportunity.

To capitalise on this growing customer demand, the 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.

By acquiring more assets both of high value and high returns to supplement its existing fleet, Alfabs can capitalise on market opportunities.

Once customers are engaged there are opportunities for organic growth through cross-selling opportunities.

This focus on project-based capital expenditure and equipment expansion is one of the key pillars of Alfabs' growth strategy over the next two years.

3.10.2 Refurbishing Used Equipment to Support New and Existing Contracts

In addition to investing in new mining equipment, Alfabs also intends to acquire additional second-hand "shells" – used mining machines that require refurbishment and upgrades before being put into service.

Alfabs has refurbished and repaired used equipment which is in high demand amongst its customers. 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. By acquiring and reactivating these second-hand assets, Alfabs can not only meet the growing customer demand for equipment, but also generate additional workshop activity and maintenance revenue streams.

3.10.3 Bolt-on Acquisitions

Alongside its organic growth initiatives, Alfabs is also exploring strategic bolt-on acquisitions of complementary businesses.

Alfabs has undertaken acquisitions in the past and has identified known and emerging opportunities.

These types of bolt-on acquisitions would allow Alfabs to expand its overall service offerings and capture a greater share of the value chain for its customers. Bolt-on acquisition opportunities that meet the following criteria would be favoured:

- Potential to deliver scale that will deliver operational efficiencies or significant cross-selling opportunities;
- Deliver increased revenue and earnings growth opportunities; and
- Acquired at a favourable price with an emphasis on earnings accretion and meeting return on invested capital hurdles.

By integrating complementary businesses as outlined above, Alfabs can leverage its existing infrastructure, customer relationships, and operational expertise to drive additional growth and diversify its revenue streams.

3. Company Overview continued

Following the Offer, Alfabs expects to have the balance sheet flexibility to undertake acquisitions that can expand its service offering, generate new Group revenues and provide additional diversification within its overall revenue mix.

As Alfabs has a centralised shared services model, which includes centralised HR, OHS, quality control, and corporate functions, this would further enable a seamless integration of any bolt-on acquisitions. This integrated approach allows Alfabs to achieve economies of scale, maintain consistent standards, and leverage specialised expertise across the diversified business units – a key strength that underpins the company's acquisition strategy.

The key pillars of growth strategy aims to drive both organic and inorganic growth for Alfabs in the coming years.

3.11 KEY STRENGTHS

Alfabs has a number of key strengths that ensure it can continue to grow and create substantial barriers to competition:

Profitable with growth	Strong financial performance in FY2023 underline's the company's rapid growth, with \$85 million revenue an 8.7% increase on FY2022 and \$14.4 million EBITDA, representing a 50.0% increase on FY2022. In addition to prior years, these results demonstrate the Company's ability to generate sustainable revenues and growing profits in a mature market. These financials set a solid foundation for the Company to deliver on its growth ambitions.
Significant mining equipment fleet	Over decades, Alfabs has accumulated an extensive and diversified fleet of specialised mining equipment, ranging from QDS and ancillary equipment through to continuous miner and other development hire assets. This broad and versatile asset base allows the company to cater to the unique requirements of its mining clients. New entrants would require substantial capital to develop the size and scale required to provide a level of service expected by customers.
Long standing Tier 1 and Tier 2 clients	For both its mining and engineering divisions, Alfabs has cultivated long-standing relationships with its clients, built on a foundation of trust, reliability, and quality workmanship. This deep well of goodwill and industry reputation provides the company with a significant competitive advantage.
Highly skilled personnel	Both mining and engineering divisions are supported by a highly skilled and experienced workforce, comprising specialised engineers, fabricators, and tradespersons and operators. This technical expertise allows Alfabs to deliver complex projects to high standards.
End to end capabilities	Alfabs' ownership of key infrastructure, including well-equipped workshops, dedicated painting facilities, and a fleet of transportation assets, allows the company to exercise a high degree of control over the quality, timing, and delivery of its engineering, mining equipment, and services. This vertical integration ensures greater reliability, consistency, and responsiveness in serving the diverse needs of Alfabs' clients. Offering a complete, integrated service solution gives Alfabs an advantage over competitors.
Large scale facilities	Alfabs owns and operates specialised engineering facilities and workshops, including expansive pre-assembly, laydown areas and well-equipped workshops. These dedicated assets enable the company to efficiently manage the entire engineering project lifecycle, from fabrication to installation, under its own control.
Regulatory drivers	Ongoing compliance focus of companies and regulatory authorities ensure continued demand for the Company's consumables. Future regulatory changes have the potential to increase density requirements for stone dust bat bags used in underground mining operations. In this event Alfabs could leverage its supply capabilities to meet the heightened demand for these specialised consumables.

These advantages position Alfabs as a strong competitor in both the engineering and mining equipment/services divisions. The company's diversified capabilities present opportunities for continued growth and expansion.

3.12 REGULATION AND COMPLIANCE

Alfabs complies with all relevant regulatory and legislative frameworks in the industry. In addition to its statutory requirements, Alfabs maintains compliance through:

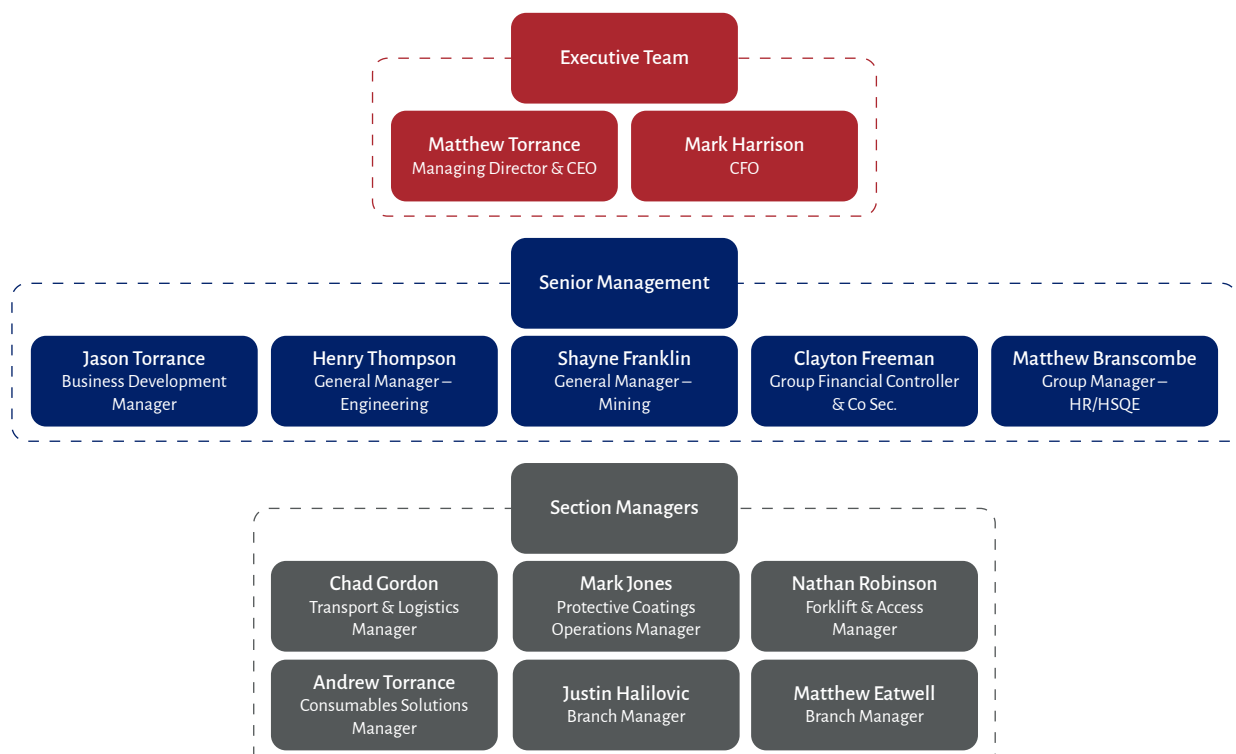
- **Environmental Management:** Alfabs is certified to the International Standard ISO 14001 for Environmental Management Systems. Alfabs is committed to engaging with its local communities on environmental issues and advocates steel recycling and waste management.
- **Workplace Health and Safety:** Alfabs is certified to the ISO 45001 OH&S Management Systems International Standard. The implementation of the Zero Harm campaign has assisted in the Alfabs Group forging a healthy safety record across all business units. As with other compliance activities, ensuring adherence to current workplace health and safety regulations requires significant corporate oversight and rigorous ongoing management. Alfabs has a core focus on safety.
- **Governance:** The Company's governance is overseen by a Board of Directors that meets regularly and comprises two independent Directors and two non-independent Directors.

3.13 PERSONNEL

Alfabs employs over 200 staff across several business locations with in-house sales, marketing, technical and delivery capabilities. Key features of the organisation include:

- **Flexible workforce:** The staffing levels can fluctuate quite significantly based on project demands, particularly in the engineering division.
- **Core team:** There is a core team of managers, estimators, and sales personnel who provide oversight and support in each of the business units.
- **Execution and delivery orientated:** The majority of the employees are in hands-on, field-based roles, such as fabricators, installers, and technicians, who are deployed to project sites as needed.
- **Geographical Deployment:** The distribution of employees can shift based on where the active projects and equipment are deployed at any given time.

Figure 3.3: Management organisation structure



3. Company Overview continued

Alfabs invests in its workforce. Its culture and reputation led to the Company winning the HVTC Overall Host Employer of the Year Award in 2022.



Paul, Matt, Jason and Michele Torrance.

At the head office, Alfabs operates a centralised, shared services model that supports the various business units and operating divisions, made up of:

- Centralised HR and OHS functions that serve the entire group;
- Centralised quality control systems and processes; and
- Shared corporate services (e.g. finance, external IT, procurement) used by all business units.

This centralised approach to key administrative and operational functions allows Alfabs to achieve economies of scale, maintain consistency in standards and procedures, and leverage specialised expertise across the diversified business lines.

This approach allows the company to capture synergies and operational efficiencies while still maintaining the agility and specialisation of its separated business divisions.

3.14 COMMUNITY ENGAGEMENT

Alfabs has won the Australian Steel Institute's NSW Engineering Project Steel Excellence award for the Sydney Metro Central Station Northern Concourse roof project and received the first ever Judge's Commendation in the National ASI Awards.

Alfabs hosts apprentices and trainees across the Group – predominantly Boilermakers, Fitters, Light Vehicle Mechanics and Industrial Painters.

Alfabs supports the Westpac Rescue Helicopter, MS, The Cancer Council and The National Breast Cancer Foundation (NBCF) and other local causes and junior sporting organisations.

3.15 OPERATING STRUCTURE

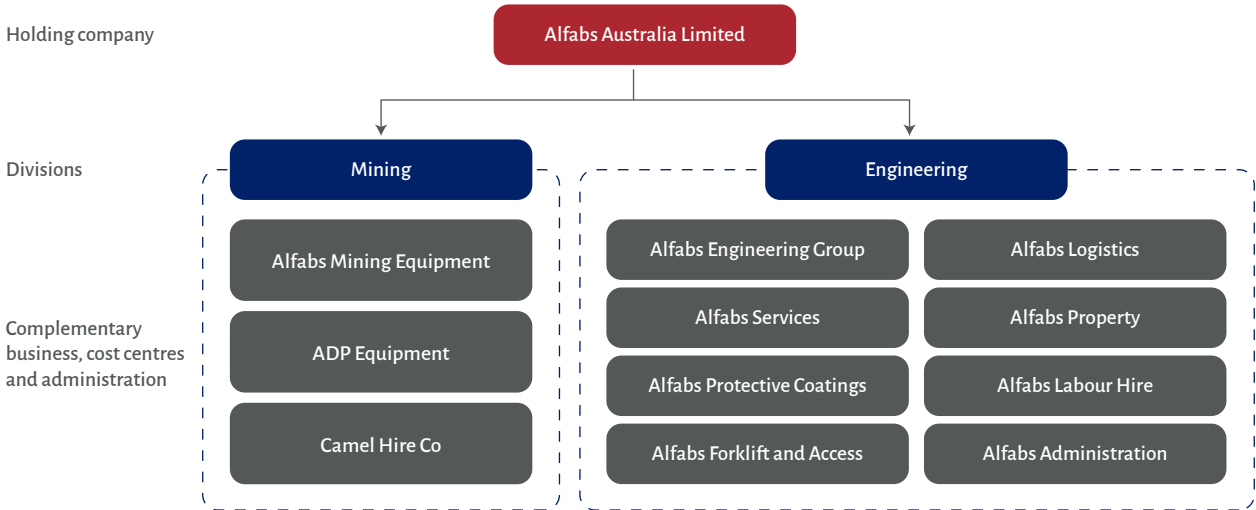
Alfabs has an operating structure built for scalability. This is distinct to the legal structure outlined in Section 9. The operating structure is summarised below:

The Group holding company	The holding company for all the Alfabs wholly owned subsidiaries.
Mining division	<p>At a high level, the Company's Mining division's operations comprise the following businesses that undertake the following services:</p> <p>Alfabs Mining Equipment</p> <ul style="list-style-type: none"> • Owner of equipment for underground mining equipment hire • Workshops for the manufacture, design, repair, rebuild and overhaul of underground mining equipment, tyre repairs and retreads • Sale of mining consumables <p>ADP Equipment</p> <ul style="list-style-type: none"> • Owner of equipment for underground mining equipment hire <p>Camel Hire Co</p> <ul style="list-style-type: none"> • Owner of equipment for underground mining equipment hire
Engineering division	<p>At a high level, the Company's Engineering division's operations comprise the following businesses that undertake the following services:</p> <p>Alfabs Engineering Group</p> <ul style="list-style-type: none"> • Heavy steel fabrication • Onsite infrastructure installation • Planned & emergency outages • Minor works & labour hire • Breakdown and turnarounds <p>Alfabs Services</p> <ul style="list-style-type: none"> • Contractual head for Engineering services <p>Alfabs Protective Coatings</p> <ul style="list-style-type: none"> • Abrasive blasting & coatings <p>Alfabs Forklift & Access</p> <ul style="list-style-type: none"> • Owner and hirer of forklift and access equipment • Workshop and field service support <p>Alfabs Logistics</p> <ul style="list-style-type: none"> • Transport fleet owner and logistics provider • Storage solutions

3. Company Overview continued

Cost centres and administration	<p>In addition, there are administrative subsidiaries that serve to provide centralised corporate admin functions, hold leases for its property, and hold employee and contractor contracts.</p> <p>Alfabs Property</p> <ul style="list-style-type: none"> Proposed owner of group industrial real estate <p>Alfabs Labour Hire</p> <ul style="list-style-type: none"> Internal payroll labour entity <p>Alfabs Administration</p> <ul style="list-style-type: none"> Internal payroll labour entity Shared corporate services function
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Figure 3.4: Alfabs Operating Structure





SECTION 4

FINANCIAL INFORMATION

4. Financial information

4.1 INTRODUCTION

The aggregated financial information referred to below comprises the historical financial information of the Aggregated Group for the financial years ended 30 June 2022 (**FY22**) and 30 June 2023 (**FY23**) and the half year ended 31 December 2023 (**H124**), the statement of financial position as at 31 December 2023, the forecast financial information for the year ending 30 June 2024 (**FY24F**).

On 31 January 2024 the Aggregated Group was restructured and consolidated under a new parent company, being Alfabs Australia Limited, in order to streamline the corporate structure of the Group. The forecast financial information reflects the continuation of the Aggregated Group in existence prior to interposing the new parent company.

The aggregated financial information for Alfabs contained in this Section 4 includes:

Statutory Historical Financial Information, being the:

- Statutory historical aggregated income statements for FY22, FY23 and H124 (Statutory Historical Income Statements);
- Statutory historical aggregated statement of financial position as at 31 December 2023 (Statutory Historical Statement of Financial Position); and
- Statutory historical aggregated cash flow statements for FY22, FY23 and H124 (Statutory Historical Cash Flow Statements).

Statutory historical aggregated statements have been audited for FY22 and FY23 and reviewed for H124.

Pro Forma Historical Financial Information, being the:

- Pro forma historical aggregated income statements for FY22, FY23 and H124 (Pro Forma Historical Income Statements);
- Pro forma historical aggregated statement of financial position as at 31 December 2023 (Pro Forma Historical Statement of Financial Position); and
- Pro forma historical aggregated cash flow statements for FY22, FY23 and H124 (Pro Forma Historical Cash Flow Statements).

Together the Statutory Historical Financial Information and the Pro Forma Historical Financial Information are the **Historical Financial Information**.

Pro Forma Forecast Financial Information, being the:

- Pro forma forecast aggregated income statement for FY24.

The Pro forma Forecast Financial Information is the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information are collectively the **Financial Information**.

Alfabs has a 30 June financial year end. As such, any references in this Section to “FY” refer to 30 June financial year end.

The Financial Information should be read together with the other information contained in this Prospectus, including:

- management’s discussion and analysis set out in this Section 4;
- the risk factors described in Section 5;
- the description of the use of the proceeds of the Offer described in Section 7.1.1;
- the Investigating Accountants Limited Assurance Report, set out in Section 8; and
- the indicative capital structure described in Section 9.4.

The financial information presented in this prospectus has been reviewed by the Investigating Accountant in accordance with the Australian Standard on Assurance Engagements ASAE3450 Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information, as stated in the Investigating Accountants Limited Assurance Report (see Section 8).

Unless stated otherwise, all amounts disclosed in this Section are presented in Australian dollars and rounded to the nearest million. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

Investors should note that past performance is not an indication of future performance.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Historical Financial Information. The Historical Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Alfabs' underlying historical financial performance, cash flows and financial position for the periods FY22 to FY23, together with the Forecast Financial Information for FY24.

The Historical Financial Information has been extracted from audited and reviewed financial statements prepared in accordance with Australian Accounting Standards (AAS) adopted by the AASB, except for AASB10 *Consolidated Financial Statements*. The Historical Financial Information is presented as an aggregation of entities listed below which comprise the Aggregate Group.

- Alfabs Australia Limited (incorporated 24 January 2024);
- Alfabs Property Pty Ltd (incorporated 19 March 2024);
- Alfabs Mining Equipment Pty Ltd;
- AME Group Holdings Pty Ltd;
- ADP Equipment Pty Ltd;
- Alfabs Hire Pty Ltd;
- Alfabs Logistics Pty Ltd;
- ADP Stores Pty Ltd;
- Alfabs Engineering Group Pty Ltd;
- Alfabs Services Pty Ltd;
- Alfabs Protective Coatings Pty Ltd;
- Alfabs Forklift and Access Pty Ltd;
- Camel Hire Company Pty Ltd (100% owned from 31 Dec 23, 70% owned prior);
- Alfabs Administration Pty Ltd; and
- Alfabs Labour Hire Pty Ltd.

All intercompany balances and transactions between entities within the aggregate group, including profits or losses, have been eliminated.

In January 2024 a restructure was undertaken to form a group under newly incorporated parent entity Alfabs Australia Limited (**Consolidated Group**). Future statutory financial statements are expected to be prepared in accordance with AASB10 *Consolidated Financial Statements*. Where entities have entered or left the Consolidated Group during the year, the financial performance of those entities is expected to be included only for the period they were considered to be part of the Consolidated Group.

This information is in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The significant accounting policies adopted in preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented.

The Pro Forma Financial Information has been prepared on a basis consistent with the statutory historical financial information referred to above, adjusted to reflect material subsequent transactions together with certain non IFRS financial measures to assist investors in understanding the Alfabs business. The Pro Forma Financial Information does not reflect the actual financial position, financial results and cash flows of Alfabs for the periods indicated. The Directors believe that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information. This Prospectus includes Forecast Financial Information based on the specific and general assumptions made by the Directors of Alfabs.

In addition to the Financial Information, Section 4.3 describes certain non-IFRS financial measures that are used to manage and report on Alfabs' business that are not defined under or recognised by AAS or IFRS.

4. Financial information continued

4.2.2 Key accounting policies, judgements and estimates

The significant accounting policies adopted in preparation of the Financial Information are set out in Appendix A. The preparation of the Financial Information requires the use of critical accounting estimates in applying the application of accounting policies. 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, however the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the reported revenue and expenses and the carrying amount of assets or liabilities affected in future periods.

4.2.3 Basis of preparation of historical financial information

The historical financial information has been extracted from special purpose condensed aggregated financial reports of Alfabs for the years ending 30 June 2022 and 30 June 2023 as well as the reviewed special purpose condensed aggregated financial report for half year ending 31 December 2023.

The financial statements for FY22 and FY23 were audited by Pitcher Partners in accordance with the Australian Auditing Standards. Pitcher Partners issued a qualified opinion on each of the financial reports, due to the fact they were only appointed as auditors in 2023 and therefore did not observe the counting of physical inventories at the beginning of that year and were unable to satisfy themselves by alternative means concerning inventory quantities held at 30 June 2022.

The financial statements for H124 were reviewed by Pitcher Partners in accordance with Australian Auditing Standards. Pitcher Partners issued an unmodified review report on the half year financial report.

The statutory historical financial information prepared for the purpose of inclusion in this Prospectus for FY22 and FY23 include results from non-controlling interest as these interests were acquired by the group on 31 December 2023.

The Pro forma historical financial information has been prepared for the purpose of inclusion in this Prospectus. The Pro forma historical financial information has been derived from the historical financial information at 31 December 2023 adjusted to reflect the impact of certain subsequent and anticipated transactions including:

- the acquisition of properties in exchange for equity;
- the declaration of dividends;
- the corporate costs associated with being a listed entity;
- the funds raised in a pre-IPO capital raise completed in April 2024; and
- the funds expected to be raised under the public offer (net of costs).

The Pro forma historical statement of financial position has been derived from the reviewed statutory historical balance sheet as at 31 December 2023 adjusted for certain material transactions since that date, as if they had taken place as at 31 December 2023.

The Pro forma historical statement of financial position is provided for illustrative purposes only and is not intended to represent Alfabs' future financial position. Investors should note that past results are not a guarantee of future performance.

4.2.4 Basis of preparation of forecast financial information

The forecast financial information presented on a Pro forma basis has been prepared solely for inclusion in this Prospectus.

The forecast information relates only to the financial year ending 30 June 2024 and assumes actuals for the six months to 31 December 2023 based on the (reviewed) H124 condensed aggregated report, together with three months of management accounts actuals to 31 March 2024, and management and the directors view on the remaining three months to 30 June 2024.

The financial information provided solely for the purposes of this prospectus, does not include a forecast statement of financial position and cash flow through to 30 June 2024. Given the proximity of the expected listing to the current financial year end, and the fact that the pro forma statement of financial position and cash flow statements provided have been based on the recently reviewed 31 December 2023 financial statements the directors are of the view that the forecast income statement for FY24 is intended to provide information sufficient for investors to understand the current and near-term performance of the business.

Furthermore, the pro forma historical balance sheet for the purpose of this prospectus have been prepared on an aggregated basis, consistent with recently audited and reviewed financial statements. The full year statutory financial statements are expected to be prepared on a consolidated basis as at 30 June 2024 in compliance with AASB 10.

Management and Directors view takes into account present economic and operating conditions. The Directors have prepared the forecast financial information with due care and attention and consider all best estimate assumptions to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the forecast financial information.

The Directors do not intend to update or revise the forecast financial information or other forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

4.3 NON IFRS FINANCIAL MEASURES

Management and the Directors use certain measures to manage and report on the business that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 4 and under ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information as non-IFRS financial measures.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although Alfabs believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should be considered as supplements to the consolidated statement of profit or loss and consolidated statement of cash flow measures that have been presented in accordance with the AAS and IFRS, nor as a replacement for them. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, Alfabs uses the following non-IFRS financial measures:

- **EBITDA** means earnings before interest, tax, depreciation and amortisation; and
- **EBIT** means earnings before interest and tax.

4. Financial information continued

4.4 STATUTORY AND PRO FORMA HISTORICAL INCOME STATEMENTS

Historical Pro forma income statements, where applicable, are reconciled to the historical Statutory income statements.

4.4.1 Statutory Historical Income Statements

The figure below sets out the statutory income statements for the financial years FY22, FY23 and half year H124.

Figure 4.1: Statutory Historical Income Statements

\$ MILLIONS	HISTORICAL STATUTORY		
	FY22 Audited	FY23 Audited	H124 Reviewed
Description			
Total Revenue	77.8	84.5	49.0
Revenue	75.5	84.4	48.8
Other Income	2.3	0.1	0.2
Cost of goods sold	(61.3)	(59.9)	(32.5)
Administrative expenses	(6.8)	(10.3)	(6.1)
EBITDA	9.6	14.3	10.4
Depreciation & amortisation expense	(4.6)	(6.5)	(3.8)
EBIT	5.0	7.8	6.6
Finance costs ⁶	(0.5)	(0.9)	(0.5)
Net Profit before income tax	4.5	7.0	6.1
Income tax benefit/(expense)	(1.3)	(2.2)	(1.9)
Net Profit after income tax	3.2	4.8	4.2

⁶ Finance costs represent net interest income and expenses.

4.4.2 Key statutory financial metrics

Table 4.1 sets out the key statutory historical financial metrics.

Table 4.1: Key statutory historical financial metrics

	STATUTORY	
	FY22	FY23
Financial metrics		
Revenue growth		8.6%
EBITDA growth		49.0%
EBITDA margin	12.3%	16.9%
EBIT margin	6.4%	9.2%
PBT margin	5.8%	8.3%
NPAT margin	4.1%	5.7%
Return on Assets ¹		6.8%
Return on Equity ¹		20.8%
Net debt/EBITDA ²		0.8x
Total debt/Total Equity ³		56.9%
Net debt/Total Equity ²		45.1%
EBIT/Net interest expense		8.7x

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.
2. Net debt is calculated as financial liabilities less cash and cash equivalents from the 30/06/2023 Statutory balance sheet.
3. Total debt is calculated as the total current and non-current financial liabilities.

4. Financial information continued

4.4.3 Pro Forma Historical and Forecast Income Statements

The figure below sets out the pro forma income statements for the financial years FY22, FY23 and half year H124 together with a forecast for the full year to 30 June 2024.

Figure 4.2: Pro Forma Historical and Forecast Income Statements

\$ MILLIONS	HISTORICAL		FORECAST	
		PRO FORMA		
Description	FY22	FY23	H124	FY24
Total Revenue	78.2	85.0	49.4	94.0
Revenue	75.5	84.4	48.8	92.4
Other Income	2.7	0.5	0.6	1.6
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 ⁷	(0.5)	(0.9)	(0.5)	(1.8)
Net Profit before income tax	4.5	7.0	6.2	8.6
Income tax benefit/(expense)	(1.3)	(2.2)	(1.9)	(2.6)
Net Profit after income tax	3.2	4.9	4.3	6.0

The pro forma FY24 forecast figures are comprised of 6 months to 31 Dec 23 (reviewed), 3 months of actual management accounts to 31 Mar 24 and management forecast for 3 months to 30 Jun 24.

⁷ Finance costs represent net interest income and expenses.

4.4.4 Key pro forma financial metrics

Table 4.2 sets out the key pro forma historical and forecast financial metrics.

Table 4.2: Key pro forma historical and forecast financial metrics

	PRO-FORMA		
	FY22	FY23	FY24F
Financial metrics			
Revenue growth		8.7%	10.6%
EBITDA growth		50.0%	25.0%
EBITDA margin	12.3%	16.9%	19.1%
EBIT margin	6.4%	9.3%	11.1%
PBT margin	5.8%	8.2%	9.1%
NPAT margin	4.1%	5.8%	6.4%
Return on Assets ¹			4.9%
Return on Equity ¹			10.7%
Net debt/EBITDA ²			Net cash
Total debt/Total Equity ³			42.6%
Net debt/Total Equity ²			Net cash
EBIT/Net Interest Expense ³			5.8x

Notes:

1. Return on Assets and Return on Equity is based on FY24F net profit after tax over total assets and equity from the 31/12/2023 Pro Forma Post Issue balance sheet.
2. Net debt is calculated as financial liabilities less cash and cash equivalents from the 31/12/2023 Pro Forma Post Issue balance sheet.
3. Total debt is calculated as the total current and non-current financial liabilities.

4. Financial information continued

4.4.5 Pro Forma Adjustments to the Statutory Historical EBITDA and NPAT

Table 4.3 sets out the pro forma adjustments that have been made to EBITDA in the historical and forecast periods.

Table 4.3: Pro Forma Adjustments to Statutory Historical and Forecast EBITDA

\$ MILLIONS	NOTES	FY22	FY23
Statutory EBITDA		9.6	14.3
1. Property Ownership	1	1.1	1.1
2. Listed entity expenses	2	(1.0)	(1.0)
Pro Forma EBITDA		9.6	14.4

Notes:

1. Property Ownership adjustment relates to the acquisition of key operating sites as part of the pre-listing restructure.
2. Public company costs represent the estimate of incremental costs associated with operating a listed company.

Table 4.4 sets out the pro forma adjustments that have been made to NPAT in the historical and forecast periods.

Table 4.4: Pro Forma Adjustments to Statutory Historical and Forecast NPAT

\$ MILLIONS	NOTES	FY22	FY23
Statutory NPAT		3.2	4.8
1. Property Ownership	1	0.8	0.8
2. Listed entity expenses	2	(0.7)	(0.7)
Pro Forma NPAT		3.2	4.9

Notes:

1. Property Ownership adjustment relates to the acquisition of key operating sites as part of the pre-listing restructure.
2. Public company costs represent the estimate of incremental costs associated with operating a listed company.

4.5 STATUTORY AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The figure below sets out the reviewed statutory historical financial position as at 31 December 2023 together with Pro forma adjustments made in preparing the Pro forma historical financial position of Alfabs.

Figure 4.3: Statutory and Pro Forma Historical Statement of Financial Position

\$ MILLIONS	31/12/2023 STATUTORY				31/12/2023 PRO FORMA
Description		Restructuring Impact	Net Proceeds from Pre IPO	Net Proceeds – IPO	Post Issue
Assets	80.2	16.3	10.8	16.2	123.5
Current Assets	37.3	(4.6)	10.8	16.2	59.7
Cash and Cash Equivalents	5.8	0.1	10.8	16.2	32.9
Trade and other receivables	13.5	0.0	0.0	0.0	13.5
Inventories	11.8	0.0	0.0	0.0	11.8
Other financial assets	6.2	(4.7)	0.0	0.0	1.5
Non-Current Assets	42.9	20.9	0.0	0.0	63.8
Property, Plant and equipment	32.8	20.9	0.0	0.0	53.7
Deferred tax assets	4.1	0.0	0.0	0.0	4.1
Intangible assets	0.2	0.0	0.0	0.0	0.2
Right of use assets	5.7	0.0	0.0	0.0	5.7
Liabilities	51.2	16.0	0.0	0.0	67.3
Current Liabilities	35.7	5.4	0.0	0.0	41.2
Trade and other payables	13.4	0.0	0.0	0.0	13.4
Lease liability	0.7	0.0	0.0	0.0	0.7
Current tax liabilities	4.0	0.0	0.0	0.0	4.0
Financial liabilities	11.8	0.4	0.0	0.0	12.2
Provisions	2.3	0.0	0.0	0.0	2.3
Other liabilities	3.4	5.0	0.0	0.0	8.4
Non-Current Liabilities	15.5	10.6	0.0	0.0	26.1
Lease liabilities	5.5	0.0	0.0	0.0	5.5
Deferred tax liabilities	4.8	3.7	0.0	0.0	8.5
Financial liabilities	4.9	6.9	0.0	0.0	11.8
Provisions	0.3	0.0	0.0	0.0	0.3
Equity	29.0	0.3	10.8	16.2	56.3
Share capital	0.6	9.9	10.8	16.2	37.4
Retained profits	28.4	(9.6)	0.0	0.0	18.8

Notes:

1. Property, Plant and Equipment includes \$32.8m in Plant and Equipment, and \$20.9m in Property.

4. Financial information continued

4.6 STATUTORY AND PRO FORMA HISTORICAL CASH FLOWS

The figure below sets out the Historical Statutory cash flow statements for the years ending 30 June 2022 and 30 June 2023 as well as the half year ending 31 December 2023, together with the pro forma cash flow statements reflecting the funds expected to be raised from this Offer.

Figure 4.4: Statutory and Pro Forma Historical Cash Flows

S MILLIONS	HISTORICAL STATUTORY		HISTORICAL PRO FORMA	
Description	FY22 Audited	FY23 Audited	H124 Reviewed	H124 Post Issue
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	0.0	0.0
Interest paid	(0.7)	(1.1)	(0.5)	(0.5)
Government grant funding received ¹	1.6	0.0	0.0	0.0
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	0.0	0.0
Proceeds from sale of property, plant and equipment	0.3	0.0	0.0	0.0
Financing Cashflow	4.6	(2.9)	0.3	27.3
Dividends paid	(0.4)	0.0	0.0	0.0
Proceeds from borrowings	2.0	0.0	7.4	7.4
Repayment of borrowings	0.0	0.0	(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	0.0	0.0	0.0	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.

4.7 BANKING FACILITIES

4.7.1 Description of banking facilities

The Company, its Subsidiaries and Paul Torrance (together the Obligors) are party to a master finance agreement with NAB (**NAB Finance Agreement**) for facilities with a total limit as at the facility date of \$42.7 million (**NAB Facilities**). The facilities under the NAB Finance Agreement include overdraft facilities, bank guarantee facilities, credit cards, equipment loans, hire purchase facilities and a corporate market loan of \$22.1 million to fund the acquisition and delivery of equipment under the Malabar Contract.

These facilities as at 27 May 2024 are summarised in the table below;

\$ MILLIONS	AS AT 27 MAY 2024		
	Limit	Drawn	Available
Facility description			
Overdraft	3.6	0.0	3.6
Corporate cards	0.3	0.1	0.1
Revolving lease	5.1	3.5	1.6
Bank guarantee	3.0	2.7	0.3
Corporate markets loan	25.5	6.4	19.1
Equipment loan	3.7	3.7	0.0

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;
- a side deed between ADP Equipment Pty Ltd ACN 638 730 239, Malabar Resources Limited and Maxwell Ventures (Management) Pty Ltd in respect of the Malabar Agreement; and
- a personal guarantee from Paul Torrance for \$38 million that automatically ends upon Listing.

The NAB Facilities contain financial covenants that are customary for similar facilities made available to corporate borrowers, including:

- debt service cover ratio for the Group must not be less than 1.5:1;
- the operating leverage ratio for the Group must be:
 - until 30 June 2024 – 3.50:1;
 - 1 July 2024 to 1 December 2024 – 2.75:1; and
 - 1 January 2025 onwards – 2.00:1; and
- the capital adequacy ratio of the Group must not be less than 25%.

Other terms of the NAB Facilities include:

- events of default where, among other usual triggers, the Malabar Contract is brought to an end and an insolvency event occurs in respect of Maxwell Ventures (Management) Pty Ltd, the counterparty to the Malabar Contract; and
- a review event being triggered if Matthew Torrance or Mark Harrison ceases to be a director of any Obligor. It is also a review event if Mark Harrison ceases to be CFO of Alfabs.

4.7.2 Repayment arrangements and interest

The NAB Facilities are repayable by their respective due dates unless refinanced.

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

The \$22.05m corporate market loan for Malabar converts to term debt on completion of the equipment and is repayable over 36 months to nil terms. This term debt will attract market interest rates at the time of equipment completion.

4. Financial information continued

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 2.5 – 7.5% based on the timing of the loan agreements.

The corporate card facility is repaid on a monthly basis. The overdraft and bank guarantee facilities do not have set repayment amounts, rather they attract interest and fees based on drawn amounts.

4.7.3 Other financing considerations

The NAB Finance Agreement contains certain representations, warranties, undertakings and events of default which are customary for facilities of this nature. Any breach by an Obligor may lead to the funds borrowed becoming due and one or more of the NAB Facilities being cancelled.

Alfabs have:

- American Express credit-card facilities with total available limit of \$1.25 million. As at the date of this Prospectus, these facilities are undrawn; and
- insurance premium funding of \$0.7 million in FY24.

4.8 MANAGEMENT DISCUSSION AND ANALYSIS

4.8.1 Key factors affecting Alfabs' financial performance

All financial information presented in this Section 4 is presented on a pro forma basis. All references to financial items are on a pro forma basis. For example, references to revenue are to pro forma revenue and references to EBITDA are to pro forma EBITDA.

This Section 4.8.1 discusses the general factors which impacted Alfabs operating and relative financial performance in FY22 and FY23 and which the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that have impacted Alfabs historical operating and financial performance and cash flows, or everything that could have an impact on its operating and financial performance and cash flows in the future.

Unless otherwise stated, all metrics and financial information presented in this Section 4.8 and the related commentary is on a pro forma basis only.

4.8.2 Revenue

Alfabs derives operating revenue from its Mining and Engineering divisions. The Mining division includes equipment hire and the supply of mining consumables. The Engineering division includes, fabrication, professional engineering services, protective coatings, forklift and access, logistics and labour hire.

The Mining division primarily sells and services national and international operators of black coal mines in Australia. The Engineering division primarily sells to large contractors for public and private infrastructure projects.

Growth across both divisions has occurred from new customers seeking Alfabs' services and from existing customers.

Other income includes; interest income, gain on asset disposals, insurance recoveries and reversal of diminution provisions.

4.8.3 Expenses

Cost of goods sold

The main cost of goods sold for the Mining division comprises raw materials, consumables, external sub-contractors and direct labour costs (at standard rates).

The main cost of goods sold for the Engineering division are raw materials, consumables, external sub-contractors and direct labour costs (at standard rates).

Direct labour costs in cost of goods sold, is based on standard rates utilising absorption costing methods to allocate overheads.

Administration expenses

Administration and other expenses include overheads not allocated to cost of goods sold. The pro forma historical and forecast information includes incremental costs associated with operating a listed company.

Depreciation and amortisation

Depreciation of property, plant and equipment is accounted for in accordance with AASB116 and accounting for right of use leased assets is in accordance with AASB16. These are set out in more detail in Appendix A on significant accounting policies.

Finance costs

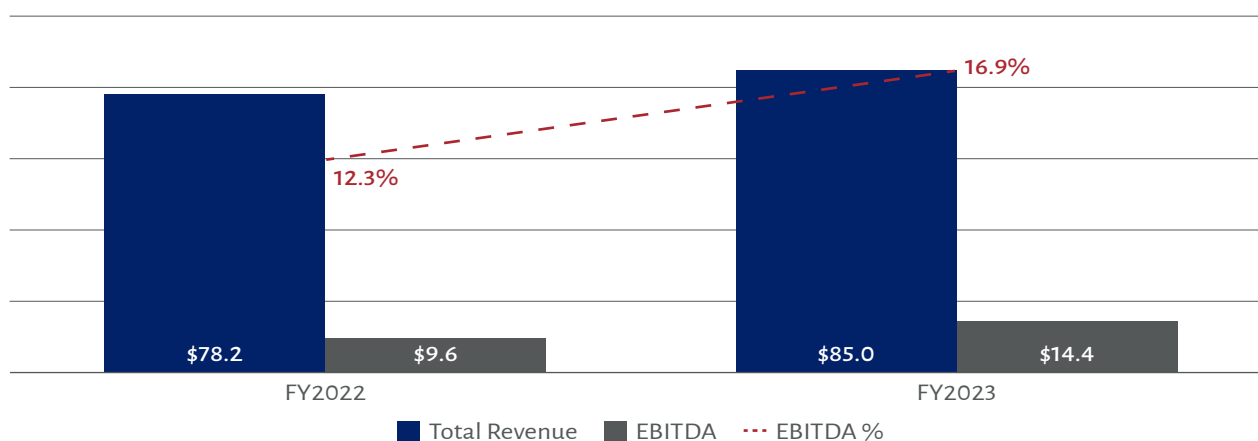
Finance costs includes interest and charges paid on external banking facilities as well as interest on right of use lease liabilities in accordance with AASB16.

Tax expense

For the purpose of estimating the tax expense in the FY24 forecast, a 30% tax rate on net profit before tax has been assumed.

4.8.4 Discussion on financial performance to FY23 compared to FY22

Figure 4.5: Alfabs financial performance FY23 compared to FY22



4.8.4.1 Revenue

Revenue increased by 8.7% from \$78.2 million in FY22 to \$85.0 million in FY23. This was primarily driven by growth in Mining revenue. Underpinning the Mining revenue increase is the growth and expansion of the fleet of underground hire equipment combined with year on year incremental shifts in pricing to meet growing demand.

4.8.4.2 EBITDA, Costs of Goods Sold and Administrative Expenses

A 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. Growing revenues and EBITDA has been achieved over recent years at Alfabs.

EBITDA increased by 50.0% from \$9.6 million in FY22 to \$14.4m in FY23. This was primarily driven by an increase in equipment hire volumes as well as broader increasing revenues.

This has led to increase in EBITDA margins from 12.3% in FY22 to 16.9% in FY23.

4.8.4.3 Depreciation and Amortisation and EBIT

Depreciation and amortisation expense increased from \$4.6 million in FY22 to \$6.5 million in FY23, driven by an increase in Property, Plant & Equipment throughout the year. EBIT increased from \$5.0 million in FY22 to \$7.9 million in FY23.

4.8.4.4 Finance costs and Net Profit Before Tax

Finance costs representing net interest expense increased from \$0.5 million in FY22 to \$0.9 million in FY23.

Net Profit Before Tax increased by \$2.5 million, from \$4.5 million in FY22 to \$7.0 million in FY23.

4.8.4.5 Movement in operating cash flows

Operating cash flows increased by \$2.8 million in line with above noted improvements to EBITDA.

4. Financial information continued

4.8.4.6 Movement in investing cash flows

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.

4.8.4.7 Movement in financing cash flows

The \$7.5 million decrease in financing cashflows primarily relates to a year on year decrease in proceeds from plant and equipment asset finance.

4.9 MANAGEMENT DISCUSSION AND ANALYSIS OF FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared in accordance with the Significant Accounting Policies adopted by Alfabs. These policies are consistent with the AAS. Alfabs' Forecast Financial Information is based on several general and specific assumptions relating to future events, including those set out below.

FY24 Forecast Financial Information relates to the performance of the business up to the date of this Prospectus.

The assumptions in this Section are a summary only and do not represent all factors that may impact Alfabs' forecast financial performance. This information is intended to support investors in evaluating the reasonableness and likelihood of the assumptions occurring but is not intended to be a representation that the assumptions will happen.

Alfabs has undertaken an analysis of historical performance and applied assumptions in order to forecast future performance for FY24F in preparing the Forecast Financial Information. Alfabs considers that the assumptions, when taken as a whole, are reasonable at the time of preparing this Prospectus. However, it is probable that the actual results vary from the forecast and any deviation may be materially negative or positive. The assumptions upon which the Forecast Financial Information is based are, by their nature, subject to significant uncertainties and eventualities, many of which are not readily predictable and are outside the control of Alfabs and the Directors.

Consequently, no guarantee is given that the Forecast Financial Information or any prospective statement included in this Prospectus will be attained. A material negative or positive impact on the Forecast Financial Information Events may occur if outcomes might differ in amount and timing from the assumptions. The assumptions set out in this Section should be read in combination with the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

4.9.1 General assumptions in relation to the Forecast Financial Information

The following general assumptions are relevant to the Forecast Financial Information:

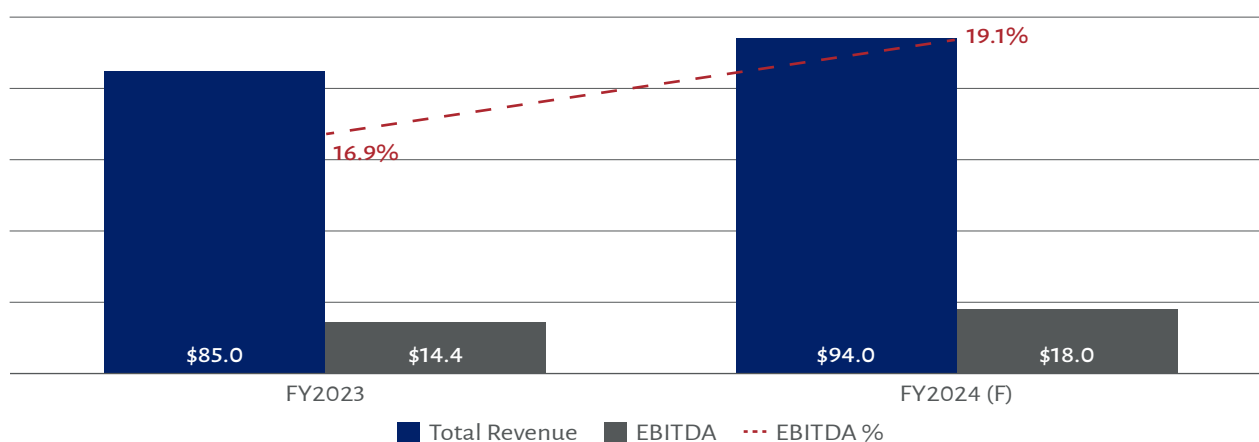
- There are no material changes in the competitive and operating environment in which Alfabs operates;
- There are no significant deviations from current market expectations of economic and market conditions under which Alfabs operates;
- There are no material changes in government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures of Alfabs;
- There are no changes in applicable AAS, IFRS, other mandatory requirements or the Corporations Act which could have a material impact on Alfabs' reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- There are no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of Alfabs;
- There are no material changes in key personnel, including key management personnel. It is also assumed that Alfabs will maintain its ability to recruit and retain the personnel required to support future growth;
- There are no material changes to Alfabs' corporate and funding structure other than the transactions contemplated or disclosed in this Prospectus under the terms of the Offer set out in this Prospectus;
- There are no significant disruptions to the continuity of operations of Alfabs or other material changes in the business; and
- There are no material amendments to any material contract, agreement or arrangement relating to Alfabs' business or intellectual property.

4.9.2 Specific assumptions in relation to the Forecast Financial Information

Several specific assumptions provide the basis for the Forecast Financial Information, of which the significant assumptions are set out below. These are a summary only and do not represent all factors that will impact Alfabs' forecast financial performance and cash flows. This information is intended to support investors in evaluating the reasonableness and likelihood of the assumptions occurring but is not intended to be a representation that the assumptions will happen.

The pro forma FY24 forecast figures are comprised of 6 months to 31 December 2023 (reviewed accounts), 3 months of actual management accounts to 31 March 2024 and a management forecast for the remaining 3 months to 30 June 2024. The assumptions apply to the financial year ending 30 June 2024.

Figure 4.6: Alfabs financial performance FY24F compared to FY23



4.9.2.1 Revenue

Management expect the revenues to be derived circa 50:50 between the mining and engineering divisions of the business for FY24.

Revenue is forecast to increase by 10.6% from \$85.0 million in FY23 to \$94.0 million in FY24 driven by growth in Mining revenue. Underpinning the Mining revenue increase is the growth and expansion of the fleet of underground hire equipment combined with year on year incremental shifts in pricing.

4.9.2.2 EBITDA, Costs of Goods Sold and Administrative Expenses

EBITDA is forecast to increase by 25.0% from \$14.4 million in FY23 to \$18.0m in FY24. This forecast is based on actuals to 31 March 2024 and management estimates for the remainder of FY24.

Administrative expenses are forecast to grow as the business grows and are based on known administrative expenses from 1 July 2023 to 31 March 2024 and management estimates for the remainder of FY24 including expenses associated with operating a listed company.

EBITDA margins are forecast to increase from 16.9% in FY23 to 19.1% in FY24.

4.9.2.3 Depreciation and Amortisation and EBIT

Depreciation & amortisation has been calculated as a direct continuation/extrapolation of the H124 reviewed result.

Depreciation and amortisation expense is forecast to increase from \$6.5 million in FY23 to \$7.6 million in FY24, driven by an increase in the value of property, plant and equipment held.

EBIT is forecast to increase from \$7.9 million in FY23 to \$10.4 million in FY24.

4.9.2.4 Finance costs and Net Profit Before Tax

Interest expense has been calculated as an extrapolation of the H124 reviewed result with an added allowance for additional interest attributed to ongoing project debt.

Finance costs are forecast to increase from \$0.9 million in FY23 to \$1.8 million in FY24.

Net Profit Before Tax is forecast to increase by \$1.6 million, from \$7.0 million in FY23 to \$8.6 million in FY24.

4. Financial information continued

4.9.2.5 Income tax and Net Profit After Tax

Income tax expenses have been included at an assumed 30%.

Net Profit After Tax is forecast to increase by \$1.1 million, from \$4.9 million in FY23 to \$6.0 million in FY24.

4.10 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business economic and competitive uncertainties, many of which are beyond the control of Alfabs, its directors and management, and dependent on assumptions with respect to future business developments, which are subject to change.

To assist investors assessing the impact changes to certain drivers of the business, namely changes to revenue, gross margins and overheads have on the annual EBITDA of Alfabs. This analysis has been prepared using the current full year forecast as a base.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected.

The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of valuations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on the FY24 pro forma EBITDA forecast of \$18.0m is presented. The potential changes in the FY24 pro forma EBITDA forecast are for the forecast results for the 12 months ending 30 June 2024.

\$ MILLIONS		IMPACT ON REVENUE			IMPACT ON EBITDA		
FY24 Forecast		Base	Impact	Sensitivity	Base	Impact	Sensitivity
+5%	Revenue	94.0	4.7	98.7	18.0	0.9	18.9
-5%	Revenue	94.0	(4.7)	89.3	18.0	(0.9)	17.1
+5%	Gross margin				18.0	1.6	19.6
-5%	Gross margin				18.0	(1.6)	16.4
+5%	Overheads				18.0	(0.5)	17.5
-5%	Overheads				18.0	0.5	18.5

The sensitivity analysis is intended as a guide only and variations on actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. The estimated impact of the changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Alfabs management would respond to any adverse change in one variable by seeking to minimize the net effect on Alfabs' EBITDA. The effect of movements in some variables may be non-linear, such that the effect of a movement of 10% in variable may not be simply 10 times the effect of a movement of 1% in the variable.

For the purpose calculating the impact on EBITDA:

- Revenue changes are assumed to impact EBITDA in the same proportions or average conversation rate as embedded in the FY24 forecast results.
- Gross margin changes are assumed to have direct impact on EBITDA.
- Overheads changes are assumed to have direct impact on EBITDA.

4.11 DIVIDEND POLICY

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 (many of which are outside the control of Alfabs and its Directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of Alfabs, current and future funding requirements, current and future project costs, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Alfabs, and any other factors the Directors may consider relevant.



SECTION 5

RISKS

5. Risks

5.1 INTRODUCTION

This Section describes the potential 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 this Section 5 are partially or completely outside the control of the Company, the Directors and the Management team.

The Section and order of risks described in this Section is based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and Management team as at the Prospectus Date. There may be other risks which Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations or the valuation and performance of the Shares. The importance of different risks may change and other risks may emerge in the future.

Before applying for Shares, any prospective investor should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and should consider whether the Shares are a suitable investment, having regard to their own investment objectives, financial circumstances, and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

5.2 RISKS SPECIFIC TO AN INVESTMENT IN THE COMPANY

5.2.1 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.

5.2.2 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.

5.2.3 Labour and labour shortages

Alfabs' 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 Alfabs' earnings, profitability and growth.

5.2.4 Reliance on key supply relationships and supply chain

The Company will rely 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 Company'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.

Alfabs 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).

5.2.5 Growth prospects and Company expansion plans

Alfabs growth prospects are dependent upon a number of factors. If Alfabs fails to execute or is delayed in the execution of any expansion plan, its financial performance is likely to be negatively affected.

Alfabs may pursue acquisitions or bolt-on purchases or other strategic partnerships in order to realise benefits including inorganic growth, accelerated development and delivery of product and service offerings. There is a risk that Alfabs may not be successful in identifying attractive opportunities, it fails to successfully implement such opportunities or such implementation is not commercially or strategically successful.

5.2.6 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 Alfabs 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 Alfabs financial performance.

5.2.7 Downturn in the resources or infrastructure industry

If there is:

- a loss of contracts or service supply with Alfabs' clients, including the Malabar Contract summarised at Section 9.6.1;
- 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.

5.2.8 Delay risk

The potential exists for delays or cancellations in the delivery of hire fleet or engineering projects without any practical recourse being available to Alfabs to recover lost earnings. Any such delay or cancellation would have an adverse impact on Alfabs earnings and profits.

5.2.9 Liability risk

The provision of products and services by Alfabs carries with it a risk of liability for losses arising from various actions including the provision of defective services, personal injury or property damage and losses suffered by third parties.

Alfabs maintains public and product liability insurances and seeks to limit contractual liability to such exposure. There remains a risk that Alfabs' insurance coverage will be insufficient to meet future claims or that Alfabs will be unable to secure insurance to satisfactorily cover all anticipated risks and that the cost of such insurance will increase beyond anticipated levels.

If legal action was taken against Alfabs and insurance does not respond or the costs of insurance increases beyond anticipated levels, it could have a material adverse effect on the financial performance of the business.

5.2.10 Funding

While Alfabs believes it will have sufficient funds after completion of the Offer to meet all of its growth and capital requirements for the near term, Alfabs may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that Alfabs will be able to raise such capital on favourable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.

There is a risk Alfabs may become unable to repay its current or future debt facilities in terms and a financier may take action to enforce the failure, which would have a significant negative effect on Alfabs financial position and prospects.

5.2.11 Reputation

Alfabs has developed a strong reputation and relies on this to establish and maintain relationships with its customers. There is a risk that any event by which Alfabs suffers a loss of reputation, for example by way of dissatisfied stakeholders, poor performance, litigation, or a perception that any such events exist, may result in damage to the Alfabs brand and may impact on future earnings and growth prospects.

5. Risks continued

5.2.12 Regulatory risk

Changes to the regulatory environment in which Alfabs operates may affect the performance of its business. In addition to the regulatory risk faced by all listed entities, Alfabs' success will be dependent on its ability to continue to operate within the black coal industry and successfully navigating and adapting its business model to regulatory changes within that industry.

5.2.13 Significant management ownership

The Founding Family will own and control approximately 52.3% excluding options 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.

5.2.14 Litigation risk

In the ordinary course of its business, Alfabs may be subject to the risk of litigation and other disputes with its employees, consultants, lessors, regulators, advisors and former advisors and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation, which ultimately is likely to have an adverse effect on the financial performance of the Company.

5.2.15 Occupational health, safety and Environment

Alfabs' 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.

Alfabs has a strong commitment to providing and maintaining 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 Alfabs which may negatively impact on the financial performance and growth prospects.

5.2.16 Pricing risk

There is a pricing risk in respect of Alfabs' current and future operations. If the costs for the provision of Alfabs' fleet, products or services to its customers has not been adequately budgeted for or unexpectedly increases and cannot be recovered by an equivalent or greater margin, it may have an adverse impact on the financial performance of the Company.

5.2.17 Insurance

Alfabs maintains customary insurances against typical business risks, such as public liability insurance, directors and officers' liability, workers compensation and marine cargo transit cover. There is a risk that Alfabs' insurances may not insure all risks, may not be adequate in coverage, may not be renewed and/or may not be able to be obtained. There is also a risk that claims brought under the insurance policies could increase the premiums payable by Alfabs going forward.

5.3 GENERAL RISKS

5.3.1 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; and
- Adverse changes in the level of inflation, interest rates, taxation rates, exchange rates, government policy (including fiscal, monetary and regulatory policies) and employment rates.

5.3.2 Price of Shares

Once the Company becomes a publicly listed company on the ASX, it will be subject to general risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price of the Shares quoted on ASX may rise or fall and the Shares may trade below or above the Offer Price due to a number of factors. There is no assurance that the price of Shares will increase following quotation on ASX.

The factors which may affect the price of Shares include but are not limited to:

- general economic conditions including interest rates, exchange rates, inflation rates and commodity prices;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from market indices (including the various S&P/ASX indices);
- the nature of markets in which the Company operates; and
- general and operational business risks.

Other factors that may negatively affect the investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, flood, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man made or natural events.

5.3.3 Trading in Shares may not be liquid

Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This could result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Approximately 189 million Shares, being 65.96%, will be subject to escrow following Completion of the Offer, which may impact on liquidity. A summary of the escrow arrangements is set out in Sections 7.11 and 9.9. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

5.3.4 Taxation changes may negatively affect Alfabs or investors directly

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the Company's tax liabilities or the tax treatment of a Shareholder's investment.

An investment in the Shares of Alfabs involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

5.3.5 Shareholders may be diluted

In the future, the Company may elect to issue further shares or engage in capital raisings to facilitate employee share plans, fund acquisitions, or undertake other strategic initiatives. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

5.3.6 Ability to access debt and equity markets on attractive terms

In the future, if Alfabs was required to raise capital through public or private financing or other arrangements such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm Alfabs' business and prospects. If the Company cannot raise funds on acceptable terms, it may not be able to sustain its operations or grow its business or respond to competitive pressures. The Company may need to engage in debt financing in the future to secure additional funds, including as funding (or partial funding) for acquisitions as part of Alfabs' growth strategy. There can be no assurance that the Company will be able to obtain additional capital from debt sources on favourable terms or at all. If the Company is unable to raise debt capital if and when needed, this could delay, suspend or reduce the scope of Alfabs' business strategy and could have a material adverse effect on the Company's activities which could adversely affect its business, financial condition and operating results. Any debt financing, if available, may involve restrictive covenants, which limit Alfabs' operations and business strategy.

5. Risks continued

5.3.7 Australian Accounting standards may change

Australian Accounting Standards are set by the AASB and are outside the control of the Company and its Directors. The AASB may introduce new or refined Australian Accounting Standards during the period, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the consolidated financial statements of the Company.

5.3.8 Dividends

Future distributions to Shareholders will be determined by the Board having regard to the operating results, future capital requirements, bank covenants and financial position of the Company. No guarantee can be given as to the amount and timing of any dividends on the Shares.

To the extent that the Company pays dividends, it may not have sufficient franking credits in the future to frank dividends. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular circumstances.

5.3.9 Cybersecurity and data protection

Alfabs may be subject to cyber attacks, viruses, data theft, ransomware attacks, phishing attacks or hacking. As the techniques used to hack or otherwise obtain unauthorised access to data and information frequently change, even if Alfabs and its suppliers have systems in place to detect such access attempts, the systems may be inadequate or unable to anticipate and prevent unauthorised access. Unauthorised access to Alfabs' systems may expose Alfabs to regulatory prosecution or substantial financial penalties and Alfabs may incur significant costs to remedy any loss of data. This may have a material adverse impact on Alfabs' reputation and financial position.

5.3.10 Force majeure events

Events may occur within or outside Australia that could impact upon the Australian economy or the economy of each territory in which Alfabs currently operates or intends to operate in, the Company's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, epidemics or pandemics or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.

While the Company seeks to maintain insurance in accordance with industry practice to insure against the risks it considers appropriate after consideration of the Company's needs and circumstances, no assurance can be given as to the Company's ability to obtain such insurance coverage in the future at reasonable rates or that any coverage arranged will be adequate and available to cover any and all potential claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.







SECTION 6

KEY PEOPLE, INTERESTS AND BENEFITS

6. Key People, Interests and Benefits

6.1 BOARD OF DIRECTORS

The Board comprises 4 Directors who bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board are set out in the table below.

DIRECTOR	EXPERIENCE & QUALIFICATIONS
	<p>William Wavish Independent Non-Executive Chair</p> <p>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.</p>
	<p>Robert Neale Independent Non-Executive Director and Deputy Chair</p> <p>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.</p>
	<p>Matthew Torrance Managing Director and Chief Executive Officer</p> <p>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.</p> <p>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.</p>
	<p>Mark Harrison Finance Director and Chief Financial Officer</p> <p>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.</p> <p>Mark has previously served as a director on not-for-profit boards in the Newcastle region and Hunter Valley.</p> <p>Mark holds a Bachelor's degree in Commerce.</p>

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a Director without constraint from other commitments and the Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills at this time.

In determining whether a Director is “independent”, the Board has adopted the definition of this word in the ASX Recommendations. Consequently, a Director will be considered “independent” if that Director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The current Board considers that each of William Wavish and Robert Neale are free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement and so each is considered an independent Director. The remaining Directors, Matthew Torrance and Mark Harrison, are currently considered by the Board not to be independent.




6.2 DIRECTORS DISCLOSURE

No Director or the Chief Financial Officer have been the subject of any legal or disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties or which is relevant to an investor’s decision as to whether to subscribe for Shares.





In the last 10 years no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after which they ceased to be an officer.

6.3 KEY MANAGEMENT

The following table provides information regarding the senior management team of Alfabs, including their positions and expertise.

DIRECTOR	EXPERIENCE & QUALIFICATIONS
	<p>Matthew Torrance Managing Director and Chief Executive Officer</p> <p>See Section 6.1.</p>
	<p>Mark Harrison Finance Director and Chief Financial Officer</p> <p>See Section 6.1.</p>
	<p>Clayton Freeman Group Financial Controller and Company Secretary</p> <p>With over 15 years of experience as a Chartered Accountant, Clayton embarked on his professional journey in the audit department of a renowned accounting firm and has acquired extensive knowledge and expertise while holding senior positions in diverse industries.</p> <p>Under his leadership he has successfully overseen multiple internationally dispersed teams. Clayton assumes responsibility for all financial operations, treasury and company secretarial roles.</p> <p>Clayton holds a Bachelor’s degree in Commerce.</p>

6. Key People, Interests and Benefits continued

DIRECTOR	EXPERIENCE & QUALIFICATIONS
	<p>Henry Thompson General Manager, Engineering</p> <p>Henry is a highly experienced professional with over 15 years' experience in civil engineering, project management, and asset strategy. His extensive experience includes roles such as Project Engineer, Project Manager, and Asset Strategy Superintendent in major infrastructure companies. Henry has successfully managed and implemented large-scale projects, focusing on structural and mechanical design, project planning, and quality controls.</p> <p>Henry holds a Bachelor's degree in Civil Engineering and a Master's in Business Management and Administration.</p>
	<p>Shayne Franklin General Manager, Mining</p> <p>Shayne is a seasoned professional with over 15 years' experience in management at major mining and mining equipment companies. Shayne brings a wealth of knowledge and expertise from key positions such as, General Manager, Mining and Operations Manager and project manager.</p> <p>Shayne is a qualified electrician and pursuing a Graduate Certificate of Business Administration and Diploma of Management.</p>
	<p>Matthew Branscombe Group Manager HR/HSEQ</p> <p>Matthew has over 20 years' experience in operations including Human Resources, workplace health, and safety analysis roles. With a proven track record in leading people culture, safety management systems and reducing incident rates.</p> <p>Matthew holds a Diploma and Certificate IV of OH&S, and is a Lead Auditor.</p>
	<p>Jason Torrance Senior Manager Business Development</p> <p>Jason has over 30 years' of experience with Alfabs. Starting his career as a boilermaker, Jason progressed through management positions such as workshop manager and general manager.</p> <p>Jason's strength with client relationships and strategic planning skills have contributed to the ongoing prosperity and advancement of the Alfabs Group.</p>

6.4 INTERESTS AND BENEFITS

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or
- the Offer,

and no other amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.4.1 Directors' interests and remuneration

6.4.1.1 Non-Executive Director remuneration

The Board of Directors decide the total amount paid to each Director as remuneration for their services as a Director to the Company. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company at a general meeting. This amount has been fixed at \$600,000 per annum and any change to the aggregate sum will need to be approved in a general meeting.

Annual Directors' fees currently agreed to be paid by the Company are:

- \$200,000 inclusive of superannuation at the applicable statutory rate to the Chairman; and
- \$150,000 inclusive of superannuation at the applicable statutory rate to each Non-Executive Director.

The Board has agreed that for the time being, no additional remuneration will be paid to a person undertaking the role of the Chair of the Audit and Risk Management Committee, the Chair of the Nomination Committee and/or the Chair of the Remuneration Committee. The Directors' fees do not include a commission on, or a percentage of, profits or income.

Prior to his appointment as Director of the Company, William Wavish was engaged by Alfabs Group as an advisory board consultant for which he received \$183,333 plus GST in FY24.

In addition to the fees detailed above, the Company has granted the Directors the options listed in Section 6.4.3 and summarised in Section 9.4.1.3.

6.4.1.2 Deeds of indemnity, insurance and access

The Company has entered into a deed of access, indemnity and insurance with each Director. Each deed contains the Director's right of access to certain books and records of the Company or Group Entity for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Entity. This seven-year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors and executive officers, past and present, against all liabilities that arise from their position as an officer of the Company or Group Entity to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Entity, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Entity. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In this summary, "Group Entity" means the Company, a subsidiary of the Company, any companies or trusts which are 50% or more owned directly or indirectly by any other Group Entity, or any partnership or unincorporated joint venture in which any Group Entity or a related body corporate of the Company has an interest of 50% or more.

6.4.1.3 Other Information

Directors may also be reimbursed for all reasonable out of pocket expenses incurred in carrying out their duties as a Director.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or its Subsidiaries.

6. Key People, Interests and Benefits continued

6.4.2 Executive Remuneration

The key management personnel of the Company are Matthew Torrance (**Chief Executive Officer**) and Mark Harrison (**Chief Financial Officer**). Their employment arrangements are set out below.

6.4.2.1 Chief Executive Officer

TERM	DESCRIPTION
Employer	Alfabs Administration Pty Limited
Employee	Matthew Torrance
Remuneration & Benefits	Fixed annual base salary \$450,000 plus the minimum superannuation contribution guarantee. The employee is also entitled to a motor vehicle for business purposes and reasonable personal use and a mobile phone.
Incentives	Alfabs intends to develop short term executive incentive plans based on performance targets. It is intended Matthew will be granted 3,500,000 options before Completion at a strike price of \$0.30. The exercise period is 35 to 47 months post issue of the options. The terms of the options are summarised in Section 6.4.2.3.
Termination	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.
Restraints	After termination of employment, Matthew is restrained from competing with or soliciting from Alfabs for a maximum period of 1 year in Australia.

6.4.2.2 Chief Financial Officer

TERM	DESCRIPTION
Employer	Alfabs Administration Pty Limited
Employee	Mark Harrison
Remuneration & Benefits	Fixed annual base salary \$300,000 plus the minimum superannuation contribution guarantee. The employee is also entitled to a motor vehicle for business purposes and reasonable personal use, a laptop and a mobile phone.
Incentives	Alfabs intends to develop short term executive incentive plans based on performance targets. It is intended Mark will be granted 2,500,000 options before Completion at a strike price of \$0.30. The exercise period is 35 to 47 months post issue of the options. The terms of the options are summarised in Section 6.4.2.3.
Termination	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.
Restraints	After termination of employment, Mark is restrained from competing with or soliciting from Alfabs for a maximum period of 1 year in Australia.

6.4.2.3 Employee equity plans

Alfabs has resolved to adopt and implement an employee share option plan (**ESOP**) to assist in attracting, motivating and retaining management and employees. The terms of the ESOP are set out below.

The aggregate pool of interests under the ESOP is limited to an interest in 11,000,000 Shares being equivalent to approximately 3.54% of the total issued share capital of the Company on Completion on an undiluted basis. As at the Prospectus Date, invitations for 11,000,000 options under the ESOP have been issued and are expected to be granted prior to Completion pursuant to the ESOP as detailed in Section 6.4.3.

TERM	DESCRIPTION
Eligibility	A person must be a current employee or director to participate in the ESOP, or as otherwise by invitation by the Board.
Price	\$0.30 per Option.
Exercise period	35 to 47 months post issue of the Options.
Vesting conditions	The Options will only vest if any conditions (as determined by the Board which exist before an Option is exercised) have been satisfied.
Lapsing conditions	The Options will lapse if the Company goes into liquidation, or the Company is not admitted to the official list of the ASX by 31 December 2024, or may lapse if the Optionholder ceases to be an employee.
Restrictions	Optionholders agree to comply with the Company's Securities Trading Policy, any direction given by the Company relating to restrictions on the option or shares attaching to the options, and as required by law or the Listing Rules (including any escrow restrictions imposed by the ASX).
Adjustments	<p>The exercise price may reduce if the Company proceeds with a pro-rata issue of shares to shareholders after the date of the Options.</p> <p>If the Company proceeds with a bonus issue of shares, the number of shares attached to an option may increase.</p>
Access to Company records	Optionholders are entitled to access the same reports and account information as is presented to Shareholders.
No right to vote	Optionholders do not have a right to attend or vote at meetings of Shareholders.

6. Key People, Interests and Benefits continued

6.4.3 Directors & Senior Management shareholdings

At Completion of the Offer, shareholdings and options that are attributed to Directors, Senior Management and employees (but excluding Shares from the Employee Gift Offer) are set out below:

DIRECTORS/KEY MANAGEMENT	ROLE	NUMBER OF SHARES HELD	DIRECTOR OPTIONS	ESOP ⁸
William Wavish	Chairman	8,000,000	4,000,000	—
Robert Neale	Non-Executive Director	1,600,000	2,000,000	—
Matthew Torrance	Chief Executive Officer	4,267,000	—	3,500,000
Mark Harrison	Chief Financial Officer	1,350,000	—	2,500,000
Clayton Freeman	Group Financial Controller and Company Secretary	400,000	—	500,000
Jason Torrance	Senior Manager Business Development	—	—	750,000
Andrew Torrance	Workshop Supervisor	4,267,000	—	750,000
Other Senior Management and employees		—	—	3,000,000

Subject to the terms of the Director Options which are summarised in Section 9.4.1.3, the Directors are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors may acquire under the Offer. Final Directors' shareholdings will be notified to ASX following Listing. Certain of the Shares and options recorded in the above table will be subject to escrow arrangements as outlined in Section 9.9.

6.4.4 Interests of Advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Blue Ocean and Bell Potter have acted as Joint Lead Managers to the Offer. The Company has agreed to pay the Joint Lead Managers a management fee equal to 2.0% of the Offer proceeds and a selling fee equal to 4.0% of the Offer proceeds. In addition, the Company has agreed to grant the Joint Lead Managers a total of 2,500,000 Adviser Options as detailed in Section 9.4.1.2;
- Hall Chadwick has acted as Financial Advisor to the Company. Hall Chadwick was retained by the Group in February 2023 to provide financial advisory services for two years. The Company has paid, or has agreed to pay Hall Chadwick \$360,000 (\$15,000 per month) for these services (excluding disbursements and GST). In addition, the Company has agreed to grant Hall Chadwick 2,500,000 Adviser Options on the terms detailed in Section 9.4.1.2;
- Travis Partners Law has acted as Australian legal advisor in relation to the Offer. The Company has paid, or agreed to pay, approximately \$180,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Travis Partners in accordance with its normal time-based charges. In addition, the Company has agreed to grant Travis Partners 2,000,000 Adviser Options on the terms detailed in Section 9.4.1.2;
- Bentleys have acted as Investigating Accountant and prepared the Investigating Accountant's Report and performed work in relation to due diligence enquiries in connection with the Offer. The Company has paid, or agreed to pay, approximately \$95,000 (excluding disbursements and GST) for their services up until the Prospectus Date;
- Frost & Sullivan has acted as the Independent Market Expert to the Offer and has prepared the Independent Market Report referred to in Section 2. The Company has paid, or has agreed to pay, approximately \$25,000 (excluding disbursements and GST) for these services up and until the Prospectus Date; and
- Hall Chadwick (NSW) Pty Ltd has acted as Australian taxation advisor in relation to the Offer. As at the Prospectus Date the Company has not paid or agreed to a fixed amount for these services, however, may pay Hall Chadwick (NSW) Pty Ltd in accordance with its normal time-based charges for these services.

⁸ At the Prospectus Date, invitations for ESOP interests have been issued in accordance with this table. It is anticipated that by Completion the options under the ESOP will have been issued.

The Joint Lead Managers or their affiliates from time to time may in the future perform other investment banking and financial advisory services for the Company, Shareholders or their respective affiliates. Further, in the ordinary course of their trading, brokerage and financing activities, the Joint Lead Managers and their affiliates may buy or sell securities issued by the Company or associated derivatives as principal or agent. Customary fees and commissions are expected to be paid for any such services in the future.

Vardon Investments Pty Ltd as trustee for Vardon Investments Unit Trust, a related entity of Travis Partners is the holder of 1,334,000 Shares. These securities were not issued in lieu of payment for services and were subscribed for cash.

These amounts, and other expenses of the Offer, will be paid out of funds raised under the Initial Public Offer or available cash (unless otherwise indicated). Further information on the use of proceeds and payment of expenses of the Offer are set out in Section 6.4.4 and 7.1.1.

The total fees associated for the successful listing including brokers, lawyers, auditors/investigating accountants, printers, public relations, advisors ASX and ASIC are not expected to exceed 10% of the funds raised excluding insurance relating to the Offer. See Section 9.14.

6.5 CORPORATE GOVERNANCE

This Section 6.5 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

6.5.1 ASX Corporate Governance Principles and Recommendations

The Company is seeking a Listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the ASX Corporate Governance Principles and Recommendations for ASX-listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations.

The recommendations are not prescriptive, but guidelines against which entities have to report on an "if not, why not" basis. Under the ASX Listing Rules, the Company will provide a corporate governance statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period.

Where the Company does not follow a recommendation in the ASX Recommendations for any part of the reporting period, it must identify that recommendation and the period during which it was not followed and give reasons for not following it. The Company must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The main policies and practices to be adopted by the Company immediately following Completion are summarised below. In addition, many governance elements are contained in the Constitution. The Company's Code of Conduct outlines the standards of conduct expected of the Company's business and personnel in a range of circumstances. In particular, the Code of Conduct requires awareness of, and compliance with, relevant laws and regulations and other policies and procedures of the Company. Details of the Company's key policies and practices and the charters for the Board and each of its committees will be available from Listing at www.alfabs.com.au

6.5.2 Board Composition

The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard.

6. Key People, Interests and Benefits continued

6.5.3 Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity which are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

6.5.4 Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee, a Nomination Committee and a Remuneration Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

6.5.4.1 Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Robert Neale (Chair), William Wavish, Mark Harrison and Clayton Freeman (Secretary).

6.5.4.2 Nomination Committee

The role of the Nomination Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's nomination policies and practices.

The Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Company will comply with the recommendations set by the Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Robert Neale (Chair), William Wavish, Mark Harrison and Clayton Freeman (Secretary).

6.5.4.3 Remuneration Committee

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's remuneration policies and practices. This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives.

The Nomination and Remuneration Committee is also responsible for administering short term and long-term incentive plans (including any equity plans).

The Company will comply with the recommendations set by the Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of William Wavish (Chair), Robert Neale and Matthew Torrance.

6.5.5 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

6.5.5.1 Continuous Disclosure and Shareholder Communication Policy

The Company is committed to meeting its continuous disclosure requirements set out in the ASX Listing Rules and the Corporations Act. In certain circumstances, the Company is required to immediately disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities. This Policy provides a framework for the Board to internally identify and report information which requires disclosure and sets out the processes for dealing with external communications in order to ensure any identified information is adequately communicated to ASX and Shareholders.

The Company also recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time.

This Policy ensures that the Company provides timely and accurate information equally to all Shareholders and market participants in relation to the Company's financial performance, objectives, activities and governance.

6.5.5.2 Securities Trading Policy

The Company is committed to complying with insider trading laws and establishing a best practice for dealing in securities.

The Company has adopted a Securities Trading Policy to ensure that all Directors, employees and contractors of the Company (and their associates) are aware of Australian insider trading laws as they apply to trading in the Company's securities and set out additional restrictions on trading in the Company's securities that apply to Directors, officers or certain restricted employees (such as during blackout periods) or situations which may require approval.

6.5.5.3 Code of Conduct

The Company is an organisation which strives to act with honesty and integrity in its business and to be respected in the industry and the communities in which it operates.

The Company has adopted a formal Code of Conduct which outlines how the Company expects its employees, contractors, consultants and business partners to behave and conduct business in the workplace. The Code of Conduct applies to all employees, regardless of employment status or work location. In addition, the Directors, in the Board Charter, have committed to abiding by the Code of Conduct as it applies to the Board.

6.5.5.4 Diversity Policy

The Company recognises the value inherent in a diverse workforce and is committed to the maintenance and promotion of workplace diversity as recommended by the ASX.

The Board has approved a Diversity Policy, which sets out a framework for implementing new and existing diversity related initiatives in the business. Amongst other things, the Company will set measurable objectives relating to diversity (including but not limited to gender, race, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious or political beliefs, socioeconomic, educational, or cultural background, perspective and experience) at all senior executive and leadership roles.

6.5.5.5 Whistleblower Policy

The Company is committed to the highest standards of conduct and integrity in all its business activities and to safeguard a culture supportive of honest and ethical behaviour, compliance, and good corporate governance. The Company has adopted a Whistleblower Policy which sets out its commitment to creating and maintaining an environment where individuals can come forward and report known or suspected business misconduct or wrongdoing.

The Whistleblower Policy applies to eligible 'whistleblowers' who disclose information to an eligible recipient which is protected under relevant legislation. The Whistleblower Policy sets out what matters can be disclosed, who they can be disclosed to, how a matter can be disclosed, the protections that are available for disclosers, how those the subject of a disclosure will be treated and how a disclosed matter will be handled and investigated.

6. Key People, Interests and Benefits continued

6.5.5.6 Anti-bribery and Corruption Policy

The Company is committed to ethical practice and has a zero tolerance for bribery and corruption of any form. To demonstrate its commitment to conducting its business and operations at the highest standard of honesty and integrity, the Company has adopted an Anti-bribery and Corruption Policy which sets out the responsibilities of the Company and its personnel in observing and upholding the Company's position on corruption and related improper conduct. The Board will monitor for any material breaches of the Anti-Bribery and Corruption Policy.

6.6 ASX RECOMMENDATIONS

The Board recognises the importance of corporate governance in achieving the objectives of the Company and discharging its responsibilities to all stakeholders of the Company.

Due consideration has been given to the ASX Recommendations. Except as set out below, the Board currently does not anticipate that it will depart from the recommendations of the ASX Recommendations. However, it may do so in the future if it considers that such a departure would be reasonable or appropriate. Full details of how the Company complies with the ASX Recommendations will be set out on the Company's website, www.alfabs.com.au.

As at the date of Listing, the Board will be comprised of four directors (detailed biographies of the Board members are provided in Section 6.1, which includes two independent Non-Executive Directors (Chairman William Wavish and Robert Neale) and two executive directors (Matthew Torrance and Mark Harrison).

The Board considers an Independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted the ASX Recommendation guidelines to assist in this regard. The Board will review the independence of each Director in light of interests disclosed to the Board from time to time.

While at the date of Listing the Board will not have a majority of independent directors as recommended by the ASX Recommendations, the Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and believes that the composition of the Board is an appropriate size and reflects an appropriate range of skills, expertise and experience for the Company.

The composition of the Board may change over time, depending on the skills and expertise required to manage the Company.



SECTION 7

DETAILS OF THE OFFER

7. Details of the Offer

7.1 DESCRIPTION OF THE OFFER

This Prospectus relates to an initial public offering of 72 million Shares in Alfabs at an Offer Price of \$0.25 per Share. On Completion of the Offer, 15.2 million Shares will be held by or on behalf of the Directors.

In addition, this Prospectus contains an offer of up to 840,000 Shares to Eligible Employees under the Employee Gift Offer.

All Shares on issue on Completion of the Offer will rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 7.15.

The Offer comprises the Public Offer (see Section 7.3), the Broker Firm Offer (see Section 7.4), the Priority Offer (see Section 7.5), the Institutional Offer (see Section 7.7) and the Employee Gift Offer (see Section 7.8). Members of the public wishing to apply for Shares under the Offer must do so under the Public Offer or through a Broker with a firm allocation of Shares. The allocation of Shares between the General Offer, the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 7.3.5, 7.4.4, 7.5.5 and 7.7.2.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Purpose of the Offer and use of proceeds

At the Offer Price, the Offer will raise \$18 million from New Shareholders.

The purpose of the Offer is to:

- provide Alfabs access to capital markets which it expects will provide additional financial flexibility to pursue further growth opportunities;
- achieve a listing on ASX to broaden the Company's shareholder base and provide a liquid market for its Shares;
- debt reduction;
- assist Alfabs in attracting and retaining staff; and
- pay costs of the Offer.

Table 7.1: Sources and uses of Offer proceeds

SOURCES	\$M
Cash proceeds for New Shares issued under Offer	18.0
Total	18.0
USES	\$M
Hire fleet and related capex	10.0
Working capital	3.2
Bolt-on acquisitions	3.0
Costs of the offer	1.8
Total	18.0

The Offer proceeds are sufficient to meet Alfabs' objectives. Taking into account the Company's cash position (refer to Section 4), the Company has enough working capital at the time of its admission to carry out its stated objectives.

The above table should be considered an indication of current intention as at the Prospectus Date. Investors should note, as with any projection, the allocation of funds set out above is considered an indication of current intention as at the Prospectus Date and may change depending on a number of factors including the growth rate of the business, the sources of funding utilised and general economic conditions. In light of this, the Board reserves the right to adjust the way the funds are applied at its discretion.

7.1.2 Potential effect of the fundraising on the future of Alfabs

The Directors believe that on Completion of the Offer, the Company will have sufficient funds available from the proceeds of the Offer and its operations to fulfil the purposes of the Offer and carry out its stated business objectives.

7.1.3 Shareholding structure

The expected details of the ownership of Shares at the Prospectus Date and on Completion of the Offer are set out below:

Table 7.2: Details of the ownership of Shares

	SHARES HELD AT THE PROSPECTUS DATE		SHARES HELD AT COMPLETION OF THE OFFER (ON AN UNDILUTED BASIS)	
	No. of Shares	%	No. of Shares	%
Founding Family	150,000,003	70.1%	150,000,003	52.3%
Existing Shareholders (excluding Directors)	53,050,000	24.8%	53,050,000	18.5%
Directors (excluding Matthew Torrance)	10,950,000	5.1%	10,950,000	3.8%
New Shareholders	—	—	72,000,000	25.1%
Eligible Employees	—	—	840,000	0.3%
Total	214,000,003	100.0%	286,840,003	100.0%

Table 7.3: Details of the substantial shareholders

It is anticipated the substantial Shareholders in the Company at Completion will both be associates of the Founding Family as follows:

	SHARES HELD AT COMPLETION (ON AN UNDILUTED BASIS)	
	No. of Shares	%
Torrance Investments Pty Ltd	122,693,003	42.8%
My Three Sons Pty Ltd	15,893,000	5.5%

7.2 TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of Alfabs).
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.15.
What is the consideration payable for each Share being offered?	The Offer Price is \$0.25 per Share. The cost of the Shares under the Employee Gift Offer will be funded by the Company. No additional payment from Eligible Employees is required for the Employee Gift Offer.

7. Details of the Offer continued

TOPIC	SUMMARY
What is the Offer period?	<p>The key dates, including details of the Offer Period, are set out in the key dates on page 5 of this Prospectus.</p> <p>The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time.</p> <p>The Company, in consultation with the Joint Lead Managers, reserves the right to amend any or all of the dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion of the Offer, accepting late Applications either generally or in particular cases, allotting Shares at different times to investors, or to withdraw the Offer, without prior notice. The quotation and commencement of trading of the Shares is subject to confirmation from ASX.</p>
What are the cash proceeds to be raised under the Offer?	<p>\$18 million will be raised from New Shareholders under the Public Offer, the Broker Firm Offer, the Priority Offer and the Institutional Offer, if the Offer proceeds.</p>
What is the minimum Application size under the Offer?	<p>The minimum Application size under the Public Offer, the Broker Firm Offer and Priority Offer is \$2,000 (equivalent to 8,000 Shares in aggregate).</p> <p>For more information, see Sections 7.3.3, 7.4.2 and 7.5.2.</p>
What is the allocation policy?	<p>The allocation of Shares between the Public Offer, the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 7.3.5, 7.4.4, 7.5.5 and 7.7.2.</p> <p>With respect to the Broker Firm Offer, it will be a matter for Brokers as to who they allocate Shares to.</p> <p>The final allocation of Shares under the Priority Offer will be at the absolute discretion of the Company, subject to the guaranteed minimum allocation for Applicants under the Priority Offer.</p>
When will Applicants receive confirmation whether Applications are successful?	<p>It is expected that holding statements will be despatched by standard post on or about 24 June 2024.</p>
Will the Shares be listed?	<p>Alfabs will apply to ASX within seven days of the Prospectus Date, for its admission to the Official List, and quotation of Shares by, ASX under the code "AAL".</p> <p>Completion of the Offer is conditional on ASX approving the application and granting permission for the Shares to be quoted on ASX on terms acceptable to the Company. If this approval and permission is not given within three months of the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all monies received from Applicants will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of Alfabs or the Shares offered for subscription.</p>

TOPIC	SUMMARY
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on or about 28 June 2024.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive a statement of holding do so at their own risk.</p> <p>The Company and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by Automic, by a Broker or otherwise.</p>
Is the Offer underwritten?	No, the Offer is not underwritten by the Joint Lead Managers.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.11 and 9.9.
Are there any tax considerations?	Yes. Refer to Section 9.11.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
What should I do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to Automic on 1300 288 664 (within Australia) and +61 (2) 9698 5414 (outside Australia) from 8.30am to 7pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Alfabs is a suitable investment for you, you should consult with your stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

7.3 PUBLIC OFFER

7.3.1 Who can apply?

The Public Offer is open to persons who have a registered address in Australia who have received a copy of this Prospectus and are not located in the United States.

The Public Offer is not open to persons outside Australia, including any US person.

7.3.2 How to apply?

Applications under the Public Offer may only be made on or in accordance with the Public Offer Application Form attached to this Prospectus or downloaded in its entirety from <https://apply.automic.com.au/AlfabsAustralia>. Applications under the Public Offer may only be made on or in accordance with the Public Offer Application Form attached to this Prospectus or downloaded in its entirety from <https://apply.automic.com.au/AlfabsAustralia>. Detailed instructions on how to complete the Public Offer Application Form are set out on the reverse of the Application Form. To apply under the Public Offer, you must complete the online Public Offer Application Form in accordance with the instructions provided on the website containing the Application Form.

Public Applicants should read this Prospectus carefully and in its entirety before deciding whether to apply under the Public Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

By making an Application, you declare that you were given access to this Prospectus, together with the Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5.00pm (Sydney time) on 20 June 2024 and it is your responsibility to ensure that this occurs.

7. Details of the Offer continued

7.3.3 Is there a minimum or maximum Application size?

Applications under the Public Offer must be for a minimum size of \$2,000 (equivalent to 8,000 Shares in aggregate).

7.3.4 How to pay?

Applicants under the Public Offer must pay their Application Monies by BPAY® or EFT in accordance with the instructions on the Public Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique Customer Reference Number (CRN) provided to you or generated by the online Public Offer Application Form. When completing your EFT payment, please make sure to use the unique reference number provided to you or generated by the online Public Offer Application Form. Application Monies paid by BPAY® or EFT must be received by the Share Registry by no later than 5.00pm (Sydney time) on 20 June 2024 and it is your responsibility that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure by the Company to receive Application Monies or payment by BPAY® or EFT before the Public Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

For more details, Public Applicants should contact Automic on 1300 288 664 (within Australia) or +61 (2) 9698 5414 (from outside Australia) from 8.30am to 7pm (Sydney time), Monday to Friday (excluding public holidays).

7.3.5 What is the Public Offer allocation policy?

The allocation of Shares to Applicants under the Public Offer will be determined by the Company in consultation with the Joint Lead Managers. Shares offered under the Public Offer that are not taken up will be allocated by the Company under the Institutional Offer, the Broker Firm Offer or the Priority Offer.

The Company may allocate all, or a lesser number, of Shares for which an application has been made, accept a late application, or decline an application. Where applications are scaled back, there may be a different application of the scale-back policy to each Applicant.

7.4 BROKER FIRM OFFER

7.4.1 Who can apply?

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.4.2 How to apply?

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at www.alfabs.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5.00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The minimum Application size under the Broker Firm Offer is \$2,000 (equivalent to 8,000 Shares in aggregate). There is no maximum Application size under the Broker Firm Offer, however the Company and the Joint Lead Managers reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9.00am (Sydney time) on 12 June 2024 and is expected to close at 5.00pm (Sydney time) on 20 June 2024. The Company and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens. Please contact your Broker for instructions.

7.4.3 How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by your Broker.

7.4.4 Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by the Joint Lead Managers, in consultation with the Company. Shares which are allocated to Brokers for allocation to their Australian retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Joint Lead Managers to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.4.5 How do I confirm my allocation?

Applicants under the Broker Firm Offer should contact their Broker to confirm their allocation.

7.5 PRIORITY OFFER

7.5.1 Who can apply?

The Priority Offer is open to selected investors nominated by the Company which will include (but will not be limited to) the Existing Shareholders (**Priority Applicants**).

If you have been invited by the Company, or are entitled to participate in the Priority Offer, you will be treated as an applicant under the Priority Offer in respect of those Shares that are allocated to you.

7.5.2 How to apply?

If you have received a personalised invitation to apply for Shares under the Priority Offer made under this Prospectus and you wish to apply for all or some of those Shares, you must apply in accordance with the relevant instructions.

Priority Applicants should read this Prospectus carefully and in its entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the online Priority Offer Application Form in accordance with the instructions provided on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with the Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5.00pm (Sydney time) on 20 June 2024 and it is your responsibility to ensure that this occurs.

7. Details of the Offer continued

7.5.3 Is there a minimum or maximum Application size?

Applications under the Priority Offer must be for a minimum size of \$2,000 (equivalent to 8,000 Shares in aggregate).

7.5.4 How to pay?

Applicants under the Priority Offer must pay their Application Monies by BPAY® or EFT in accordance with the instructions on the Priority Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique Customer Reference Number (CRN) provided to you or generated by the online Priority Offer Application Form. When completing your EFT payment, please make sure to use the unique reference number provided to you or generated by the online Priority Offer Application Form. Application Monies paid by BPAY® or EFT must be received by the Share Registry by no later than 5.00pm (Sydney time) on 20 June 2024 and it is your responsibility that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure by the Company to receive Application Monies or payment by BPAY® or EFT before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

For more details, Priority Applicants should contact Automic on 1300 288 664 (within Australia) or +61 (2) 9698 5414 (from outside Australia) from 8.30am to 7pm (Sydney time), Monday to Friday (excluding public holidays).

7.5.5 What is the Priority Offer allocation policy?

The allocation of Shares to Applicants under the Priority Offer will be determined by the Company in consultation with the Joint Lead Managers. Shares offered under the Priority Offer that are not taken up will be allocated by the Company under the Institutional Offer, the Broker Firm Offer or the Public Offer.

7.6 APPLICATION MONIES

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Monies received from Applicants under the Public Offer, the Broker Firm Offer or the Priority Offer will be held in a special purpose account until the Shares are issued to Applicants. Applicants under the Public Offer, Broker Firm Offer and the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the amount applied for by the Offer Price. Where the Offer Price does not divide exactly into the amount applied for, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your BPAY® or EFT payment. If the amount of your BPAY® or EFT payment for Application Monies is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

7.7 INSTITUTIONAL OFFER

7.7.1 Invitations to Bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand, Hong Kong and Singapore were invited to bid for an allocation of Shares under this Prospectus. The Joint Lead Managers separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus and are at the Offer Price per Share.

7.7.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by the Joint Lead Managers in consultation with the Company. The Joint Lead Managers, in consultation with the Company, had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Completion of the Offer;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall anticipated level of demand under the Public Offer, the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- other factors that the Company and the Joint Lead Managers considered appropriate.

7.8 EMPLOYEE GIFT OFFER

7.8.1 Who can apply

Eligible Employees are entitled to participate in the Employee Gift Offer.

Eligible Employees are persons who have a registered address in Australia and are permanent full-time or permanent part-time employees of the Group on 29 May 2024, who have completed their probation period and provided that they remain so employed and have not given or received notice of termination of employment with the Employee Gift Offer closes, which is expected to be on or about 20 June 2024.

7.8.2 How to apply

Eligible Employees will receive a personalised offer from the Company detailing terms of the Employee Gift Offer, along with details of how to apply for shares under the Employee Gift Offer.

If an Eligible Employee wishes to apply for shares under the Employee Gift Offer, they must apply in accordance with the relevant instructions on their personalised invitation.

By making an Application under the Employee Gift Offer, you declare that you are an Eligible Employee and were given access to this Prospectus.

Applications must be received by no later than 5.00pm (Sydney time) on 20 June 2024 and it is your responsibility to ensure that this occurs.

7.8.3 Is there a minimum or maximum Application Size

Eligible Employees will receive an allocation of \$1,000 worth of Shares (being equal to 4,000 Shares based on the Offer Price) and the Employee Gift Offer can only be accepted in full. Eligible Employees that applied for and receive an allocation of Shares under the Employee Gift Offer will receive a holding statement to confirm their allocation.

7.8.4 Restrictions on disposing of Shares

Eligible Employees may not sell, transfer, or otherwise dispose of any Shares acquired under the Employee Gift Offer for a minimum period of 3 years from the date of Admission, unless the Eligible Employee ceases to be employed by the Group or the dealing is required by law (in which case the Shares will be released).

Alfabs will implement necessary arrangements to give effect to this restriction. By applying for Shares under the Employee Gift Offer, Eligible Employees will be agreeing to the imposition of any restriction, including a holding lock on a sale, transfer, or disposal of those Shares.

Once the restriction period ends or Shares are released, Eligible Employees will, subject to the requirements of the Company's Securities Trading Policy, be free to deal with the Shares acquired under the Employee Gift Offer. Employee Gift Offer Shares are not subject to forfeiture.

7.8.5 How to pay

The cost of Shares under the Employee Gift Offer will be funded by the Company. No additional payment from Eligible Employees is required for the Employee Gift Offer.

7. Details of the Offer continued

7.9 ACKNOWLEDGEMENTS

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the AUD amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer and Priority Offer), or otherwise satisfies the requirements in Section 9.10;
- acknowledged and agreed that the Offer may be withdrawn by the Company and or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Public Offer, Broker Firm Offer, the Priority Offer, and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.10 BROKERAGE, COMMISSION AND STAMP DUTY

No brokerage, commission or stamp duty is payable by applicants who apply for Shares.

7.11 ESCROW

Upon Completion of the Offer, certain Existing Shareholders will be subject to escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price). See Section 9.9 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Shares during the relevant Escrow Period.

7.12 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside of Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

See Section 9.17 for further details regarding foreign selling restrictions.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.13 DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before the issue and allotment of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant monies received from Applicants will be refunded (without interest).

The Joint Lead Managers and the Company also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than those applied for.

7.14 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

7.14.1 Application to ASX for listing of Alfabs and quotation of Shares

Alfabs will apply to ASX for admission to the Official List and quotation of the Shares on ASX (under the code "AAL").

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Alfabs to the Official List is not to be taken as an indication of the merits of Alfabs or the Shares offered for subscription.

If permission is not granted for the Shares to be quoted on ASX on terms acceptable to the Company within three months of the Prospectus Date (or any later date permitted by law), all monies received by the Company in connection with the Offer will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7. Details of the Offer continued

7.14.2 CHESS and issuer sponsored holdings

Alfabs Australia Limited has applied, or will apply prior to Listing, to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.15 DESCRIPTION OF SHARES

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set in Section 9.8. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. The summary assumes that the Company is admitted to the Official List.



SECTION 8

INVESTIGATING ACCOUNTANT'S REPORT

8. Investigating Accountant's Report



Bentleys Sydney Audit Pty Ltd

Level 14, 60 Margaret Street
Sydney NSW 2000
Australia

ABN 11 644 751 753
ACN 644 751 753

T +61 2 9220 0700
F +61 2 9220 0777

bentleys.com.au

4 June 2024

Board of Directors
Alfabs Australia Limited
152 Mitchell Ave,
KURRI KURRI NSW 2327

Dear Directors,

INDEPENDENT ACCOUNTANT'S REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON ALFABS AUSTRALIA LIMITED'S HISTORICAL AND FORECAST FINANCIAL INFORMATION

We have prepared this Investigating Accountant's Report (report) at the request of the directors of Alfabs Australia Limited (Alfabs or the Company) to report on the historical financial information up to 31 December 2023 and forecast financial information up to 30 June 2024 for Alfabs Australia Limited and entities in the group (the aggregated group), for inclusion in the public document (replacement prospectus) dated on or about 4 June 2024 and relating to the issue of ordinary shares in the Company and Listing on the Australian Securities Exchange (ASX) (Listing).

Expressions and terms defined in the document have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds a registration as a registered auditor under the *Corporations Act 2001*. Bentleys Sydney Audit Pty Ltd (Bentleys) holds the appropriate registration under the *Corporations Act 2001*.

Historical Financial Information

This investigating accountant's report relates to the financial information contained in the replacement prospectus, comprised of:

- the statutory audited historical aggregated income statements for the financial year ended 30 June 2022 (FY22), 30 June 2023 (FY23) and the reviewed aggregated income statement for the half-year ended 31 December 2023 (H124);
- the statutory audited historical aggregated statements of financial position as at 30 June 2022, 30 June 2023 and the reviewed historical aggregated statement of financial position as at 31 December 2023;
- the statutory audited historical aggregated statements of cash flows for the financial years ended 30 June 2022 and 30 June 2023 and the reviewed statement of cash flows for the half year ended 31 December 2023;

(collectively, the statutory historical financial information);



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- The pro forma historical aggregated income statements for FY22, FY23 and H124;
- The pro forma historical aggregated statements of financial position as at 30 June 2022, 30 June 2023 and 31 December 2023;
- The pro forma historical aggregated statements of cash flows for FY22, FY23 and H124;

(collectively, the pro forma historical financial information).

The statutory historical financial information and the pro forma historical information are together referred to as the historical financial information.

The historical financial information is presented in the replacement prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial statements prepared in accordance with the *Corporations Act 2001*.

Scope of Review of the Statutory Historical Financial Information

You have requested Bentleys to perform limited assurance procedures in relation to the statutory historical financial information of Alfabs Australia Limited (the responsible party) and the aggregated group included in the replacement prospectus.

The statutory historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The statutory historical financial information has been extracted from the financial statements of the aggregated group for FY22, FY23 and H124. The statutory historical financial information was audited for FY22 and FY23 and reviewed for H124 by Pitcher Partners in accordance with the Australian Auditing and Assurance Standards. Except for a task which was not able to be completed due to the date of appointment of the auditors, the audit and review reports issued in relation to the statutory historical financial information each contained an unmodified audit opinion.

The pro forma historical financial information has been derived from the historical financial information of the aggregated group. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

Scope of Review of Forecast Financial Information

You have requested Bentleys to perform limited assurance procedures in relation to the forecast financial information of the aggregated group included in the replacement prospectus comprising:

- The forecast pro forma aggregated income statement for the year ending 30 June 2024;

The directors' best-estimate assumptions underlying the forecasts are described section 4 of the replacement prospectus. The stated basis of preparation used in the preparation of the forecast is the recognition and measurement principles contained in Australian Accounting Standards and Alfabs' adopted accounting policies.

The pro forma forecast financial information has been derived from the forecast financial information of the aggregate group. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the forecasts as described in section 4 of the replacement prospectus.

8. Investigating Accountant's Report continued



Directors' responsibility

The Directors of Alfabs Australia Limited are responsible for the preparation of the historical financial information and forecast information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Statutory Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the statutory historical financial information, as described in section 4 to this report, and comprising:

- the statutory historical aggregated income statements for FY22, FY23 or H124;
- the statutory historical aggregated statements of financial position as at 30 June 2022, 30 June 2023 and 31 December 2023;
- the statutory historical aggregated statements of cash flows for FY22, FY23 and H124;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information as described in section 4 to this report, and comprising:

- The pro forma historical aggregated income statements for FY22, FY23 and H124;
- The pro forma historical aggregated statements of financial position as at 30 June 2022, 30 June 2023 and 31 December 2023;
- The pro forma historical statements of cash flows for FY22, FY23 and H124

are not presented fairly, in all material respects, in accordance with the stated basis of preparation.

Forecasts

Based on our limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the forecasts do not provide reasonable grounds for the forecasts; and
- in all material respects, the forecasts:
 - are not prepared on the basis of the directors' best-estimate assumptions as described in section 4 of the replacement prospectus; and
 - are not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the forecasts themselves are unreasonable.

Pro forma forecasts

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecasts do not provide reasonable grounds for the pro forma forecasts; and
- in all material respects, the pro forma forecasts:
 - are not prepared on the basis of the directors' best-estimate assumptions as described in section 4 of the replacement prospectus; and
 - are not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the stated basis of preparation as described in section 4; and
- the pro forma forecasts themselves are unreasonable.

Forecasts and pro forma forecasts

The forecasts and pro forma forecasts have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the aggregated group for the year ending 30 June 2024.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the forecasts since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the forecasts are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the aggregated group. Evidence may be available to support the directors' best-estimate assumptions on which the forecasts are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Alfabs, which are detailed in the replacement prospectus, and the inherent uncertainty relating to the forecasts and pro forma forecasts.

8. Investigating Accountant's Report continued



Accordingly, prospective investors should have regard to the investment risks (section 5 of the replacement prospectus) and sensitivities (section 4 of the replacement prospectus) outlined. The sensitivity analysis described in section 4 of the replacement prospectus demonstrates the impact on the forecasts of changes in key best-estimate assumptions. We express no opinion as to whether the forecasts or pro forma forecasts will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the forecasts or pro forma forecasts to which it relates, for any purpose other than that for which it was prepared. We have assumed and relied on representations from certain members of management of Alfabs, that all material information concerning the prospects and proposed operations of Alfabs has been disclosed to use and that the information provided to use for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Should any information come to our attention about subsequent events that have not already been accounted for, or should that treatment change, Bentleys reserves the right to withdraw the report from issue or issue an amended report for that purpose.

Restriction on Use

The purpose of the Historical Financial Information contained in this report is for inclusion of it in the replacement prospectus relating to the issue of shares by Alfabs Australia Limited. As a result, the financial information may not be suitable for use for another purpose.

Consent

Bentleys has consented to the inclusion of this assurance report in the replacement prospectus in the form and context in which it is included. This report is issued once it is signed by Bentleys and may not be relied upon before being signed.

Liability

We do not assume any liability for information or statements included in the replacement prospectus document other than our Independent Assurance Report.

Independence

Bentleys Sydney Audit Pty Ltd, being the Investigating Accountant, does not have any interest in the outcome of this transaction other than in respect of preparing this report and participation in the due diligence procedures, for which normal professional fees will be received. Bentleys Sydney Audit Pty Ltd was not involved in the preparation of any part of the replacement prospectus, and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the replacement prospectus.

Yours faithfully,

Michael Payne
Director

Bentleys Sydney Audit Pty Ltd



SECTION 9

ADDITIONAL INFORMATION

9. Additional Information

9.1 REGISTRATION

Alfabs Australia Limited was registered in New South Wales on 24 January 2024 to be the holding company of the Alfabs Group in preparation for the Offer. Details of the pre-IPO restructure are set out in Section 9.4.1.4.

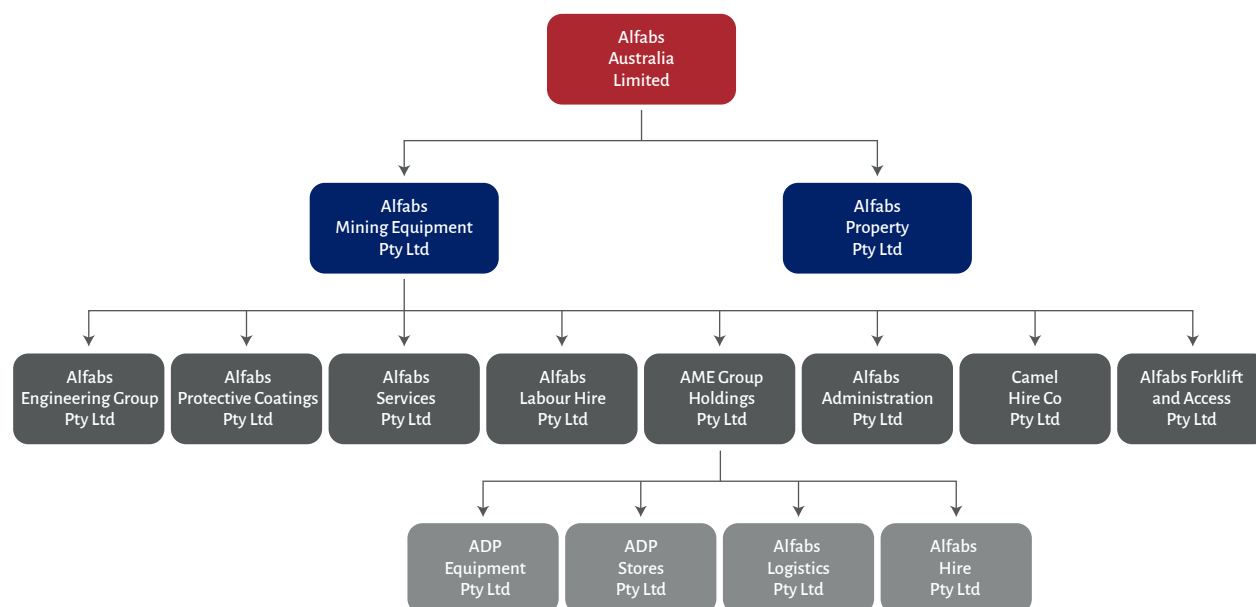
9.2 COMPANY TAX STATUS

The Company and its Subsidiaries are subject to tax at the Australian corporate tax rate on their taxable income. Alfabs' financial year ends on 30 June annually.

9.3 CORPORATE STRUCTURE

Set out below is a diagram showing the entities in the corporate structure of the Alfabs Group, where each subsidiary is wholly owned:

Figure 9.1: Alfabs Group Corporate Structure



9.4 CAPITAL STRUCTURE

As at the Prospectus Date, the Company has on issue:

- Ordinary Shares;
- Adviser Options; and
- Director Options.

As at the Prospectus Date invitations for 11,000,000 options under the ESOP have been issued and are expected to be granted prior to Completion pursuant to the ESOP as detailed in Section 6.4.3.

The issued capital of the Company on the Prospectus Date, and the expected issued capital of the Company on Completion are set out in the table below.

Table 9.1: Shares held at Completion of the Offer

	SHARES HELD AT THE PROSPECTUS DATE		SHARES HELD AT COMPLETION (ON AN UNDILUTED BASIS)	
	No. of Shares	%	No. of Shares	%
Founding Family	150,000,003	70.09%	150,000,003	52.29%
Existing Shareholders (excluding Directors)	53,050,000	24.79%	53,050,000	18.49%
Directors (excluding Matthew Torrance)	10,950,000	5.12%	10,950,000	3.82%
New Shareholders	—	—	72,000,000	25.10%
Eligible Employees	—	—	840,000	0.29%
Total	214,000,003	100%	286,840,003	100%

The Company's free float at the time of listing is expected to be 34.04% (on an undiluted basis).

The issued options of the Company at Completion are set out in the table below.

Table 9.2: Issued options of the Company at Completion

	NUMBER OF OPTIONS	% OF FULLY DILUTED CAPITAL
Director Options	6,000,000	1.93%
Adviser Options	7,000,000	2.25%
ESOP ⁹	11,000,000	3.54%
Total	24,000,000	7.72%

The terms of the Director Options, Advisor Options and ESOP are summarised at Sections 9.4.1.3, 9.4.1.2 and 6.4.2.3 respectively. If all conditions for exercise are satisfied and all of the options exercised, the fully diluted issued capital of the Company is set out in the table below:

Table 9.3: Fully diluted Shares held after exercise of options

	SHARES HELD UPON EXERCISE OF ALLOPTIONS	
	No. of Shares	%
Founding Family	155,000,003	49.86%
Directors (excluding Matthew Torrance)	19,450,000	6.26%
Other Shareholders	136,390,000	43.88%
Total	310,840,003	100.00%

⁹ At the Prospectus Date, invitations for ESOP interests have been issued in accordance with this table. It is anticipated that by Completion the options under the ESOP will have been issued.

9. Additional Information continued

9.4.1 Terms of Securities

9.4.1.1 Ordinary Shares

The terms of the Ordinary Shares are summarised in Section 7.15.

9.4.1.2 Adviser Options

The Adviser Options entitle the holder to one Share per option. The options granted under the Adviser Option Plan are only subject to time-based vesting conditions and are otherwise subject to the terms of the plan under which they were issued, as described below:

Escrow	The Adviser Options are subject to any escrow restrictions imposed by the ASX.
Exercise period	The Options can be exercised between the period 35 months to 47 months post issue of the Options.
Price	\$0.30 per Option.
Lapsing conditions	The Adviser Options will lapse if the Company goes into liquidation or the Company is not admitted to the official list of the ASX by 31 December 2024.
Adjustments	<p>The exercise price may reduce if the Company proceeds with a pro-rata issue of shares to shareholders after the date of the Options.</p> <p>If the Company proceeds with a bonus issue of shares, the number of shares attached to an option may increase.</p>
Access to Company records	Optionholders are entitled to access the same reports and account information as is presented to Shareholders.
No right to vote	Optionholders do not have a right to attend or vote at meetings of Shareholders.

9.4.1.3 Director Options

The Director Options entitle the holder to one Share per option, see Section 6.4.3 for further details. The options granted under the Director Option Plan are only subject to time-based vesting conditions and are otherwise subject to the terms of the plan under which they were issued, as described below.

Escrow	The Director Options are subject to any escrow restrictions imposed by the ASX.
Exercise period	The Options can be exercised between the period 35 months to 47 months post issue of the Options.
Price	\$0.30 per Option.
Lapsing conditions	The Director Options will lapse if the Company goes into liquidation or the Company is not admitted to the official list of the ASX by 31 December 2024.
Adjustments	<p>The exercise price may reduce if the Company proceeds with a pro-rata issue of shares to shareholders after the date of the Options.</p> <p>If the Company proceeds with a bonus issue of shares, the number of shares attached to an option may increase.</p>
Access to Company records	Optionholders are entitled to access the same reports and account information as is presented to Shareholders.
No right to vote	Optionholders do not have a right to attend or vote at meetings of Shareholders.

9.4.1.4 Employee equity share options

The terms of the employee equity share option plan are summarised in Section 6.4.2.3.

9.5 PRE-IPO RESTRUCTURE AND RELATED PARTY DEALINGS

9.5.1 Pre-IPO restructure

On 31 January 2024, the Alfabs Group:

- was restructured and consolidated under a new parent company, Alfabs Australia Limited, in preparation for the Offer; and
- acquired 152 Mitchell Avenue, Kurri Kurri NSW 2327 and 15 Titanium Drive, Paget Qld 4740 from Torrance Family Trust in exchange for shares.

Following the restructure, Alfabs have addressed the following related party matters:

- Paul Torrance's employment has been terminated;
- The abrasive blast chamber used by Alfabs Protective Coatings Pty Ltd has been purchased from Paul and Michele Torrance for market value (\$150,000);
- ADP Equipment Pty Ltd has purchased 4 driftrunner shells with compliance plates for \$22,000 inclusive of GST (plus freight and craneage) from Mulloway Ink Pty Ltd, an entity controlled by the Torrance family;
- The personal security provided by Torrance family entities for the NAB Facilities has been released by NAB other than the personal guarantee provided by Paul Torrance which will be released on Listing;
- Other than the related party loan from Torrance Family Trust summarised in Section 9.5.3, all related party loans have been extinguished; and
- Torrance Family Trust has acquired a vehicle from the Group at market rates.

9.5.2 Leases

Alfabs are party to real property leases with related entities as follows:

LOCATION	LESSEE	USE	LESSOR	TERM	ANNUAL RENT
47 Wermol Street, Kurri Kurri NSW 2327 (part premises)	Alfabs Mining Equipment Pty Limited ACN 099 383 650	Mining workshop	Mineway Pty Ltd ACN 638 718 564 as trustee for Mineway Trust a discretionary trust of which Paul Torrance and Michele Torrance are the primary beneficiaries and Matthew Torrance is in the class of eligible beneficiaries	5 years expiring 30 June 2026 2 x 3 year options	\$131,127.24 plus GST plus outgoings Rent is reviewed annually by 3% with market review on exercise of option
49 Wermol Street, Kurri Kurri NSW 2327 (part premises)	Alfabs Logistics Pty Ltd ACN 638 731 021	Logistics business	Lomrew Nominees Pty Ltd ACN 646 114 972 as trustee for the Lomrew Unit Trust. The unitholders of the trust are: <ul style="list-style-type: none"> • MWH Nominees No 2 Pty Ltd, ACN 638 742426 as trustee for MWH No 2 Trust, an entity controlled by Mark Harrison – 50%; and • JAM Management No 2 Pty Ltd ACN 646 115 184 as trustee for JAM No 2 Trust, a discretionary trust of which Paul Torrance and Michele Torrance are the primary beneficiaries and Matthew Torrance is in the class of eligible beneficiaries – 50% 	5 years expiring 30 April 2029 1 x 5 year option	\$65,400 plus GST plus outgoings Annual CPI rent review with market review on exercise of option Part of the land is sublet on a monthly arrangement of \$1,950 per month

9. Additional Information continued

LOCATION	LESSEE	USE	LESSOR	TERM	ANNUAL RENT
130 Mitchell Avenue, Kurri Kurri NSW 2327	Alfabs Engineering Group Pty Ltd ACN 008 186 516	Engineering workshop and offices	Shelpaul Investments Pty Ltd ACN 120 847 412 as trustee for Torrance Unit Trust. The unitholders of the trust are Tonol Pty Limited ACN 120 197 935 as trustee for Alfabs Superannuation Fund, Paul Torrance and Michele Torrance	5 years expiring 30 June 2028 2 x 5 year options	\$520,000 plus GST plus outgoings Rent is reviewed annually to the higher of CPI and 3% with market review on exercise of option
146 Mitchell Avenue, Kurri Kurri NSW 2327	Alfabs Protective Coatings Pty Limited ACN 123 471 394	Paint and blast shop	Tonol Pty Limited ACN 120 197 935 as trustee for Alfabs Superannuation Fund of which Paul Torrance and Michele Torrance are members	5 years expiring 30 June 2028 2 x 5 year options	\$215,000 plus GST plus outgoings Rent is reviewed annually to the higher of CPI and 3% with market review on exercise of option

Collectively referred to as the **Related Party Leases**.

All of the premises the subject of the Related Party Leases are actively used in the Alfabs Group's business and are strategically located in close proximity in Kurri Kurri. At the time the Related Party Leases were entered into, the terms of those leases were considered to be on normal commercial, arm's length terms and therefore, member approval was not required under section 210 of the Corporations Act.

9.5.3 Loan agreement – Torrance Family Trust

Alfabs Mining Equipment (as borrower) is party to an unsecured loan agreement with Torrance Family Trust (as lender) for \$5.3 million which Alfabs Mining Equipment has committed to pay with existing funds prior to 30 June 2024. Interest at the rate of 8% per annum will be payable to Torrance Family Trust if the loan is not repaid in full by 30 June 2024.

9.5.4 Employment agreements

Paul Torrance's sons are employed within the Alfabs Group as follows:

- Matthew Torrance is the Managing Director and Chief Executive Officer of the Alfabs Group. The terms of Matthew's employment are summarised in Section 6.4.2.1.
- Jason Torrance is employed as a Senior Manager Business Development. Jason's annual salary is \$175,000 plus superannuation. He is also entitled to a company car, laptop and mobile phone. Jason's employment is otherwise on Alfabs' usual terms.
- Andrew Torrance is employed as a Workshop Supervisor. Andrew's annual salary is \$150,000 plus superannuation. He is also entitled to a company car, laptop and mobile phone. Andrew's employment is otherwise on Alfabs' usual terms.
- Matthew, Jason and Andrew Torrance are expected to hold a combined 5,000,000 Options at Completion as set out in Section 6.4.3.

9.5.5 Dura Group Holdings

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 for \$1,000 per month plus GST. The sublease may be terminated by either party on 30 days' notice.

The Group may purchase thermoplastic products from Dura Sales for engineering and site services projects for market value and otherwise on arm's length terms in the future.

9.6 MATERIAL CONTRACTS

9.6.1 Malabar

Alfabs Group's biggest contract with a contract value of approximately \$42m is with Malabar. The key contract terms are summarised below:

MALABAR RESOURCES – AGREEMENT SUMMARY	
Summary	Long term hire agreement for Development Equipment to Malabar.
Parties	ADP Equipment Pty Ltd (ADP); and Maxwell Ventures (Management) Pty Ltd (Maxwell , or MV) and Malabar Resources Limited (Malabar).
Guarantee	Malabar guarantees Maxwell Ventures' obligations to ADP under the agreement.
Deliverables	Maxwell have engaged ADP to overhaul and hire 3 'Development Sets' with each Development Set comprising the following: <ul style="list-style-type: none"> • continuous miner; • shuttle car; • feeder breaker; and • auxiliary fan.
Term	4-year initial hire period commencing on the date the relevant Development Set is delivered (Hire Period).
Malabar's option to renew	For each Development Set: <ul style="list-style-type: none"> • 2-year option to extend the initial hire period, subject to the option period for CM01 being for a period that expires no later than 4 February 2029; • ADP has the sole exclusive right to undertake a partial overhaul and C1 preaudit of the Development Sets at or prior to the third, fourth and fifth anniversary of the date of delivery for the relevant Development Set; and • Maxwell Ventures to provide option exercise notice no later than 18 months prior to expiry of an initial hire period.
Fees	Maxwell Ventures must pay: <ol style="list-style-type: none"> 1. Hire fees for the hire period, subject to an availability discount (Hire Fees); 2. Mobilisation and demobilisation costs; and 3. Field service representation fee – ADP must provide a field service representative to assist with maintenance and upkeep of the equipment for 40-hours per week during the Hire Period.
Fee Review	The Hire Fees are subject to annual CPI increases. The Hire Fee at the start of the option period (if exercised) will be the Hire Fee current at the end of the Initial Hire Period multiplied by 80%.
Delivery Dates	The parties have agreed Hire Fees will be payable from the date the Development Sets are available for delivery. As at the Prospectus Date Alfabs anticipate the first Development Set will be available for delivery in the first quarter of FY25.
Liquidated Damages	If a Development Set is not delivered by the relevant Delivery Date due solely to an act, omission or request of ADP, then liquidated damages are payable, equivalent to the weekly hire rate for the Development Set to Maxwell Ventures, for every week from 1 year after the contract date up to and including the date of delivery of that Development Set, capped at 12 weeks hire fees for the relevant Development Set.

9. Additional Information continued

MALABAR RESOURCES – AGREEMENT SUMMARY																	
Performance Guarantee	<p>Availability may be assessed by Maxwell Ventures on a weekly basis during the hire period. If a Development Set achieves availability below 90% during any hire week, the weekly hire rate for that Development set will be reduced in accordance with the following table:</p> <table> <tr> <th>AVAILABILITY</th><th>% OF WEEKLY HIRE RATE</th></tr> <tr> <td>Above 90%</td><td>100%</td></tr> <tr> <td>89-90%</td><td>97.5%</td></tr> <tr> <td>88-88.99%</td><td>95%</td></tr> <tr> <td>87-87.99%</td><td>92.5%</td></tr> <tr> <td>86-86.99%</td><td>90%</td></tr> <tr> <td>85-85.99%</td><td>87.5%</td></tr> <tr> <td>Below 85%</td><td>85%</td></tr> </table> <p>Where the Availability of a Development Set remains below 85% for any consecutive 3-month period during the Hire Period, Maxwell Ventures may, by written notice, terminate the hire of that Development Set.</p>	AVAILABILITY	% OF WEEKLY HIRE RATE	Above 90%	100%	89-90%	97.5%	88-88.99%	95%	87-87.99%	92.5%	86-86.99%	90%	85-85.99%	87.5%	Below 85%	85%
AVAILABILITY	% OF WEEKLY HIRE RATE																
Above 90%	100%																
89-90%	97.5%																
88-88.99%	95%																
87-87.99%	92.5%																
86-86.99%	90%																
85-85.99%	87.5%																
Below 85%	85%																
Repairs	<p>ADP have the first right to undertake in-service repairs and carry out the overhaul of the Equipment.</p> <p>During the Hire Period, Maxwell Ventures must undertake general maintenance of the Equipment by competent, licensed personnel (third party contractors may only be engaged with ADP's consent).</p>																
Termination	<p>Either party may terminate the contract with notice:</p> <ul style="list-style-type: none"> • in the event of default, by giving 14 days' notice and other party fails to remedy the default; • for convenience, by giving 30 days' notice; and • immediately, in the event of insolvency. <p>Maxwell Ventures may also terminate:</p> <ul style="list-style-type: none"> • where the Availability of a Development Set remains below 85% for any consecutive 3-month period during the Hire Period, the Maxwell Ventures may, by written notice, terminate the hire of that Development Set; • if delivery is delayed by ADP, by 90 days or more; and • misuse or disclosure of equipment records by ADP to a third party. <p>Termination prior to delivery of First Development Set</p> <p>Maxwell Ventures must pay all costs incurred by Alfabs to the date of termination reasonably and necessarily incurred in procuring the Development Sets.</p> <p>Termination after Delivery of the First Development Set</p> <p>Maxwell Ventures must pay to ADP the Hire Fee for the equipment between termination and expiry of the Hire Period, mobilisation and demobilisation costs, any costs to repair damage during the Hire Period (excluding fair wear and tear).</p> <p>This does not apply to termination where Development Set remains below 85% for any consecutive 3-month period.</p>																
End of hire	<p>At the end of the Hire Period (or on earlier termination), Maxwell Ventures must return the equipment to the surface, notifying ADP of readiness for collection, pay the demobilisation costs and comply with collection and inspection conditions.</p>																

MALABAR RESOURCES – AGREEMENT SUMMARY

Limitation of liability	<p>Both parties: No liability for consequential loss, with the usual exceptions for loss or damage to any property; claims for illness, personal injury or death, failure to maintain insurance, wilful misconduct etc.</p> <p>Alfabs: for an insured risk, the amount of cover required by the agreement, or otherwise (outside the scope of insurance):</p> <ul style="list-style-type: none"> • In respect of a claim concerning a piece of equipment, maximum of 10% of the Hire Fees paid in the preceding 12 calendar months for that equipment; and • All claims – a maximum of 10% of the Hire Fees paid in the preceding 12 calendar months.
Exclusivity	<p>Maxwell Ventures is obliged to hire the first three Development Sets from ADP. If Maxwell Ventures wish to hire additional Development Equipment after the Contract Date, it must offer ADP an option to hire that Development Equipment on equivalent terms to the Agreement.</p>

9.6.2 Other mining contracts

Alfabs Mining Equipment is party to various mining equipment hire arrangements for the hire of equipment owned by Alfabs Group. Alfabs seek to use their standard hire terms and conditions for these arrangements. Alfabs Mining Equipment also repair and overhaul equipment on behalf of clients.

9.6.3 Engineering contracts

Alfabs Engineering are party to contracts with a remaining contract value totalling \$9 million, with security of \$3 million supporting \$80 million of open engagements. Alfabs Engineering are usually engaged using a modified form of AS4000 contract. Alfabs seek to limit contractual liability to 100% of the contract value, exclude consequential loss and otherwise limit exposure for liquidated damages to a maximum of 10% of the contract value.

9.7 NAB FACILITY

Alfabs Group have a master finance facility with NAB with a combined initial facility limit of \$42.7 million (**NAB Facilities**). Please refer to Section 4.7 for further details of the NAB Facilities.

9.8 CONSTITUTION AND RIGHTS ATTACHING TO SHARES

A summary of the rights attaching to Shares under the Constitution is set out below. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution, ASX Listing Rules, statutory and common law requirements. For an investor to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, that investor should seek legal advice.

Voting	Members may vote at general meetings either by a show of hands or a poll. If a poll is called, each member has one vote per share held. Any equality in votes is to be resolved by the chairperson.
Proxy	A member entitled to attend and cast a vote at a meeting of members may appoint an individual or body corporate as its proxy to attend and vote for that member at the meeting.
General meetings and notices	A Director may convene a meeting of members whenever they think fit and as otherwise required under the Corporations Act. Members are entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Members under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Members.

9. Additional Information continued

Dividends and share plans	<p>The Directors may determine that a dividend is payable, fix the amount and time for payment and authorise payment or crediting by the Company to each member entitled to that dividend. Interest is not payable by the Company on a dividend.</p> <p>Before paying a dividend, the Directors may determine that part of the profits of the Company are to be set aside to form a reserve, or carried forward if the Directors are of the opinion that those funds ought not to be distributed as dividends.</p> <p>The Directors may, in their discretion, pay dividends to members in cash, or by way of distributing certain assets or securities including shares in the Company.</p> <p>The Constitution permits the Directors to adopt or implement a share plan.</p>
Transfer of Shares	<p>Shares must be transferred in accordance with the Constitution and the relevant law. Subject to the relevant law, Directors are authorised to decline to register a transfer, suspend registration of a transfer or apply a holding lock.</p>
Winding up	<p>If the Company is wound up and the property of the Company available for distribution among the members is more than sufficient to pay the debts and liabilities of the Company, the excess must be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.</p> <p>In winding up, the liquidator may also, by sanction of a special resolution, choose to divide the Company's property among members.</p>
Variation of rights	<p>The rights attached to securities in a class of securities may, unless their terms of issue state otherwise, be varied or cancelled with the written consent of holders of such securities with at least 75% of the votes in the class, or by a special resolution passed at a meeting of the class of holders holding securities in the class.</p>
Issue of further Shares	<p>Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.</p>
Directors	<p>The minimum number of Directors is 3 and the maximum number of Directors is 12 unless otherwise resolved in a general meeting.</p> <p>The Directors have the power to appoint additional Directors or appoint a Director to fill a casual vacancy. The Directors also have the ability to remove a Director.</p> <p>Directors may call a meeting by giving notice to all other Directors. The secretary must also convene a meeting of directors if requested to do so in writing.</p> <p>Questions arising at a meeting of Directors must be decided by a majority of votes cast by the Directors present and entitled to vote on the matter. In the event of an equality of votes cast for and against a particular question, the chairperson has a casting vote.</p>
Alteration to the Constitution	<p>The Constitution can only be amended by a special resolution passed by at least 75% of members present and voting at a general meeting.</p>

9.9 ESCROW ARRANGEMENTS

At Completion, it is expected that approximately 189 million Shares, representing 65.96% of the total issued capital of the Company on an undiluted basis, will be subject to either ASX escrow and/or voluntary escrow arrangements. The escrow arrangements comprise ASX restricted securities described in Section 9.9.1 and the voluntary escrow arrangements described in Section 9.9.2. A summary is set out below:

ESCROW ARRANGEMENT	ESCROW PERIOD	NUMBER OF ESCROWED SHARES	% OF SHARES (ON AN UNDILUTED BASIS)
ASX escrow	From Completion up to 24 months from Completion	166,000,037	57.87%
Voluntary escrow	From Completion and ending on the date that is 1 day after the Company's FY24 financial results are released to the market	30,950,665	10.79%

Certain of the Shares the subject of ASX escrow detailed in Section 9.9.1 are the subject of voluntary escrow arrangements detailed in Section 9.9.2.

9.9.1 ASX restricted securities

The Company will be making submissions to the ASX regarding ASX escrow arrangements detailed in the ASX Listing Rules as follows:

SHAREHOLDER	ESCROW PERIOD	NUMBER OF ESCROWED SHARES	% OF SHARES (ON AN UNDILUTED BASIS)
Founding Family	24 months from Completion	150,000,003	52.29%
Directors ¹⁰	24 months from Completion	2,737,500	0.95%
Certain promoters and their associates	24 months from Completion	832,670	0.29%
Other existing Shareholders	From Completion until 11 April 2025	12,429,864	4.33%
Total		166,000,037	57.87%

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on the ASX. The above table subject to assessment by the ASX.

9.9.2 Voluntary Escrow Arrangements

Certain existing shareholders have entered into an Escrow Deed with the Company in relation to Shares in which they will have an interest on Completion. Certain Shares that are the subject of voluntary escrow arrangements are also subject to ASX escrow detailed in Section 9.9.1.

The following Existing Shareholders are subject to voluntary escrow arrangements:

SHAREHOLDER	ESCROW PERIOD	NUMBER OF ESCROWED SHARES	% OF SHARES (ON AN UNDILUTED BASIS)
Certain existing Shareholders	From Completion and ending on the date that is 1 day after the Company's FY24 financial results are released to the market	30,950,665	10.79%
Total		30,950,665	10.79%

The Existing Shareholders who have agreed to voluntary escrow arrangements are party to an escrow deed (**Escrow Deed Shareholder**) pursuant to which they have agreed (other than in respect Shares acquired under the Offer), to restrictions which prevents them from disposing of their respective Escrowed Shares for the applicable Escrow Period.

The restriction on disposing is broadly defined. It restricts the Escrow Deed Shareholder from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, creating or agreeing to create a security interest over the Escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares or agreeing to do any of those things.

¹⁰ And their associates, but excluding Matthew Torrance, Paul Torrance and their associates.

9. Additional Information continued

9.9.2.1 Early release

An Escrow Deed Shareholder may be released early from escrow in the following circumstances:

- to tender or accept a full or proportional takeover offer, provided that the offer has been accepted by the holders of at least 50% of the Securities in the class of Securities to which offers under the bid relate and which are not subject to escrow; or
- to be disposed of or cancelled as part of a merger by way of compromise or arrangement under Part 5.1 of the Corporations Act. If the merger by way of compromise or arrangement does not take effect, the Shares will return to escrow.

9.9.2.2 Restrictions on transfers

During the Escrow Period, Escrow Deed Shareholders and whose Shares remain subject to escrow may dispose of any of their Escrowed Shares to the extent that the disposal is:

- required by an order of a court of competent jurisdiction;
- a transfer by the personal representative of the Escrowed Shareholder to whom the Escrowed Shares have been bequeathed; or
- to an Escrowed Shareholder's affiliate, provided that the transferee of the Escrow Shares has agreed to be bound by a deed on substantially those same terms in respect of the Escrow Shares.

9.10 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

9.10.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

9.10.2 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (FATA) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (Substantial Interest), or 40% or more by two or more un-associated foreign persons and their associates (Aggregate Substantial Interest), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

9.11 TAXATION CONSIDERATIONS

The following comments provide a general summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty issues for investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account for or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary does not cover the consequences for investors who are subject to Division 230 of the *Income Tax Assessment Act 1997* (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force as at the Prospectus Date (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each investor's specific circumstances, investors should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

9.11.1 Dividends paid on Shares – Australian tax resident investors

9.11.1.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends should constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend. If the investor satisfies the “qualified person” rules (refer to further comments below), the investor should also include any franking credit attached to the dividend in their assessable income. However, such an investor should be entitled to a tax offset equal to the franking credit. The tax offset can be applied to reduce the income tax payable on the investor's taxable income. Where the tax offset exceeds the income tax payable on the investor's taxable income in an income year, the investor should be entitled to a tax refund equal to the amount of the excess.

Where a dividend is unfranked, the investor should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

9.11.1.2 Companies

Corporate investors should be required to include both the dividend and associated franking credit in their assessable income, subject to satisfaction of the qualified person rules. A tax offset should then be allowed up to the amount of the franking credit on the dividend. In addition, the corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. Such a corporate investor can then pass on the benefit of the franking credits to its own investor(s) on the payment of dividends by the corporate investor.

Where franking credits received by a corporate investor exceed the income tax payable by that investor, the excess cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

9.11.1.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend in their assessable income in determining the net income of the trust or partnership. Subject to satisfaction of the qualified person rules, such investors should also include any franking credit attached to the dividend in their net income. As a result, a relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the investor.

Notably, as the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, it is recommended that investors seek independent advice on the tax consequences arising in these circumstances.

9.11.1.4 Qualified person rules

The benefit of franking credits can be denied where an investor does not satisfy the qualified person rules, in which case the investor should not be required to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to satisfy the qualified person rules, an investor must satisfy the holding period rule or, if necessary, the related payment rule.

9. Additional Information continued

The holding period rule requires an investor to hold the Shares continuously 'at risk' for not less than 45 days in the period beginning the day after the day on which the investor acquires the Shares, and ending on the 45th day after the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be satisfied provided that the Share have been held "at risk" for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be held "at risk" to the extent that no material "positions" are adopted in relation to the Shares which may have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative arrangements, or agreements to sell the Shares). Under the related payment rule, a different testing period applies where the investor or an associate of the investor has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where an investor or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the investor to have held the Shares at risk for the continuous period of 45 days (not including the date of acquisition or disposal) during a window which commences on the 45th day before, and ends on the 45th day after the day the Shares become ex-dividend. Practically, the related payment rule should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if the related payment rule applies in the context of their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual investor may satisfy the qualified person rules on an alternative basis, provided that the investor satisfies the small holding exemption. This exemption should generally be satisfied where the investor is entitled to total franking credits (from all sources) of no more than \$5,000 in the relevant year of income.

As indicated above, the qualified person rules can be particularly complex for distributions received by an investor directly or indirectly (for example, via an interposed trust). It is recommended that investors in such situations seek independent taxation advice.

9.11.1.5 Dividend washing rules

Dividend washing rules can apply in certain cases, such that no tax offset is available (nor is an amount required to be included in assessable income in relation to an attached franking credit) for a dividend received on Shares. Broadly, the rules can apply where investors seek to obtain additional franking benefits by disposing of Shares ex-dividend and re-purchasing a substantially equivalent parcel of Shares cum-dividend on a special market.

Investors should seek independent taxation advice regarding the dividend washing rules and consider the impact of these rules, having regard to their own personal circumstances.

9.11.2 Disposal of Shares – Australian tax resident investors

9.11.2.1 Disposal of Shares – Australian tax resident investors

The disposal of a Share by an investor should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the investor is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

If the investor who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the investor realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate shares).

9.11.3 Dividends paid on Shares – Foreign tax resident investors

9.11.3.1 Dividends on a Share – Non-Australian tax resident investors

Investors who are not tax resident in Australia should generally be subject to Australian dividend withholding tax with respect to any unfranked dividends paid by Alfabs. Australian dividend withholding tax should be imposed at a flat rate of 30% on the amount of the dividend that is unfranked unless the investor is a tax resident in a country that has concluded a double tax treaty, the rate of Australian dividend withholding tax may be reduced (usually to 15%), depending on the terms of the double tax treaty.

Dividends paid by Alfabs which are fully franked should not be subject to Australian dividend withholding tax.

9.11.4 Disposal of Shares – Foreign tax resident investors

9.11.4.1 Disposal of Shares – Non-Australian tax resident investors

The disposal of a Share by an investor who is not a tax resident in Australia should constitute a CGT event. A capital gain may initially arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (refer Section 9.11.2 for further details).

However, any capital gain arising as a result of the CGT event should be disregarded unless the Share constitutes “taxable Australian property”. In the ordinary case, a Share should not constitute taxable Australian property unless both of the following requirements are satisfied:

- the investor (together with any associates of the investor) holds an interest of at least 10% in Alfabs at the time of the disposal, or has held such an interest throughout a 12-month period in the 24 months preceding the disposal; and
- Alfabs is land rich for Australian income tax purposes (broadly, because more than 50% of the value of Alfabs' assets, including those of certain downstream subsidiaries, is comprised by Australian real property interests and/or certain interests in respect of Australian minerals).

A Share should also constitute taxable Australian property if it is used by an investor in carrying on a business in Australia through a permanent establishment. (For example, a fixed place of business, such as an office, which is located in Australia).

In the event that an investor who is not a tax resident in Australia realises a capital gain in connection with the disposal of a Share that constitutes taxable Australian property, the investor should ordinarily be required to lodge an Australian income tax return including the capital gain. In such circumstances, the investor should generally not be entitled to claim the benefit of the CGT discount to the amount of the capital gain included, but may be able to offset the capital gain with available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of available capital losses, should be subject to Australian income tax at the investor's marginal tax rate.

A capital loss should initially be realised by an investor who is not a tax resident in Australia to the extent that the reduced cost base of a Share exceeds the capital proceeds from its disposal. However, as with capital gains, a capital loss should be disregarded by the investor unless the Share being disposed of constitutes taxable Australian property. Capital losses which are not disregarded may only be offset against capital gains from the disposal of taxable Australian property in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

9.11.5 Other taxation considerations

9.11.5.1 GST

Investors should not be liable for GST from acquiring or disposing of any Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by investors in this respect.

9.11.5.2 Stamp duty

Investors should not be liable for stamp duty in respect of their investment in Shares, unless they acquire, either alone or with an associated/related person, an interest in 90% or more in Alfabs and the unencumbered value of land held by Alfabs is more than the relevant State's landholder duty threshold, which is currently \$2 million in NSW and Queensland. Under current stamp duty legislation, no stamp duty should ordinarily be payable by investors on any subsequent transfer of Shares whilst Alfabs remains listed.

9. Additional Information continued

9.11.5.3 Tax File Number (TFN)

Australian tax residents may, if they choose, notify Alfabs of their TFN or ABN or a relevant exemption from withholding tax with respect to dividends. In the event Alfabs is not notified, pursuant to the TFN withholding rules, tax will automatically be deducted at the highest marginal rate, including Medicare levy, from unfranked dividends and/or distributions.

Australian tax resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

Investors who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by Alfabs with respect to unfranked dividends or distributions paid to such investors, irrespective of whether those investors have notified Alfabs of their TFN or ABN.

9.11.6 Grant of Employee Gift Shares to Eligible Employees

Eligible Employees will have the opportunity to apply for Shares in Alfabs to the value of \$1,000 in accordance with the Employee Gift Offer – see Section 7.8. The grant of Employee Gift Shares to Eligible Employees will be treated as assessable income to the employee under the employee share scheme (ESS) rules unless certain conditions are satisfied. Eligible Employees may be able to reduce their taxable income by up to \$1,000 if they:

- have a taxable income after adjustments in the income year of \$180,000 or less;
- together with any associates, do not hold more than a 10% ownership and voting interest in Alfabs immediately after acquiring the Eligible Employee Gift Shares; and
- are an employee of Alfabs or any of its subsidiaries.

Eligible Employees who participate in the Employee Gift Offer will be restricted from disposing of their Employee Gift Shares for a minimum of three years after acquiring their interest or until they end their employment with Alfabs, whichever occurs first.

Employees who are eligible for the \$1,000 reduction to their taxable income on the Alfabs Shares issued will still maintain a cost base for their Alfabs Shares acquired for CGT purposes equal to the market value of the shares at the date of issue.

9.12 LITIGATION AND CLAIMS

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

As far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or Governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

9.13 CONSENTS TO BE NAMED AND STATEMENT OF DISCLAIMERS OF RESPONSIBILITY

Each of the parties referred to below (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given, and has not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to being named in this Prospectus in the form and context in which it is named:

- Blue Ocean as Joint Lead Manager in relation to the Offer;
- Bell Potter as Joint Lead Manager in relation to the Offer;
- Hall Chadwick (NSW) Pty Ltd as tax advisor to the Company in relation to the Offer;
- Travis Partners Law as Australian legal advisor (other than in respect of taxation) to the Company in relation to the Offer;
- Bentleys as Investigating Accountant to the Company in relation to the Offer, including its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus;

- Pitcher Partners NH Partnership as auditor to Alfabs;
- Automic Group as the share registry to Alfabs;
- Hall Chadwick as the financial advisor to Alfabs; and
- Frost & Sullivan in relation to the inclusion of, and references to, its report Independent Market Report in the form and context in which they are included.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to in this Section 9.13 has not authorised or caused the issue of this Prospectus and does not make any offer of Shares.

9.14 COSTS OF THE OFFER

The costs of the Offer are expected to be approximately \$2.1 million (excluding GST) based on the Offer Price. These costs (including Joint Lead Manager and other advisor fees (referred to in Section 4 and Section 6.4.4)) and other costs including initial ASX listing fees and other incidental costs comprise approximately \$1.6 million (excluding GST) or 8.9% of the proceeds of the Offer, with the balance being for insurance relating to the Offer.

These costs will be borne by the Company.

9.15 CONTRACT AND CONSTITUTION SUMMARIES

Summaries of contracts set out in this Prospectus (including the Constitution in Section 9.7 are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts or Constitution themselves. Copies of the Constitution may be inspected at the registered office of the Company during normal business hours by appointment with the Company Secretary.

9.16 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.17 FOREIGN SELLING JURISDICTIONS

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside of Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

9. Additional Information continued

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (FMC Act)*. The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the Offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the SFA) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.18 STATEMENT OF DIRECTORS

This Prospectus is authorised by each Director of the Company who has consented to its lodgement and issue with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of Alfabs Australia Limited by William P.R. Wavish.



Dated: 4 June 2024



SECTION 10 – APPENDIX A

SIGNIFICANT ACCOUNTING POLICIES

10. Significant Accounting Policies

10.1 BASIS OF PREPARATION

The Financial Report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board except for AASB10 *Consolidated Financial Statements*. The financial report has been prepared in order to meet the requirements of the Director. The financial statements are for the Aggregate Group of Companies consisting of the Alfabs Mining Equipment Pty Ltd Group and other related Companies as determined by the Director (the Aggregate Group). Refer to note 22 for details of the Companies included in the Aggregate Group.

10.2 PRINCIPLES OF AGGREGATION

The Historical Financial Information is presented as an aggregation of entities comprise newly incorporated parent company Alfabs Australia Limited together with all entities being included in this prospectus. These entities are listed below and comprise the Aggregate Group.

- Alfabs Australia Limited (incorporated 24 January 2024)
- Alfabs Property Pty Ltd (incorporated 19 March 2024)
- Alfabs Mining Equipment Pty Ltd
- AME Group Holdings Pty Ltd
- ADP Equipment Pty Ltd
- Alfabs Hire Pty Ltd
- Alfabs Logistics Pty Ltd
- ADP Stores Pty Ltd
- Alfabs Engineering Group Pty Ltd
- Alfabs Services Pty Ltd
- Alfabs Protective Coatings Pty Ltd
- Alfabs Forklift and Access Pty Ltd
- Camel Hire Company Pty Ltd (100% owned from 31 Dec 23, 70% owned prior)
- Alfabs Administration Pty Ltd
- Alfabs Labour Hire Pty Ltd

All aggregated entities have a June financial year-end.

Where entities have entered or left the Aggregate Group during the year, the financial performance of those entities is included only for the period that they were considered to be part of the Aggregate Group.

All intercompany balances and transactions between entities in the Aggregate Group, including any unrealised profits or losses, have been eliminated.

10.3 GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

10.4 ROUNDING OF AMOUNTS

The Aggregate Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

10.5 SEGMENT REPORTING

For the purposes of preparing statutory financial statements in accordance with Australian Auditing Standard AASB 8 on segment reporting the Aggregate Group has two reportable segments as described below:

Mining: The manufacture, repair, overhaul servicing and hire of underground mining and ancillary equipment together with sales of mining related consumables and spare parts.

Non-Mining: Heavy steel fabrication, site installation works, site-based maintenance, protective coatings and transport.

Reporting on these segments is expected to be included in the statutory financial statements for the year ending 30 June 2024. Segment reports do not form part of the financial information for the purposes of this prospectus.

10.6 REVENUE

The Aggregate Group recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Aggregate Group is or expects to be entitled in exchange for those goods or services.

The Aggregate Group considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods or services, the Aggregate Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Equipment hire revenue primarily is generated 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.

Service revenue is primarily generated 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 Aggregate Group operates its services contracts result in the recognition of revenue as follows:

- 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.
- Projects – The revenue from projects is predominantly derived from projects containing one or more performance obligations. The Aggregate Group generally uses the costs incurred method to recognise revenue associated with progress against performance obligations.

Sale of goods revenue 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.

10. Significant Accounting Policies continued

10.7 DEFERRED TAX

Deferred tax assets and liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

10.8 CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the Statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts, (if any).

10.9 TRADE RECEIVABLES & CONTRACT ASSETS

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Aggregate Group holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 60 days from the date of recognition.

Contract assets primarily relate to the Aggregate 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 Aggregate 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.

The Aggregate Group's exposure to credit loss is not significant and default rates have historically been low. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly.

The Aggregate Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical credit losses experienced, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the Aggregate Group's customers to settle the receivables.

10.10 INVENTORIES AND WORK IN PROGRESS

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in progress includes material and direct labour costs and are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

10.11 PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold land	Not depreciated
Freehold buildings	10-40 years
Leasehold improvements	12.5-20 years
Computer equipment	3 years
Furniture and fittings	5 years
Motor vehicles	5-7.5 years
Major plant and equipment	3-18 years
Minor plant and equipment	1-5 years

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.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit in which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

10.12 LEASED ASSETS AND LEASE LIABILITIES

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset; and
- any initial direct costs incurred.

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Aggregate Group's incremental borrowing rate. The weighted average incremental borrowing rate is 7%.

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Aggregate Group has only included the known CPI increases to date and not estimated future CPI-related increases.

The Aggregate Group does not recognise leases that have a lease term of 12 months or less or are of low value as a lease asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

10. Significant Accounting Policies continued

10.13 TRADE AND OTHER PAYABLES

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30-60 days.

10.14 FINANCIAL ASSETS

The related party loans are amounts receivable from related parties outside the Aggregate Group. The Aggregate Group's exposure to credit loss on related party loans is not significant and default rates have been historically low. Individual related party loans receivable which are known to be uncollectable are written off by reducing the carrying amount directly.

10.15 FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are classified as current liabilities unless the Aggregate Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

10.16 GOODWILL AND INTANGIBLE ASSES

Goodwill and patents, trademarks and licences are intangible assets acquired separately and are capitalised at cost. The useful lives of goodwill and intangible assets is assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful lives of patents, trademarks and licences is assessed as 20 years and are amortised over this period.

Goodwill is initially recognised and measured in accordance with AASB 3 *Business Combinations*. Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is an indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each cash generating unit ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value in-use.

The total impairment loss of a CGU is allocated first to reduce the amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

10.17 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Estimation of useful lives of non-current assets are initially assessed at the date the assets are 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 assets. 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.

Impairment testing of non-current assets is performed where indicators of impairment exist or annually for indefinite life intangible assets. In assessing impairment, estimates are made of the recoverable amount of each asset or cash generating unit based on discounted expected future cash flows or estimated replacement cost.

Estimation uncertainty exists in relation to assumptions regarding future operating results and cash flows, determination of an appropriate discount rate and estimated current replacement cost of the asset.

The collectability of trade receivables is reviewed on an ongoing basis. An allowance for credit losses is established when there is objective evidence that the Aggregate Group will not be able to collect all amounts due. Management uses its judgement in determining the level of credit loss provisioning, taking into account the historic analysis of bad debt trends and the prevailing economic conditions.

Management uses judgement in selecting an appropriate measure of progress towards completing satisfaction of an obligation for the purpose of revenue recognition. The selected method considers the nature of the good or service that the Aggregate 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 Aggregate 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 Aggregate Group.



SECTION 11 – APPENDIX B

GLOSSARY

11. Glossary

TERM	MEANING
\$m	Australian million dollars
AAS or Australian Accounting Standards	Australian Accounting Standards developed, issued and maintained by the Australian Accounting Standards Board
AASB 16	AASB 16 <i>Leases</i>
AASB 9	AASB 9 <i>Financial Instruments</i>
AASB or Australian Accounting Standards Board	Australian Accounting Standards Board, an Australian Government agency under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth)
Aggregated Group	<p>the aggregated group of entities for which the Historical Financial Information has been prepared and comprises:</p> <ul style="list-style-type: none"> • Alfabs Australia Limited • Alfabs Property Pty Ltd • Alfabs Mining Equipment Pty Ltd • AME Group Holdings Pty Ltd • ADP Equipment Pty Ltd • Alfabs Hire Pty Ltd • Alfabs Logistics Pty Ltd • ADP Stores Pty Ltd • Alfabs Engineering Group Pty Ltd • Alfabs Services Pty Ltd • Alfabs Protective Coatings Pty Ltd • Alfabs Forklift and Access Pty Ltd • Camel Hire Company Pty Ltd (100% owned from 31 Dec 23, 70% owned prior) • Alfabs Administration Pty Ltd • Alfabs Labour Hire Pty Ltd
Applicant	A person who submits an Application
Application	Application made to subscribe for Shares under an Offer
Application Form	The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares
Application Monies	The amount accompanying an Application Form submitted by an Applicant, calculated as the Offer Price multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited ACN 008 624 691
ASX Corporate Governance Principles and Recommendations	The Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council

11. Glossary continued

TERM	MEANING
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement
ATO	Australian Taxation Office
Australian Consumer Law	Schedule 2 of the <i>Competition and Consumer Act 2010</i> (Cth)
Automic Group	Automic Pty Ltd ACN 152 260 814
Bell Potter	Bell Potter Securities Limited ACN 006 390 772
Bentleys	Bentleys Sydney Audit Pty Ltd ACN 644 751 753
Blue Ocean	Blue Ocean Equities Pty Limited ACN 151 186 935
Board or Board of Directors	The Board of Directors of the Company
Broker	Any ASX participating organisation selected by the Joint Lead Managers or financial adviser to act as a broker to the Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chair	The chairperson of the Board
CHESS	Clearing House Electronic Sub-register System operated in accordance with the Listing Rules and Corporations Act
Closing Date	The date on which the Offer is expected to close, indicatively being 20 June 2024, in accordance with the timetable on page 5. These dates may be varied without prior notice
Company (or Alfabs or Alfabs Group)	Alfabs Australia Limited ACN 674 455 442 or any Group Entity, or the Aggregated Group as the context requires
Completion	Completion in respect of the allotment of New Shares contemplated in the Prospectus
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	Regulations made pursuant to the Corporations Act
Director Options	The Director Options entitle the holder to one Share per option, see Sections 6.4.3 and 9.4.1.3
Directors	The Directors of the Company from time to time

TERM	MEANING
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Employee	A person who meets the requirements set out under Section 7.8.1
Employee Gift Offer	The offer of Shares under this Prospectus to Eligible Employees who have received a personalised application form from the Company
Escrow	The period during which the Escrowed Shareholders may not divest their Shares
Escrow Period	Has the meaning given Section 9.9
Escrowed Shares	Each of the Shares held by the Escrowed Shareholders at Completion of the Offer
Escrowed Shareholder	Directors and Senior Management and other Existing Shareholders and their nominees, related trusts or entities and/or other associates of those persons that hold Existing Shares
Executive Director	A Director who performs executive functions in connection with the management and administration of the Company
Existing Shareholders	Those persons holding the Existing Shares as at the Prospectus Date
Existing Shares	Ordinary Shares in the Company that were on issue prior to the Offer
Expiry Date	13 months after the Prospectus Date
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days
Financial Advisor	Hall Chadwick
Founding Family	The Torrance family being Paul, Michele, Andrew, Matthew and Jason, together with entities associated with them
Frost & Sullivan	Frost & Sullivan Australia Pty Ltd ACN 096 869 108
FY22	Financial year ended on 30 June 2022
FY23	Financial year ended on 30 June 2023
FY24	Financial year ending on 30 June 2024
Group Entity	Has the meaning given in Section 6.4.1.2
GST	Goods and services or similar tax imposed in Australia
H124	Financial half year ended 31 December 2023
Hall Chadwick	Hall Chadwick Corporate (NSW) Limited ACN 080 462 488
HIN	Holder Identification Number

11. Glossary continued

TERM	MEANING
Historical Financial Information	Statutory Historical Financial Information and Pro Forma Historical Financial Information
IFRS	International Financial Reporting Standards
Income Tax Assessment Act	Means the <i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth) as appropriate
Institutional Investor	<p>Investors who are:</p> <ul style="list-style-type: none"> persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; and institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply), provided that in each case such investors are not in the United States
Institutional Offer	The offer of Shares under this Prospectus to Institutional Investors
Investigating Accountant	Bentleys Sydney Audit Pty Ltd ACN 644 751 753
Investigating Accountant’s Report	The Investigating Accountant’s Report set out in Section 8
IPO	Initial public offering
Joint Lead Manager	Blue Ocean Equities Pty Limited ACN 151 186 935 and Bell Potter Securities Limited ACN 006 390 772
Listing	admission of the Company to the official list of the ASX and quotation of the Shares on the ASX
Listing Rules	Official listing rules of ASX
New Shareholders	Shareholders who acquire Shares under the Offer made under this Prospectus
New Shares	The new Shares to be issued by the Company under the Offer
Non-Executive Director	A Director who is not an Executive Director
NPAT	Net profit after tax
Offer	The Offer under this Prospectus of New Shares to be issued by the Company as described in Section 7
Offer Period	The period during which investors may apply for Shares under the Offer, commencing on the Opening Date and ending on the Closing Date
Offer Price	\$0.25 per Share
Officer	Has the meaning given in section 9 of the Corporations Act
Official List	The official list of entities that ASX has admitted and not removed

TERM	MEANING
Opening Date	The date on which the Broker Firm Offer opens
Operating cash flows	Net cash flows derived from the principal revenue producing activities
Pitcher Partners	Pitcher Partners NH Partnership ABN 78 678 193 110
Priority Applicant	An Applicant of the Priority Offer
Priority Offer	The component of the Offer under which Priority Applicants who have received an invitation can apply for Shares, as described in Section 7.5
Pro Forma Adjustments	Adjustments to the Statutory Historical Financial Information
Pro Forma Historical Cash Flows	Has the meaning given in Section 4.1
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1
Pro Forma Historical Income Statements	Has the meaning given in Section 4.1
Pro Forma Historical Statement of Financial Position	Has the meaning given in Section 4.1
Profit Before Tax	Profit (or loss) before tax
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Prospectus Date	4 June 2024, the date this Prospectus was lodged with the ASIC
Public Applicant	An Applicant of the Public Offer
Public Offer	<p>The component of the Offer open to persons who have a registered address in Australia who have received a copy of this Prospectus and are not located in the United States.</p> <p>The Public Offer is not open to persons outside Australia, including any US person.</p>
Related Body Corporate	Has the meaning given in the Corporations Act
Retail investor	An investor that is not a 'professional investor', 'sophisticated investor' or otherwise exempt from disclosure under 708 of the Corporations Act
Senior Management	The management team outlined in Section 6.3
Settlement	The settlement in respect of the Shares the subject of the Offer
Share	A fully paid ordinary share in the capital of the Company
Share Registry	Automic Group
Shareholder	The registered holder of a Share

11. Glossary continued

TERM	MEANING
Statutory Historical Cash Flow Statement	Has the meaning given in Section 4.1
Statutory Historical Financial Information	Has the meaning given in Section 4.1
Statutory Historical Income Statement	Has the meaning given in Section 4.1
Statutory Historical Statement of Financial Position	Has the meaning given in Section 4.1
Subsidiary	Has the meaning given in section 9 of the Corporations Act
Successful Applicant	An Applicant or Institutional Investor who is issued Shares under the Offer
TFN	Tax file number
Tier 1 & Tier 2	<p>Tier 1 Contractors: Typically, these are the head/prime contractors of the mega-projects or very large projects. They have a national presence, the largest revenues in the industry, and take on not only the coordination and procurement for such complex projects, but often, the risk/financial responsibility of the project. They are often able to self-deliver major portions of these projects. Projects are generally over \$300m in size. Strong on large infrastructure projects.</p> <p>Tier 2 Contractors: Typically, these are mid-tier contractors awarded contracts in the range of \$50m to \$ 300m. Whilst they do have self-deliver capabilities, they often rely on subcontractors. They are active across multiple states in the country. Strong on commercial, institutional, industrial, and mid-sized infrastructure projects.</p>
Travis Partners Law	Travis Law Pty Ltd ACN 612 378 739



Corporate Directory

ISSUER'S REGISTERED OFFICE

Alfabs Australia Limited

152 Mitchell Avenue
Kurri Kurri NSW 2327

LEGAL ADVISOR

Travis Partners Law

Suite 9C, Level 3, The Boardwalk
1 Honeysuckle Drive
Newcastle NSW 2300

JOINT LEAD MANAGER

Blue Ocean Equities Pty Limited

Level 29, Aurora Place,
88 Phillip Street
Sydney NSW 2000

FINANCIAL ADVISOR

Hall Chadwick Corporate (NSW) Limited

Level 40, 2 Park Street
Sydney NSW 2000

AUDITOR

Pitcher Partners NH Partnership

Level 5, 12 Stewart Avenue
Newcastle West NSW 2302

OFFER INFORMATION

1300 288 664 (within Australia)

+61 (2) 9698 5414 (outside Australia)

From 8.30am to 7pm (Sydney time) Monday to Friday
(excluding public holidays)

www.alfabs.com.au

INVESTIGATING ACCOUNTANT

Bentleys Sydney Audit Pty Ltd

Level 14, 60 Margaret Street
Sydney NSW 2000

JOINT LEAD MANAGER

Bell Potter Securities Limited

Level 38, Aurora Place,
88 Phillip Street
Sydney NSW 2000

TAX ADVISOR

Hall Chadwick (NSW) Pty Ltd

Level 40, 2 Park Street
Sydney NSW 2000

SHARE REGISTRY

Automic Group

Level 5, 126 Phillip Street
Sydney NSW 2000



alfabs.com.au