Bisalloy STEEL GROUP LIMITED

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ASX Announcement

Financial Results for the Financial Year Ended 30 June 2026 ("FY26")

- Revenue of $136.6m, down 10.6% on last year
- Operating EBITDA of $27.7m, down 13.2% on last year
- Net Profit After Tax attributable to members of $16.8m, down 14.4% on last year
- Earnings Per Share of 34.9c, down 14.7% on last year
- Fully franked final dividend of 13.0c per share.

Bisalloy Steel Group Limited (ASX:BIS) (Bisalloy) today reported Operating EBITDA of $27.7m for FY26 (FY25: $31.9m).

	FY26	FY25	Change %
Revenue	$136.6m	$152.8m	-10.6%
Operating EBITDA	$27.7m	$31.9m	-13.2%
Net Profit After Tax attributable to members	$16.8m	$19.6m	-14.4%
Net Profit After Tax	$16.8m	$20.0m	-16.0%
Earnings Per Share	34.9c	40.9c	-14.7%

The 2025–26 financial year delivered a result in line with the guidance provided to shareholders, reflecting the planned absence of the one-off items recognised in the prior year. Throughout the year the Group executed its strategy to diversify earnings, expand internationally and increase its exposure to higher-value products and technologies. That strategy rests on four elements: defending the core domestic Wear and Structural business, growing the international Armour and Protection business, strengthening the CJV, and commercialising the OptiWear digital wear-monitoring technology.

Domestic Wear and Structural

The Australian market remained challenging throughout FY26. Softer demand from parts of the resources sector, particularly in Western Australia and Queensland, combined with the increasing presence of Chinese-sourced quenched and tempered plate in the domestic wear and structural market, created a more competitive trading environment than in recent years. Wear and Structural sales declined year-on-year, partially offset by continued gold sector activity; excluding AUKUS-related sales, total Australian sales increased marginally as growth in higher-value Armour and Protection products more than offset the softer Wear and Structural result.

In defence of our core business, the Group intends to lodge an application with the Anti-Dumping Commission seeking a review of the pricing of imported Chinese plate. The Group continues to support its national network of channel partners through its Distribution and Processing businesses, holding sufficient stock to meet demand in key end-user markets including mining, agriculture and manufacturing. The Group continued to refine its product portfolio through changes to chemistries and manufacturing and through portfolio additions from joint venture partners, with the TMCP (thermo-mechanically controlled process) high-strength steel continuing to gain market support.

Manufacturing capability continued to improve. Better production planning, tighter process control and closer collaboration through the supply chain lifted armour manufacturing efficiency and reduced production losses, strengthening current performance and increasing the Group's capacity to support future growth.

Armour and Protection

The Armour and Protection segment remains a key strategic focus with significant global growth potential. The Group has added business development personnel and continued to improve internal processes to enhance the efficiency of complex Armour and Protection plate production, increasing throughput and responsiveness in this specialised market. Armour and Protection plate volumes into global markets grew by 229% during the year (187% including domestic volumes and excluding AUKUS) as the Group's investment in sales and manufacturing capability began converting into orders.

During the year the Group completed the contract with the Australian Submarine Agency to qualify its steel for Australia's SSN-AUKUS submarine program. Subsequent to the end of the financial year, in July 2026 the Group secured its first order to supply HY80 steel to the United States submarine industry, following qualification of Australian-produced steel to the United States Navy's TP300 standard. This represents the first time Australian-made steel will be used in the construction of United States Virginia-class submarines.

Chinese Joint Venture (CJV)

The CJV remains a key driver of the Group's performance and strategic growth, working in close partnership with our joint venture partners. Despite difficult economic conditions in China, the Joint Venture lifted its net contribution to the Group to $3.0 million, from $2.8 million in FY25, as it earned a better return on higher-value BISPLATE® products.

Over recent months the Group has worked with its joint venture partner to restructure the leadership team, strengthen the technical capability within the CJV and begin recruiting additional specialist sales resources to grow BISPLATE® volumes further within the Chinese market.

Overseas distribution

The Thailand business delivered another year of profitable growth, with a stable customer base. In Indonesia, the Indonesian Government's reluctance to issue distributors the import licences they require to operate a viable specialist steel distribution business affected operations during the year, a particular frustration given that quenched and tempered plate is not manufactured in Indonesia. In response, the Group reduced the Indonesian workforce by 22% during the year and recognised the associated redundancy costs in FY26. Further, it renegotiated the terms of the joint venture with its partners. The Group continues to assess the future of the operation as the licensing position becomes clearer.

Digital Solutions – OptiWear

The OptiWear digital wear-monitoring technology moved out of development and evaluation and into commercialisation during the year. The Group confirmed the sensor's patentability in its target international markets and proved its performance across a wider range of mines and applications.

OptiWear provides customers with real-time wear intelligence that supports maintenance planning, lower operating costs, safety and equipment availability. The Group is now progressing commercial partnerships with equipment manufacturers in each major application area. While still at an early stage, the Board expects OptiWear to provide diversification of the Group's future earnings and to further differentiate Bisalloy from traditional steel manufacturers.

FY27 outlook

FY26 was a year of building capability. FY27 will be a year of continued investment as the Group converts that capability into sustainable, diversified earnings. Converting recent investment into sustained earnings growth is a multi-year task, and the Group expects to continue investing in its defence and international positions, its manufacturing capability and Digital Solutions before the full financial benefit of that work is realised. The Group's focus in the year ahead is on execution against clear milestones rather than on near-term earnings growth.

The Group approaches FY27 with no net debt and the capacity to fund its plans from operating cash flow. Growing global defence expenditure, continued international demand for premium wear-resistant and protection steels, and the commercialisation of OptiWear support future growth. While regulatory and trade conditions in several of the Group's markets remain in flux, including the Indonesian import licensing regime and the treatment of imported quenched and tempered plate in Australia, the Board is confident in the Company's strategic position and the opportunities before it.

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