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6 November 2025
Annual General Meeting Addresses

Chairman's address – Andrew Purcell

Dear Shareholders, thank you for joining us today.

The 2025 financial year was one in which the company had to adapt adroitly to significant operational challenges, the consequence of which were materially lower earnings than were achieved in the previous period. Management, under the leadership of Greg Runge, responded well to these challenges, putting the company in a strong position to respond to our clients' requirements in future.

The 2025 financial year also saw the company complete an important debt restructure that both reduced the number of facilities as well as providing the opportunity for material savings in debt servicing costs and to accelerate further deleveraging. This milestone marked a turning point in our financial strategy and reflects the Board's unwavering commitment to restoring balance sheet strength and unlocking long-term shareholder value.

Post year end we reduced our total debt by $17.2 million, a substantial step forward in addressing the overhang that has long constrained our valuation. This reduction was achieved through a combination of disciplined cash management, the resolution of a commercial dispute in the UK that delivered a meaningful post-year-end cash injection, and the generous concessions agreed with our largest shareholder to reduce the carrying cost of shareholder loans.

This restructure not only improves our financial flexibility but also signals to the market that we are serious about creating a more sustainable capital structure. Importantly, it allows us to redirect more of our operating cash flow toward growth initiatives and shareholder returns, rather than servicing compounding debt.

While the operating environment in FY2025 was more complex than the record-setting year prior, our team responded with agility and discipline. We preserved capability, invested in innovation, and maintained a strong safety culture—all while executing on our financial priorities.

Looking ahead, deleveraging remains a core focus. We will continue to pursue opportunities to reduce debt further, including through operational efficiencies, asset optimisation, and strategic capital allocation. The Board is confident that this path will enhance our resilience and position us to better capture the upside as market conditions improve.

I want to acknowledge the efforts of our executive team, led by Greg Runge, and thank our people across the business for their professionalism and perseverance. To our shareholders, thank you for your continued support and belief in our long-term vision.

We are building a stronger, leaner, and more agile Lucas. The progress we've made this year is real, and the opportunities ahead are compelling.

Thank you.

Group CEO and MD address – Greg Runge

Welcome, ladies and gentlemen, and thank you, Mr Chairman.

It is my privilege to present my second report to shareholders as Chief Executive Officer and Managing Director of AJ Lucas Group Limited.

The 2025 financial year was one of resilience and adaptability. After a record-setting 2024 for our Australian drilling operations, we faced a more complex operating environment in FY2025. A series of significant client-side incidents and weather-related delays impacted our Australian drilling operations, leading to a necessary resizing of our workforce and a decline in revenue and earnings. These were difficult decisions, but they were made with a clear-eyed view of preserving long-term capability and ensuring we remain well positioned for any recovery in FY2026.

Despite these challenges, I am proud of how our team responded. We continued to invest in the future, successfully executing a technically demanding open-cut degasification project—a significant milestone that demonstrates our ability to adapt our directional drilling expertise to emerging market needs. Our ongoing investment in modern rigs and real-time geophysical data capabilities reinforces our commitment to delivering smarter, safer, and more efficient solutions for our clients.

At Lucas, the safety and well-being of our employees remain at the heart of our operations. I am pleased to report that, even in a challenging year, we recorded zero environmental incidents and maintained a Total Recordable Injury Frequency Rate (TRIFR) of 5.56, well below our peers. This achievement reflects the discipline and commitment of our workforce and our ongoing investment in training and professional development. Retention continues to improve, with voluntary separations down to 14%—a remarkable result for a predominantly fly-in fly-out workforce.

Operationally, the year was marked by significant disruptions at several client sites, including underground fires and geotechnical issues. These incidents forced us to undertake a less favourable mix of work, with total contracted shifts approximately 10% lower than originally expected. In response, we made the difficult decision to reduce the size of our workforce. However, our investment in cross-skilling and training enabled us to maintain operational momentum and preserve the capability to scale up as demand returns, as we expect in 2026.

Financially, our revenue for the year was $145.6 million, down 8.5% from $159.1 million in FY24, and Group EBITDA was $14.48 million, a 50.3% decrease from $29.16 million in FY24. While these results reflect the severity of the disruptions, they are also a testament to our ability to adapt quickly, limit the impact, and maintain operational continuity in a challenging environment.

Our UK operations continued to focus on maintaining a low-cost presence, with the goal of becoming increasingly self-funded while retaining an option on a significant discovered shale gas accumulation. Notably, post year-end, we resolved a long-standing commercial dispute, resulting in a substantial cash injection that has strengthened our balance sheet.

Looking ahead, we are cautiously optimistic. As you would have recently seen in our announcements, the first quarter of trading in Australia has been solid, with more consistent utilisation among key clients. Additionally, we had a very successful unveiling of our new innovative multi-purpose WEI 100t drilling rig in the past month. The event was well attending by our existing clients and potential clients, and gave opportunity to demonstrate some of the automation, safety and productivity improvements this next generation rig can bring to the market. For those interested in the technology there is some great content available on our website and LinkedIn pages.

Overall, the fundamentals of the metallurgical coal market remain robust, and our clients—many of whom are among the lowest-cost producers globally—are well placed to lead the sector's recovery.

We will continue to seek to diversify our client base, expand into adjacent markets, and invest in the capabilities that will define the next chapter of our growth.

In closing, I want to thank our Board, executive team, and, most importantly, our people—whose professionalism and perseverance have once again proven to be our greatest asset. To our shareholders, thank you for your continued support and belief in our long-term vision.

Together, we have built a company that is resilient, innovative, and forward-looking. I am confident that Lucas will continue to thrive as we move into this next chapter.

Thank you for your attention and continued support.

ENDS