



Mitchell
SERVICES

Appendix 4D

Mitchell Services Limited (ABN 31 149 206 333)

Current reporting period	Previous reporting period
1 July 2024 to 31 December 2024	1 July 2023 to 31 December 2023

Results for Announcement to the Market

		Current reporting period	Previous reporting period	Change
		\$A'000's	\$A'000's	\$A'000's
Revenue from continuing operations	Down 18%	99,365	121,644	(22,279)
EBITDA	Down 37%	12,652	20,009	(7,357)
Profit/(Loss) after tax attributable to members	Down 108%	(319)	4,253	(4,572)

Net Tangible Assets per Security

	31 Dec 24	30 Jun 24	31 Dec 23
Net tangible asset backing per ordinary security	25.8 cents	28.0 cents	27.7 cents

Dividends

The Company has determined that no interim dividend will be declared.

Other Disclosures

Additional Appendix 4D disclosure requirements and further information including commentary on significant features of the operating performance, trends in performance and other factors affecting the results for the current period are contained in the attached Half-Year Report and Investor Presentation released 20 February 2025.

This report is based on financial statements which have been subject to independent review by the auditor, KPMG.

Greg Switala
Company Secretary

20 February 2025

Mitchell Services Limited

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MITCHELL SERVICES LTD ACN 149 206 333

FOR THE HALF-YEAR ENDED
31 DECEMBER 2024



Mitchell
SERVICES

HALF-YEAR REPORT

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

The Directors of Mitchell Services Limited submit herewith the financial report of Mitchell Services Limited (**Company**) and its subsidiaries (**Group**) for the half-year ended 31 December 2024 (1H25). In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

DIRECTORS

The names of the Directors of the Company during or since the end of the half-year are:

Name

Nathan Andrew Mitchell
Peter Richard Miller
Robert Barry Douglas
Neal Macrossan O'Connor
Scott David Tumbridge
Peter Geoffrey Hudson

The above-named Directors have held office throughout the six months ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group provides exploration, mine site and geotechnical drilling services to the exploration, mining and civil construction industries within Australia and is currently headquartered in Seventeen Mile Rocks, Queensland.

Mining Industry Services

The Group provides drilling services at all stages of the mining lifecycle, in both the energy and minerals sectors. The diversity in operations allows for better management of the cyclical nature of commodity prices, as well as giving employees exposure to various forms of drilling as part of their career development.

The various stages of the project lifecycle for which the Group provides drilling services includes :

- Greenfield exploration;
- Project feasibility;
- Mine site exploration and resource definition;
- Development; and
- Production

Civil construction industry services

The group offers a wide range of geotechnical drilling services for civil construction projects. These services typically involve the application of specialist directional drilling techniques to provide civil projects with vital geotechnical data which enables ground investigation studies to be completed safely and efficiently.

There were no significant changes in the Group's nature of activities during the reporting period.

DIRECTORS' REPORT CONTINUED FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

REVIEW OF OPERATIONS

Safety

Finishing each day without harm is a core Mitchell Services value and the Group is committed to the safety of its most important asset – its people. The Group is particularly focused on training to attract, retain and further develop its crews to ensure that service levels and the quality of the Mitchell brand remain high.

As part of this commitment to finishing each day without harm, the Group has implemented an industry leading critical risk management program across the organisation. This infield program is designed to verify the existence and effectiveness of critical control measures to prevent life changing injuries and fatalities.

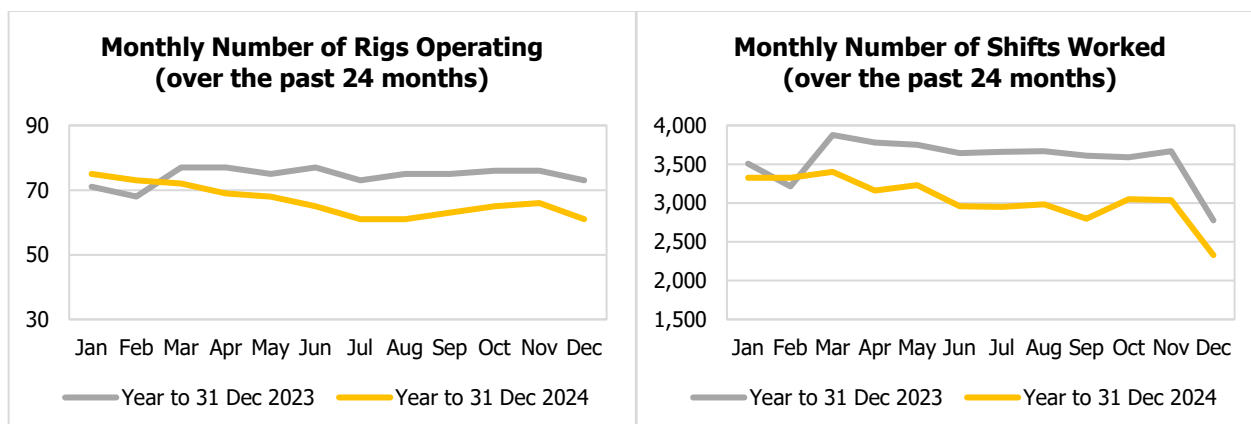
Activity levels

The Group has recently experienced a temporary reduction in utilisation levels. These reduced utilisation levels were not reflective of the state of the drilling services market for global mining majors and existing producers which remained strong given commodity prices. Instead, the softening was primarily in response to a variety of factors (largely outside the Group's control) including:

- An underground fire event at Grosvenor mine
- Mining industry corporate activity which saw drilling programs temporarily halted during periods of post-acquisition integration or during periods pre-sale
- Elevated rainfall events throughout August and into September including the heaviest August rainfall in decades that fell throughout the Australian east-coast coal fields
- General market conditions for junior resources

As a result of the above factors, 1H25 utilisation levels decreased, with average rig and total shift count of 62.8 and 17,149 being down 15.9% and 18.2% respectively on 1H24 (74.7 and 20,972). The decrease was most pronounced in the opening quarter of FY25 when the rig count reduced to 61 at one stage although this has steadily increased during the second quarter of FY25 and is expected to increase in 2H25 as rigs are deployed across new and expanding contracts.

The charts below illustrate utilisation (rig count) and productivity (number of shifts) over the past 24 months.



DIRECTORS' REPORT CONTINUED FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

The table below summarises key utilisation figures (operating rig count and number of shifts) over the past 18 months and demonstrates the impact on revenue over the same period.

	1H24	2H24	1H25
Average operating rigs	74.7	70.3	62.8
Number of shifts	20,972	19,408	17,149
Revenue (\$'000s)	121,644	115,185	99,365

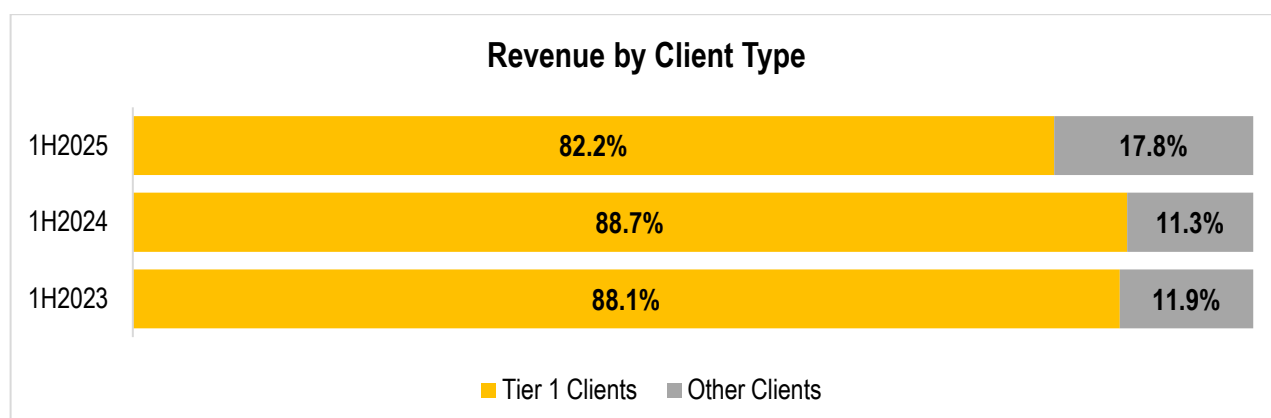
Customer base and revenue break-down

As the charts below demonstrate, the Group's revenue continues to be derived predominantly from large, multinational mining clients (Tier 1 clients). The drilling services that were provided to these Tier 1 clients were generally at producing mine sites and linked to the resource definition, development and production stages within the mine life cycle as opposed to greenfield exploration.

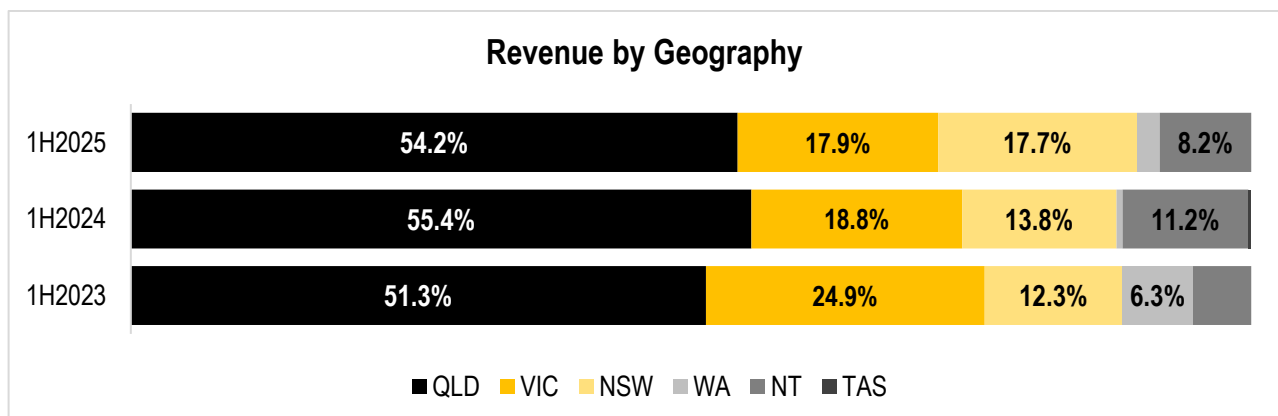
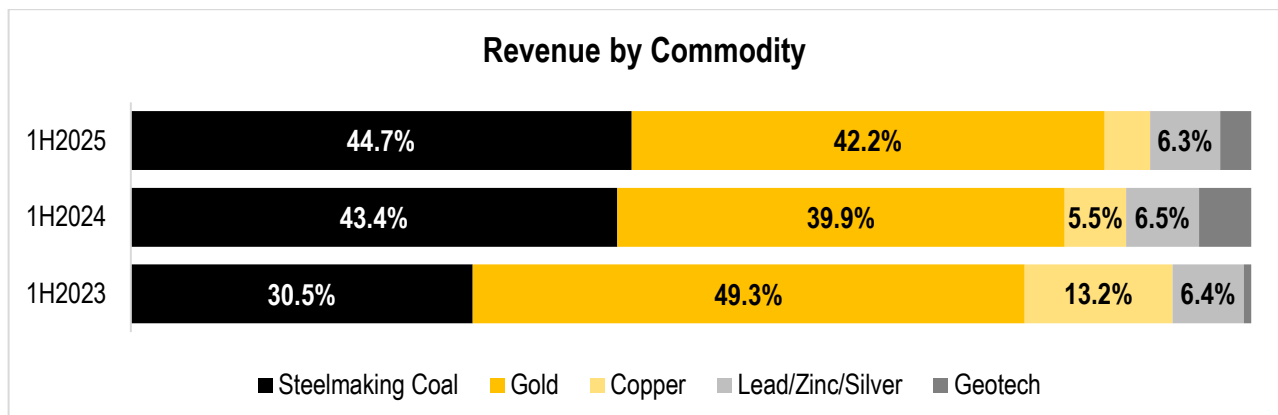
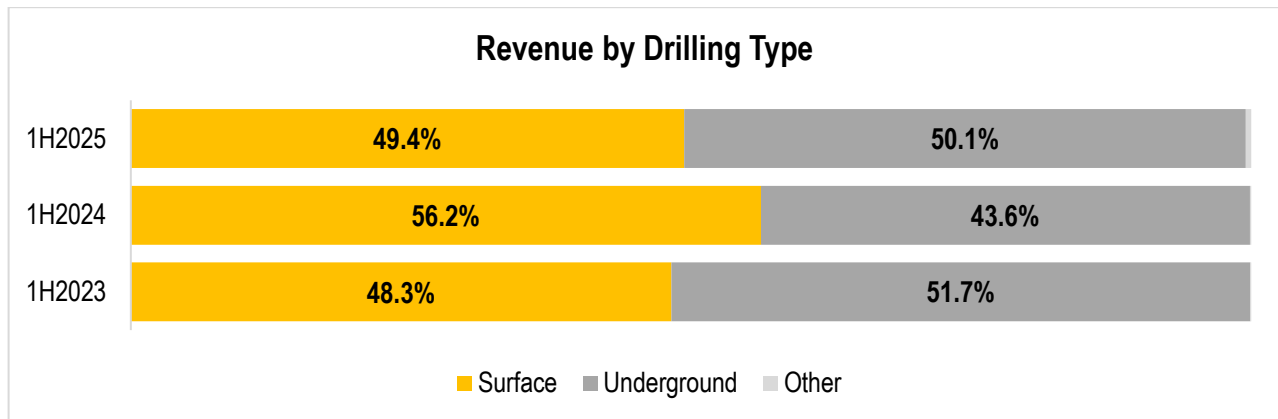
Diversification in revenue streams including the mix between surface and underground drilling as well as the mix between different commodity types continues to be a focus of the Board and management. The relevant proportions of 1H25 revenue derived from surface drilling and underground drilling are 49.4% and 50.1% respectively. This is well balanced compared to 1H24 which had recorded 56.2% and 43.6% by comparison. It should be noted that the more balanced mix this half is attributable to the lower overall utilisation being weighted towards surface drilling given the underground drilling shift count is broadly comparable with 1H24.

By commodity type, the mix is fairly similar to 1H24 with revenue contributed by steelmaking coal of 44.7% compared to 43.4% in 1H24, and gold at 42.2% compared to 39.9%. Other base metals and geotechnical drilling make up the 1H25 and 1H24 balance of 13.1% and 16.7% respectively.

The geographical mix corresponds with drilling and commodity types referenced above, with revenue from Queensland, Victoria and New South Wales comprising 54.2%, 17.9% and 17.7% respectively (1H24: 55.4%, 18.8% and 13.8%) while 1H25 operations in the Northern Territory of 8.2% (1H24: 11.2%) are also significant.



DIRECTORS' REPORT CONTINUED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024



DIRECTORS' REPORT CONTINUED FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

Profitability

The table below summarises the key profitability metrics for the half-year ended 31 December 2024 (1H25) versus the corresponding half-year ended 31 December 2023 (1H24).

	1H25	1H24	Movement	Movement
	\$m	\$m	\$m	%
Revenue (1)	99.4	121.6	(22.2)	(18.3%)
Operating expenses	(86.7)	(101.6)	(14.9)	14.7%
EBITDA* (2)	12.7	20.0	(7.3)	(36.5%)
Depreciation and amortisation	(12.6)	(13.0)	0.4	3.1%
EBIT*	0.1	7.0	(6.9)	(98.6%)
Finance costs (3)	(0.6)	(0.8)	0.2	25.0%
EBT	(0.5)	6.2	(6.7)	(108.1%)
Taxation benefit/(expense) (4)	0.2	(1.9)	2.1	110.5%
(Loss)/profit after tax	(0.3)	4.3	(4.6)	(107.0%)

*These figures are not subject to audit or review.

(1) In line with temporarily reduced utilisation levels (referred to earlier in this Director's Report), revenue has decreased by approximately 18.3% from \$121.6m in 1H24 to \$99.4m in 1H25.

(2) EBITDA of \$12.7m is down 36.5% on 1H24's reported \$20.0m. The decrease is primarily attributable To the lower levels of utilisation as well as costs associated with ramp up and mobilisation activities for new or expanding contracts. The most notable examples of this type of ramp up investment and other factors that drove the softer result include:

- Accelerated levels of mobilisation costs in relation to the Group's entry into the PNG market following the award of a multi-rig, multi-year, contract with a global gold mining major.
- The Group has expanded its service offering which now includes the provision of innovative decarbonisation drilling. Loop Decarbonisation Solutions (Loop) was recently incorporated to offer end to end decarbonisation solutions to a broad market of clients who are required to reduce fugitive emissions following reforms to the Safeguard Mechanism Legislation in Australia. Loop is a 50/50 joint venture between the Group and specialist mining advisory firm, Talisman Partners. The Loop business has gathered momentum faster than originally anticipated. Whilst this is positive, it did mean there was a significant amount of preparation work undertaken in 1H25 which came at a cost.
- 1H25 saw the Group enter the highly technical, SIS (surface to in-seam) drilling market following a successful contract award. As is sometimes the case with new service offerings developed organically, there was a cost and investment required to bring this offering to market, and those costs are reflected in the 1H25 EBITDA result.
- As at 31 December 2024 the Grosvenor mine remained shut following the underground fire event that took place approximately six months prior.

DIRECTORS' REPORT CONTINUED FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

(3) Finance costs in 1H25 of \$0.6m were 25.0% lower than the 1H24 figure of \$0.8m, in line with the reducing level of debt held by the Group.

(4) An income tax benefit of \$0.2m has been recognised compared to an income tax expense of \$1.9m in 1H24, driven by the recognition of a 1H25 accounting loss before tax of \$0.5m compared to an accounting profit before tax of \$6.2m in 1H24.

Cash flow

The table below summarises the key cashflow metrics for 1H25 versus the prior corresponding period (1H24).

	1H25	1H24	Movement	Movement
	\$m	\$m	\$m	%
Cash flows from operating activities (1)	10.6	24.4	(13.8)	(56.6%)
Payments for PPE (net of sales proceeds) (2)	(9.8)	(3.9)	(5.9)	(151.3%)
Payments for shares bought back	(0.4)	(1.9)	1.5	78.9%
Repayments of borrowings (3)	(5.4)	(8.4)	3.0	35.7%
Loans advanced to equity-accounted investee	(0.1)	-	(0.1)	(0.0%)
Dividends paid (4)	(4.3)	(4.5)	0.2	4.4%
Increase/(decrease) in cash and cash equivalents	(9.4)	5.7	(15.1)	(264.9%)

- (1) Cash flows from operating activities in 1H25 of \$10.6m is down \$13.8m (56.6%) on the \$24.4m generated in 1H24. The reduction is due mainly to the decrease in EBITDA performance as highlighted in the earlier profitability section. Further, 1H24 had also benefited from net working capital decreasing to \$19.5m at 31 December 2023 compared to \$26.7m at 30 June 2023 given a large investment in accounts receivable at that date. The current period has seen a relatively small decrease in net working capital of \$0.4m with respective balances of \$20.2m and \$19.8m at 30 June 2024 and 31 December 2024.
- (2) Whilst overall gross capital expenditure in 1H25 (\$10.3m) was broadly in line with 1H24 levels (\$10.0m), payments for PPE in 1H25 increased due to a greater proportion of capital expenditure being cash funded in 1H25 as opposed to debt funded in 1H24.
- (3) The \$3.0m reduction in repayment of borrowings is commensurate with the respective levels of borrowings in 1H25 and 1H24. It is a combination of certain hire purchase facilities which were in effect during 1H24 but which were fully repaid prior to the commencement of 1H25, as well as the Group having utilised a strong January 2024 working capital position to early repay in full a Corporate Market Loan from the NAB which otherwise would have incurred loan repayments of \$1.3m in 1H25.
- (4) Dividends paid are comparable to 1H24 and are a function of the Group post tax profit of \$9.2m generated in FY24.

DIRECTORS' REPORT CONTINUED FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

Financial position

The following table summarises the Group's financial position at 31 December 2024 and 30 June 2024.

	31 Dec 24	30 Jun 24	Movement	Movement
	\$	\$	\$	%
Current assets	45,860,424	57,466,180	(11,605,756)	(20.2%)
Non-current assets	68,450,117	69,941,165	(1,491,048)	(2.1%)
Total assets	114,310,541	127,407,345	(13,096,804)	(10.3%)
Current liabilities	40,828,584	48,536,056	(7,707,472)	(15.9%)
Non-current liabilities	12,723,237	13,241,441	(518,204)	(3.9%)
Total liabilities	53,551,821	61,777,497	(8,225,676)	(13.3%)
Net assets	60,758,720	65,629,848	(4,871,128)	(7.4%)

The Group's overall net asset position decreased to \$60.8m compared to \$65.6m at 30 June 2024. In addition to the loss generated in 1H25, the \$4.9m decrease was the result of the final FY24 dividend that was declared and paid during 1H25 (\$4.3m) as well as share buy-back payments of \$0.4m that were made during the same period.

The Group's current ratio shifted marginally to 1.12 at 31 December 2024 compared to 1.18 at 30 June 2024.

At 31 December 2024, Gross Debt was \$12.9m (30 June 2024: \$18.0m), comprising equipment hire purchase facilities only.

Net debt (defined as Gross debt less cash and cash equivalents) was \$6.2m at 31 December 2024, up \$4.3m (224%) on the equivalent at 30 June 2024 of \$1.9m, with the movement largely due to the dividend and share buy-back payments referred to earlier.

Capital management

The Group remains committed to the long-term growth of the business and its current capital management policy, designed to optimise returns to shareholders. Capital management performance during 1H25 is discussed below.

Dividends

The Group paid an unfranked franked dividend of \$4.3m during 1H25 (1H24: a partially franked dividend of \$4.5m) which was a final dividend in relation to the previous financial year (FY24).

Share buy backs

On 14 July 2022, the Group commenced an on-market share buy-back on the following key terms:

- The price paid for shares purchased under the buy-back will be no more than 5% above the volume weighted average price of the Company's shares over the five days of trading prior to the purchase; and
- The number of shares purchased under the buy-back will not exceed 10% of the Company's fully paid ordinary shares.

The buyback, initially expected to run till at least 30 June 2023, has since been extended to July 2025.

Pursuant to the terms of the on-market share buyback, the Group purchased back 954,705 shares in 1H25 for combined consideration of \$0.4m (1H24: 4,627,183 shares for a combined consideration of \$1.8m).

As at 31 December 2024 (and since the inception of the buyback in July 2022), the Group had purchased back 13,380,940 shares at a combined cost of \$5,046,509 (\$0.377 per share) net of transaction costs.

DIRECTORS' REPORT CONTINUED FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

EVENTS AFTER THE REPORTING DATE

On-market share buy back

As referred above, the Group is undergoing an on-market share buy back with 13,380,940 shares having been bought back for a combined consideration of \$5,046,509, net of transaction costs, at 31 December 2024.

Subsequent to 31 December 2024 and as at 18 February 2025, the Group has bought back an additional 1,085,138 shares for a combined consideration of \$368,382 meaning, to date, the number of shares bought back total 14,466,078 shares for a combined consideration of \$5,414,891 net of transaction costs.

Other than the matters noted above, there has not been any matters or circumstance occurring subsequent to the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in the future.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under s 307C of the *Corporations Act 2001* is set out on page 10 for the half-year ended 31 December 2024.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Nathan Mitchell
Executive Chairman

Dated at Brisbane this 19th day of February 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Mitchell Services Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Mitchell Services Limited for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review

KPMG

M J Jeffery
Partner

Brisbane
19 February 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

		31 Dec 24	31 Dec 23
	Note	\$	\$
Continuing operations			
Revenue	2	99,364,795	121,643,924
Other income		176,785	12,914
Gain on sale of assets		1,331,106	2,120,352
Drilling consumables		(9,155,909)	(14,237,329)
Employee and contract labour expenses		(51,733,317)	(62,667,396)
Fuel and oil		(1,502,120)	(1,420,515)
Freight and couriers		(1,805,630)	(1,921,984)
Hire of plant and equipment		(6,303,263)	(5,991,679)
Insurances		(1,944,706)	(1,806,698)
Legal and consultant fees		(498,296)	(334,586)
Rent		(311,254)	(417,107)
Service and repairs		(6,449,030)	(6,978,225)
Travel expenses		(4,610,015)	(5,259,537)
Depreciation expense		(12,682,347)	(13,006,514)
Share of loss of equity-accounted investee, net of tax		(69,489)	-
Finance expenses		(637,763)	(799,836)
Other expenses		(3,668,242)	(2,733,293)
Profit/(loss) before tax		(498,695)	6,202,491
Income tax benefit/(expense)	7	179,531	(1,949,279)
Profit/(loss) for the period		(319,164)	4,253,212
Other comprehensive income, net of income tax			
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		(319,164)	4,253,212
Profit/(loss) attributable to:			
Owners of the parent		(319,164)	4,253,212
Total comprehensive income attributable to:			
Owners of the parent		(319,164)	4,253,212
Earnings/(loss) per share			
Basic (cents per share)		(0.15)	1.97
Diluted (cents per share)		(0.15)	1.97

The accompanying notes are an integral part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		31 Dec 24	30 Jun 24
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		6,650,484	16,034,832
Trade and other receivables	3	24,021,199	29,597,976
Other current assets		1,402,570	2,052,711
Inventories		13,786,171	9,780,661
Total current assets		45,860,424	57,466,180
Non-current assets			
Right-of-use assets		1,179,150	1,466,003
Property, plant and equipment	4	61,434,884	62,719,590
Intangibles at cost		5,755,572	5,755,572
Equity-accounted investee	5	80,511	-
Total non-current assets		68,450,117	69,941,165
Total assets		114,310,541	127,407,345
LIABILITIES			
Current liabilities			
Trade and other payables		19,437,604	21,230,310
Income tax payable	7	404,343	-
Current other financial liabilities	6	9,914,892	15,301,609
Current provisions		11,071,745	12,004,137
Total current liabilities		40,828,584	48,536,056
Non-current liabilities			
Non-current other financial liabilities	6	4,362,136	4,361,870
Deferred tax liabilities	7	6,971,158	7,555,031
Non-current provisions		1,389,943	1,324,540
Total non-current liabilities		12,723,237	13,241,441
Total liabilities		53,551,821	61,777,497
Net assets		60,758,720	65,629,848
EQUITY			
Issued capital		75,195,257	75,553,379
Retained earnings		(14,436,537)	(9,923,531)
Total equity		60,758,720	65,629,848

The accompanying notes are an integral part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

		Issued Capital	Retained Earnings	Total
	Note	\$	\$	\$
Balance at 1 July 2023		77,772,294	(10,671,892)	67,100,402
Comprehensive income				
Profit for the period		-	4,253,212	4,253,212
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	4,253,212	4,253,212
Transactions with owners of the company				
Shares bought back on-market and transaction costs		(1,835,621)	-	(1,835,621)
Dividend declared		-	(4,477,350)	(4,477,350)
Recognition of share-based payments		-	158,287	158,287
Total transactions with owners of the company		(1,835,621)	(4,319,063)	(6,154,684)
Balance at 31 December 2023		75,936,673	(10,737,743)	65,198,930
Balance at 1 July 2024		75,553,379	(9,923,531)	65,629,848
Comprehensive income				
Loss for the period		-	(319,164)	(319,164)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	(319,164)	(319,164)
Transactions with owners of the company				
Shares bought back on-market and transaction costs	8	(358,122)	-	(358,122)
Dividend declared		-	(4,275,679)	(4,275,679)
Recognition of share-based payments		-	81,837	81,837
Total transactions with owners of the company		(358,122)	(4,193,842)	(4,551,964)
Balance at 31 December 2024		75,195,257	(14,436,537)	60,758,720

The accompanying notes are an integral part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

		31 Dec 24	31 Dec 23
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		114,591,546	142,107,806
Payments to suppliers and employees		(103,638,472)	(116,952,519)
Interest received		168,755	-
Interest paid		(556,241)	(781,175)
Net cash provided by operating activities		10,565,588	24,374,112
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,091,803	2,313,551
Payments for purchase of property, plant and equipment		(11,848,830)	(6,229,123)
Net cash used in investing activities		(9,757,027)	(3,915,572)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back	8	(358,122)	(1,835,621)
Dividends paid		(4,275,679)	(4,477,350)
Repayment of borrowings	6	(5,409,108)	(8,401,435)
Loans advanced to equity-accounted investee		(150,000)	-
Net cash used in financing activities		(10,192,909)	(14,714,406)
Net (decrease)/increase in cash and cash equivalents		(9,384,348)	5,744,134
Cash and cash equivalents at the beginning of the period		16,034,832	11,107,630
Cash and cash equivalents at the end of the period		6,650,484	16,851,764

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2024 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Mitchell Services Limited and its controlled entities (referred to as the **Group**). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2024, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 19th February 2025.

(b) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

2. REVENUE

(a) Income from continuing operations

	31 Dec 24	31 Dec 23
	\$	\$
Revenue from contracts with customers	99,364,795	121,643,924
	<u>99,364,795</u>	<u>121,643,924</u>

(b) Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from contracts with customers by commodity, drilling type and client type, as this appropriately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Commodity

Steelmaking Coal	44,419,285	52,838,843
Gold	41,947,464	48,575,699
Copper	4,028,640	6,657,303
Lead/zinc/silver	6,236,671	7,921,600
Geotech	2,263,067	5,505,967
Other revenue	469,668	144,512
	<u>99,364,795</u>	<u>121,643,924</u>

Drilling type

Surface drilling	49,087,378	68,418,235
Underground drilling	49,807,749	53,081,177
Other revenue	469,668	144,512
	<u>99,364,795</u>	<u>121,643,924</u>

Geography

Queensland	53,833,329	67,389,198
Victoria	17,787,053	22,874,547
New South Wales	17,608,008	16,755,468
Western Australia	2,022,015	655,874
Northern Territory	8,114,390	13,659,781
Tasmania	-	309,056
	<u>99,364,795</u>	<u>121,643,924</u>

Timing of revenue recognition

Services transferred over time	80,401,553	101,934,838
Goods transferred at a point in time	18,963,242	19,709,086
	<u>99,364,795</u>	<u>121,643,924</u>

3. TRADE AND OTHER RECEIVABLES

	31 Dec 24	30 Jun 24
	\$	\$
Trade debtors	12,096,494	13,887,073
Accrued income	11,860,214	15,647,039
Bonds and deposits	64,491	63,864
	24,021,199	29,597,976

4. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant and Equipment	Motor vehicles	Furniture and Fittings	Capital WIP	Total
	\$	\$	\$	\$	\$	\$
At 30 June 2024						
Cost or fair value	685,760	170,821,984	21,341,014	1,573,574	3,960,626	198,382,958
Accumulated depreciation	(334,271)	(117,982,042)	(16,012,233)	(1,334,822)	-	(135,663,368)
Net book amount	351,489	52,839,942	5,328,781	238,752	3,960,626	62,719,590
Half-year ended 31 December 2024						
Opening net book amount	351,489	52,839,942	5,328,781	238,752	3,960,626	62,719,590
Additions	-	4,416,494	1,460,076	-	5,972,258	11,848,828
Transfers	-	4,684,842	742,030	10,550	(5,437,422)	-
Disposals	-	(724,896)	(35,801)	-	-	(760,697)
Depreciation	(51,147)	(11,465,159)	(816,383)	(40,148)	-	(12,372,837)
Closing net book amount	300,342	49,751,223	6,678,703	209,154	4,495,462	61,434,884
At 31 December 2024						
Cost or fair value	685,760	174,720,464	23,162,425	1,584,124	4,495,462	204,648,235
Accumulated depreciation	(385,418)	(124,969,241)	(16,483,722)	(1,374,970)	-	(143,213,351)
Net book amount	300,342	49,751,223	6,678,703	209,154	4,495,462	61,434,884

Depreciation expense reflected above of \$12,372,837 does not include depreciation of \$309,510 on right-of-use assets recognised during the half-year ended 31 December 2024.

5. EQUITY- ACCOUNTED INVESTEE

In late FY24, the Group entered into a 50/50 joint venture with specialist mining advisory firm, Talisman Partners (Talisman). The incorporated joint venture, Loop Decarbonisation Solutions Pty Ltd (Loop), was established to offer end to end decarbonisation solutions to a broad market of clients who are required to reduce fugitive emissions following reforms to the Safeguard Mechanism Legislation in Australia.

To assist in funding the initial working capital requirements of Loop, the Group advanced loans totalling \$150,000 during the period ended 31 December 2024.

Given its start-up nature, Loop has recognised an accounting loss of \$138,978 for the half-year ended 31 December 2024 and pursuant to its joint control with Talisman, the Group has recognised a 50 per cent share of that loss amounting to \$69,489. The receivable at 31 December 2024 of \$80,511 is represented by the sum of the loans advanced of \$150,000 less the Group's \$69,489 share of Loop's accounting loss.

6. FINANCIAL LIABILITIES

	31 Dec 24	30 Jun 24
	\$	\$
Current		
Equipment Hire Purchase Facilities	9,306,937	14,648,966
Lease liability	607,955	652,643
	9,914,892	15,301,609
Non-current		
Equipment Hire Purchase Facilities	3,572,172	3,309,535
Lease liability	789,964	1,052,335
	4,362,136	4,361,870

A reconciliation of movement in financial liabilities during the half-year ended 31 December 2024 is shown below:

Half-year ended 31 December 2024	At 1 July 2024	Right-of-use lease liability adjustment	Cash repayments	At 31 December 2024
	\$	\$	\$	\$
Equipment Hire Purchase Facilities	17,958,501	-	(5,079,392)	12,879,109
Lease liability	1,704,978	22,657	(329,716)	1,397,919
Total	19,663,479	22,657	(5,409,108)	14,277,028

7. TAXATION

(i) Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate for the half-year ended 31 December 2024 was 36.0% (half-year ended 31 December 2023: 31.4%).

(ii) Income tax payable

Income tax payable of \$404,343 (30 June 2024: nil) is represented by the recognition of a taxable profit of approximately \$2,554,504, with the full utilisation of brought forward tax losses of \$1,206,693 reducing the assessable taxable income to \$1,347,811. Despite the accounting loss before tax recorded during the half-year ended 31 December 2024, the taxable profit has arisen due to the partial reversal of significant temporary taxable differences, mainly related to depreciation of property, plant and equipment.

(iii) Net deferred tax liabilities

Net deferred tax liabilities of \$6,971,158 (30 June 2024: \$7,555,031) comprise deferred tax liabilities on temporary differences partially offset by deferred tax assets on temporary differences. At 31 December 2024, net deferred tax liabilities on temporary differences total \$6,971,158 (30 June 2024: \$7,917,039) with no further deferred tax assets recognised on losses (30 June 2024: \$362,008).

The half-year movement in deferred tax balances is largely attributable to the recognition of a taxable profit of approximately \$2,554,504 (prior to the full utilisation of brought forward tax losses of \$1,206,693) and this occurred primarily due to the partial reversal of temporary differences related to property, plant, and equipment, with a consequential decrease to the net deferred tax liabilities on temporary differences.

8. ISSUED CAPITAL

Refer table below which reconciles movement in the number of shares and payments for shares bought back during the half-year ended 31 December 2024.

Fully paid ordinary shares	No of shares	Gross of share issue costs	Share issue costs	Issued capital
		\$	\$	\$
Balance at 30 June 2024	213,923,502	78,804,488	(3,251,109)	75,553,379
Shares bought back on-market and cancelled, including transaction costs	(954,705)	(358,122)	-	(358,122)
Balance at 31 December 2024	212,968,797	78,446,366	(3,251,109)	75,195,257

9. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties.

Manutech Engineering and Maintenance

The Group engages Manutech Engineering and Maintenance to purchase parts and in some instances perform repair and maintenance type services. Manutech Engineering and Maintenance is an entity controlled by Peter Miller. The amount incurred during the reporting period in relation to these services was \$32,008 including GST. An amount of \$786 remains owing to this related entity at the end of the reporting period.

Equipment Hub Pty Ltd

In order to satisfy specific contract requirements, the Group hired plant and equipment not available in its fleet from Equipment Hub Pty Ltd (Equipment Hub). Nathan Mitchell is a significant shareholder of Equipment Hub. Hire of plant and equipment from this related entity for the reporting period amounted to \$397,320 including GST. In addition to equipment hire, the Group also purchased minor parts from this entity during the period, amounting to \$20,517 including GST. An amount of \$46,334 remains owing to this related entity at the end of the reporting period.

The Group also engaged Equipment Hub as a broker to sell a drill rig and truck, and two EDM loaders to a third party. Commissions totalling \$107,800 inclusive of GST, were paid to Equipment Hub per this arrangement. Nil amount remains receivable from the related entity at the end of the period.

Eastwest Drilling and Mining Supplies Pty Ltd

Eastwest Drilling and Mining Supplies Pty Ltd is an entity controlled by Scott Tumbridge and operate as a supplier to the Group in the ordinary course of business. During the reporting period, Eastwest supplied parts, consumables and hire equipment with amounts charged totalling \$2,171,205. All amounts are inclusive of GST and were based on normal market rates and under normal payment terms. An amount of \$587,389 remains owing to this related entity at the end of the reporting period.

Mitchell Family Investments (QLD) Pty Ltd

Mitchell Family Investments (QLD) Pty Ltd is an entity controlled by Nathan Mitchell. The Group leases the majority of the premises located at 112 Bluestone Circuit, Seventeen Mile Rocks, Brisbane, which is owned by Mitchell Family Investments (QLD) Pty Ltd. The rent associated with this property for the reporting period amounted to \$176,787. Amounts owing to this related entity at the end of the reporting period is \$30,001.

Mitchell Group Pty Ltd

Mitchell Group is an entity controlled by Nathan Mitchell. The Group and this related entity currently operate under an arrangement whereby the services of an in-house legal counsel are shared between the two entities. Net of minor outgoings recovered by the Group, invoices in relation to this shared resource totalling \$90,200, inclusive of GST, were issued to the Group by the related entity during the period with an amount of \$12,190 remaining owing at the end of the reporting period.

DECEMBER 2024

As referred above, the Group leases premises at 112 Bluestone Circuit (Head Office) from Mitchell Family Investments (QLD) Pty Ltd. During the 2024 financial year, the Group entered into an arrangement whereby it has sublet an area of the Head Office to Mitchell Group Pty Ltd through to 31 December 2026 with an extension option. During the current reporting period, the Group charged Mitchell Group Pty Ltd rent and outgoings totalling \$19,876 and \$9,981 respectively, both inclusive of GST, with an amount of \$10,256 remaining receivable by the Group at the end of the reporting period

10. OPERATING SEGMENTS

The Group operates primarily within Australia, providing services wholly to a discrete industry segment (provision of drilling services to the mining industry). These geographic and operating segments are considered based on internal management reporting and the allocation of resources by the Group's chief decision makers. On this basis, the financial results of the reportable operating and geographic segments are equivalent to the financial statements of the Group as a whole and no separate segment reporting is disclosed in these financial statements.

11. FINANCIAL COMMITMENTS

As at 31 December 2024 the Group had capital commitments of approximately \$1,312,288 mainly relating to upgrades to existing rigs and equipment, purchase of ancillary equipment, drilling pipe, and sundry other items of plant and equipment.

12. EVENTS AFTER THE REPORTING DATE*On-market share buy back*

The Group is undergoing an on-market share buy back 13,380,940 shares having been bought back for a combined consideration of \$5,046,509, net of transaction costs, at 31 December 2024.

Subsequent to 31 December 2024 and as at 18 February 2025, the Group has bought back an additional 1,085,138 shares for a combined consideration of \$368,382 meaning, to date, the number of shares bought back total 14,466,078 shares for a combined consideration of \$5,414,891 net of transaction costs.

Other than the matters noted above, there has not been any matters or circumstance occurring subsequent to the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in the future.

Directors' Declaration

In accordance with a resolution of the Directors of Mitchell Services Limited ("the Company"), the Directors declare that:

- 1) the Condensed consolidated financial statements and notes, as set out on pages 11-20, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - b) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the six-month period ended on that date.
- 2) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

On behalf of the Directors



Nathan Mitchell
Executive Chairman

Dated at Brisbane this 19th day of February 2025



Independent Auditor's Review Report

To the shareholders of Mitchell Services Limited,

Conclusion

We have reviewed the accompanying **Condensed Half-year Financial Report** of Mitchell Services Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Half-year Financial Report of Mitchell Services Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Half-year Financial Report** comprises:

- Condensed Consolidated statement of financial position as at 31 December 2024
- Condensed Consolidated statement of profit or loss and other comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 12 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Mitchell Services Limited Company and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Condensed Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Half-year Financial Report

Our responsibility is to express a conclusion on the Condensed Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the [Half-Year/Interim Period] ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain 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.

KPMG

M J Jeffery

Partner

Brisbane

19 February 2025