



Mitchell
SERVICES

24 April 2025

Mitchell Services Limited (ASX: MSV)

Quarterly Investor Update

Strong financial performance at the end of Q3 expected to continue into Q4 and beyond.

- Quarterly revenue of \$46.8m
- Quarterly EBITDA of \$5.3m
- New projects starting to deliver earnings
- Expect operating rig count to continue to increase in Q4
- Loop Decarbonisation business exceeding expectations

Dear Shareholder

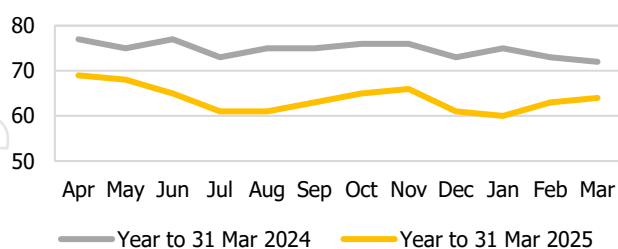
I am pleased to provide the following investor update for the quarter ended 31 March 2025 (**FY25 Q3**) for Mitchell Services Limited (**the Company**) based on the Company's un-audited consolidated management accounts.

Quarterly results

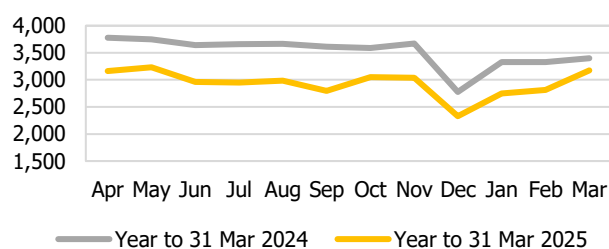
As expected, 1H25 represented a transition phase with significant investment into newly won replacement projects and service offerings. This transition phase continued throughout FY25 Q3 with a gradual monthly increase in operating rigs between January and March as a portion of the replacement projects commenced operations. Like 1H25, the FY25 Q3 results were inclusive of expected mobilisation costs, wet weather delays as well as delays due to the traditional Christmas and New Year period. While these factors negatively impacted the EBITDA performance, it is worth noting that the Q3 EBITDA figure of \$5.3m was mostly generated toward the back end of the quarter which demonstrates that new projects are starting to deliver earnings and that mobilisation costs are reducing as expected.

	FY25 Q3	FY24 Q3	Movement	Movement %
Average operating rigs	62.3	73.3	(11)	(15%)
Number of shifts	8,736	10,055	(1,319)	(13%)
Revenue (\$'000s)	46,802	59,155	(12,353)	(21%)
EBITDA (\$'000s)	5,315	10,518	(5,203)	(49%)
EBITDA margin (%)	11.4	17.8	(6.4)	(36%)
Operating cash flow (\$'000s)	(3,660)	9,372	(13,032)	(139%)
Operating cash conversion ratio (%)	(68.9)	89.1	(158)	(177%)

**Monthly Number of Rigs Operating
(over the past 24 months)**



**Monthly Number of Shifts Worked
(over the past 24 months)**



In relation to the operating cash flow performance, the below table has been included to provide additional context and demonstrates the additional working capital requirements during periods of increasing rig utilisation which was the primary driver of lower cash conversion. Management expects this trend to reverse as operations return to normal operating levels.

	31 Mar 25	31 Dec 24	Movement	Note
Trade and other receivables (\$'000s)	32,047	25,424	6,623	1
Inventories (\$'000s)	13,960	13,786	174	2
Trade and other payables (\$'000s)	(18,049)	(19,438)	1,389	3
Net working capital (\$'000s)	27,958	19,772	8,186	

1. The increase in trade and other receivables is largely due to the gradual increase in monthly revenue, from \$11.7m in December 2024 to \$17.5m in March 2025
2. Inventory levels in March have remained relatively consistent with those levels in December
3. As referenced earlier, the FY25 Q3 EBITDA was mostly generated toward the back end of the quarter as ramp up related expenditure decreased. This reduction in ramp up expenditure toward the end of the quarter is the primary driver for the decrease in trade and other payables

The FY25 Q3 working capital increase has had a short-term impact on net debt which has increased from \$6.2m at 31 December 2024 to \$14.2m at 31 March 2025.

Year to date results

The table below summarises the un-audited financial and operating results for the nine months ended 31 March 2025 (FY25 YTD) and the corresponding nine months ended 31 March 2024 (FY24 YTD).

	FY25 YTD	FY24 YTD	Movement	Movement %
Average operating rigs	62.7	74.2	(11.5)	(15%)
Number of shifts	25,885	31,027	(5,142)	(17%)
Revenue (\$'000s)	146,166	180,799	(34,633)	(19%)
EBITDA (\$'000s)	17,967	30,527	(12,560)	(41%)
EBITDA margin (%)	12.3	16.9	(4.6)	(27%)
EBT (\$'000's)	(1,040)	9,884	(10,924)	(111%)
Annualised ROIC (%)	(0.4)	16.2	(16.6)	(102%)
Operating cash flow (\$'000s)	6,905	33,746	(26,841)	(80%)
Operating cash conversion ratio (%)	38.4	110.5	(72.1)	(65%)

Loop decarbonisation business update

The Loop decarbonisation business (Loop) continues to progress quicker than expected. Loop offers end to end decarbonisation solutions to a broad range of clients including those 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 Company and specialist mining advisory firm, Talisman Partners.

Loop's first project is well underway with the drilling performance and project outcomes exceeding expectations to the point that it has yielded interest from several other potential customers. A second project with a different customer has also commenced and is currently in the consultation/feasibility stage.

Acknowledging that Loop is in its early stages, it nevertheless represents exciting growth for the Company in an entirely new sector and drilling market.

Outlook

Whilst FY25 has been challenging due to multiple factors, the business has responded well by securing replacement projects. Based on current contracted projects, the Company expects that the operating rig count will continue to increase throughout FY25 Q4 such that the 1 July 2025 operating rig count will be on or around 70 rigs.

Approximately 45% of the Company's revenue comes from gold, and we are starting to see increased enquiry levels given the current record gold prices. The Company also expects that shareholder returns will recommence post this FY25 period of transition and upon the performance of the business normalising.

In closing, I would like to again thank all employees for their hard work and dedication and all shareholders for their ongoing support.

Yours faithfully,



Andrew Elf
Chief Executive Officer
Mitchell Services Limited