

# 1H FY2025 HALF YEAR RESULTS

**Mastermyne Group Limited (ABN 96 142 490 579)**

*26 February 2025*



# Mastermyne - the underground specialist

Proven expertise across the underground coal mining value chain utilising three well recognised brands



- › Coal Mine Services:
  - › Mine development including drift drivage
  - › In-place roadway development production
  - › Cut and Flit Production
  - › Mine support services, such as: ventilation, conveyor installation, longwall relocations and outbye services
  - › Production and ancillary equipment hire and maintenance
  - › Supply of specialist products & consumables
- › Design and Engineering:
  - › New mine studies from Concept through to Feasibility
  - › Mine optimisation
  - › Technical services



- › Market leading, specialist polymeric products and services
  - › Secondary support and mine emergency sealing solutions
  - › Cavity fill and resin injection strata consolidation



- › Leading specialist RTO delivering accredited training and inductions to mine operators
  - › Outsourced training & compliance
  - › Tailored 'cleanskin' courses

# Background and context

*Achieved a position of stability in time to meet emerging external challenges*



# Safety and Sustainability

*Elevating Safety Performance combined with renewed focus on social and governance responsibilities*

## *Safety*

- › *Elevating Safety Performance continues to be a priority project focused on:*
  - › *Project leadership training*
  - › *Psychological behavioural awareness training*
  - › *Scoping and critical controls targeted at fatal risks*
  - › *Safety audits and coaching*
  - › *Shared learnings*
- › *Mastermyne's safety performance improving:*
  - › *Severity of incidents generally lower*
  - › *Work remaining to achieve goal of zero life changing incidents*
- › *Legacy incidents*
  - › *Mastermyne facing prosecutions in relation to three legacy incidents*

## *Environmental*

- › *Developing an environmental roadmap integrated with our risk management process*
- › *Sustainability Reporting will be implemented in accordance with AASB S2 Climate-related Disclosures*

## *Social*

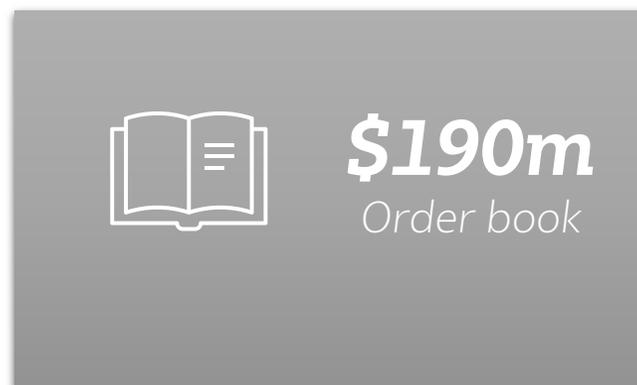
- › *Refreshing investment in our people and our brand post turnaround, for example:*
  - › *Project leadership training*
  - › *Community and charity sponsorship*

## *Governance*

- › *Non-executive chair appointed in Oct 2024*
- › *Audit & Risk Committee charter rebalanced to heighten focus on risk management*

# 1H FY2025 Headline Financials

Revenue and profitability impacted by external events including Grosvenor mine fire and tightening market conditions. Net cash position strengthened further and replacement growth options identified.



# 1H FY2025 Highlights

Focus on core strategic pillars has enabled Mastermyne to respond to external challenges



Continued focus on elevating safety performance and core operations



EBITDA<sup>1</sup> of \$6.9m significantly impacted by Grosvenor mine fire and market pressures



Delivered net cash flow from operations of \$13.2m resulting in net cash position at Dec 2024 of \$31.9m enabling future growth opportunities including both organic and M&A



Order book lower due to timing of major contract renewals, but project pipeline (including potential extensions) provides opportunity for order book growth



Given improved financial strength over past 18 months, re-commencing dividend payments with fully franked interim dividend for FY25 of 0.5 cents per share

# Earnings

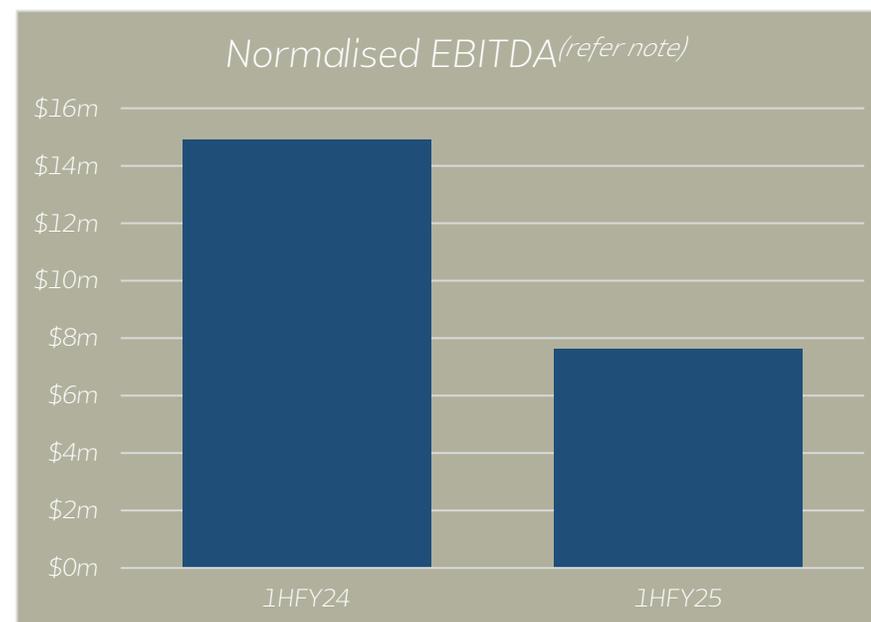
1H FY25 earnings impacted by external events

\$ Millions	1H FY24	1H FY25
<b>Revenue</b>	<b>147.0</b>	<b>118.7</b>
Other Income (including Asset sales)	4.3	0.3
Expenses	-133.2	-112.1
<b>EBITDA<sup>1</sup></b>	<b>18.1</b>	<b>6.9</b>
EBITDA Margin (%)	12.3	5.8
Depreciation & Amortisation	-4.6	-4.3
<b>Results from operating activities</b>	<b>13.5</b>	<b>2.6</b>
Net Finance Expenses	-2.5	-0.4
<b>Profit Before Income Tax</b>	<b>11.1</b>	<b>2.2</b>
Income Tax Benefit / (Expense)	-0.1	-1.3
<b>Net Profit After Tax From Continuing Operations</b>	<b>11.0</b>	<b>0.9</b>
<b>Profit/(Loss) From Discontinued Operations</b>	<b>-0.1</b>	<b>0.1</b>
<b>Total Comprehensive Income</b>	<b>10.9</b>	<b>1.0</b>

- › As advised to the market<sup>2</sup>, the Grosvenor fire on 29 June 2024 was expected to impact our operations. As the situation developed, Mastermyne's services at Grosvenor were suspended effectively from 1 September 2024 and Aquila manning levels were reduced. As a consequence, revenue from Grosvenor and Aquila was down on PCP by a combined \$38M.
- › Finance expenses lower due to improved capital position.

<sup>1</sup> EBITDA – Earnings before discontinued operations, net finance expenses, income tax expense/benefit, depreciation and amortisation

<sup>2</sup> Announcements dated 1 July 2024, 9 July 2024, 31 July 2024 and 8 October 2024



Note

- 1H FY24 EBITDA normalised for \$4.1M of asset sales and \$0.9M of plant and equipment impairment losses, resulting in a Normalised EBITDA of \$14.9M.
- 1H FY25 EBITDA normalised for \$0.7M impairment on assets held for sale, resulting in a Normalised EBITDA of \$7.6M.
- › Reduction in normalised EBITDA due to lost margin from lower manning at Grosvenor and Aquila mines, plus lost product sales at Integra mine due to its closure in August 2024 and general market pressures.

# Cash Flow

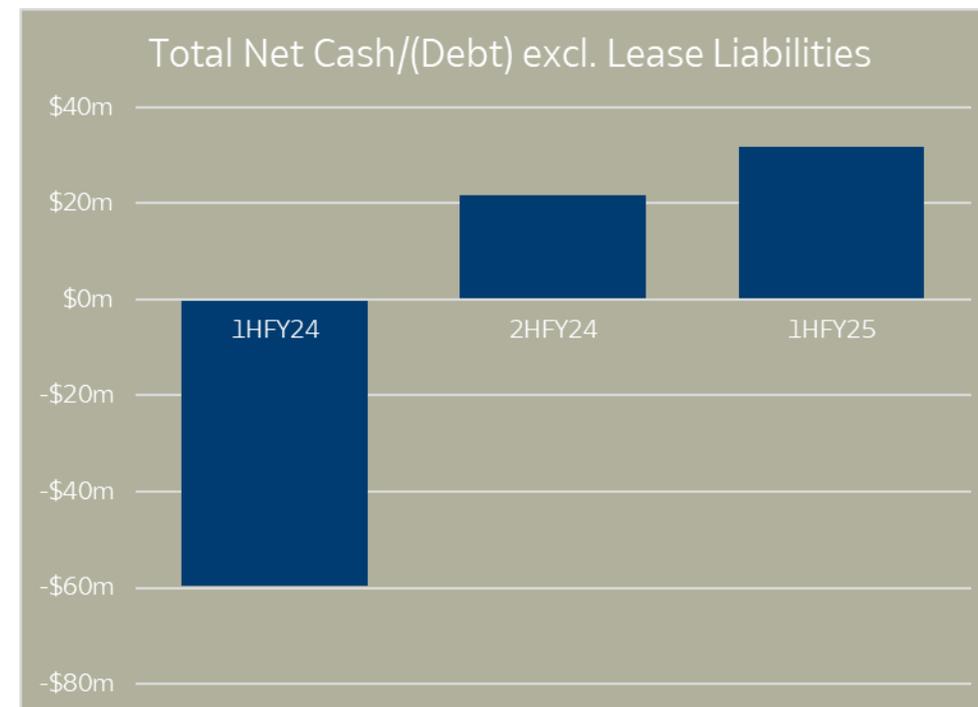
Positive Net Operating Cash flow achieved through conversion of working capital to cash

\$ Millions	1H FY24	1H FY25
Results from operating activities – Continuing operations	13.5	2.6
Results from operating activities – Discontinued operations	1.4	-
Movements in Working Capital	-31.9	5.6
Non-Cash Items	11.5	5.4
Net Finance Costs Paid	-3.8	-0.4
<b>Net Operating Cash Flow</b>	<b>-9.2</b>	<b>13.2</b>
Payments for Property, Plant and Equipment	-3.3	-0.9
Proceeds from Sale of Plant & Equipment	32.0	-
Net Repayment of Borrowings	-24.0	-0.9
Payments of Lease Liabilities (Principal)	-3.8	-2.6
Payments of Deferred Consideration	-2.1	-
Proceeds from Sale of Entities and Business	0.0	0.3
Proceeds from issue of shares (net of share issue costs)	0.8	-
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>-9.6</b>	<b>9.1</b>
Cash and Cash Equivalents at Beginning of Period	12.9	26.0
<b>Cash and Cash Equivalents at End of Period</b>	<b>3.3</b>	<b>35.2</b>

# Balance Sheet

NTA of \$63.8m includes high cash component

\$ Millions	Dec-23	Jun-24	Dec-24
Cash and Cash Equivalents	3.3	26.0	35.2
Borrowings	-60.0	-2.0	-2.3
Liabilities directly associated with assets classified as held for sale	-2.8	-2.2	-1.0
<b>Net Cash/(Debt)</b>	<b>-59.5</b>	<b>21.8</b>	<b>31.9</b>
Property, Plant and Equipment	47.9	8.0	10.7
Assets classified as held for sale	4.3	3.6	2.9
Right-Of-Use Assets	14.4	8.3	5.1
Working Capital	53.9	21.4	15.7
Lease Liabilities	-12.3	-5.2	-5.4
Current Tax Liabilities	-16.8	-1.4	-1.5
Deferred Tax Assets	-	5.9	4.6
<b>Net Tangible Assets</b>	<b>31.9</b>	<b>62.4</b>	<b>63.8</b>
<b>Intangible Assets</b>	<b>12.6</b>	<b>11.2</b>	<b>11.1</b>
<b>Net Assets</b>	<b>44.5</b>	<b>73.6</b>	<b>74.9</b>



- › Net Tangible Assets of \$63.8m represents 21 cents per share, underpinning financial stability and continued resilience
- › \$35.2m cash holding with minimal debt positioning the Company to capitalise on growth opportunities as they arise



# FY2025 Outlook

## Options for growth albeit tempered by ongoing market headwinds

### Order Book & Pipeline

- › Mastermyne's Order book<sup>1</sup> of \$190m (1H FY2024: \$278m) reflects the timing of Moranbah North and Aquila expiry dates of 5 Apr 2025, but is expected to grow with imminent opportunities included in the pipeline.
- › Mastermyne has a pipeline of contract opportunities, worth approximately \$1.0bn (FY2024: \$1.4bn), with \$0.4bn currently in active tenders/negotiations in our core contract mining services space. This comprises contract renewals, expansions and new mining projects.

### Outlook for 2H FY2025

- › Continued market headwinds with current lower coal prices coupled with legislation driving cost inflation leading to pressure on contractors' margins and activity levels.
- › On a positive note, in 1H FY2025, Mastermyne won and started the ventilation works contract at Peabody Energy's major new Qld mine, Centurion, and extended its Anglo American contracts to April 2025 with a further extension currently being negotiated albeit with reduced manning levels at Moranbah North mine from end of March 2025.
- › Other growth opportunities include a new contract at GM3's Appin and Dendrobrium mines to supply Wilson Mining strata control products and services, currently being mobilised. Discussions also underway in relation to a potential labour contract at Appin mine.
- › Internal efficiency improvement projects well progressed targeting enhanced competitive positioning.

### Key commercial risks include

- › Anglo extension for 6 months from April 2025
- › Anglo American Steel Making Coal sale process to Peabody
- › Legislative changes including Industrial Relations (notably 'Same Job Same Pay')
- › Coal price fluctuations which may impact client investment and activity levels

1. Including options to extend and recurring work

# FY2025/26 Priorities

Building on the foundations achieved over past 18 months, Mastermyne is well positioned to **deliver** on its priorities

- › Maintaining financial stability and safe, efficient operations
- › Cautiously pursuing growth within core capabilities through disciplined selection of target projects
- › Potentially diversifying into adjacent activities with good strategic fit and economics
- › Growth opportunities, both M&A and organic, apparent in the market and through our majority shareholder's network (M Resources)
- › Strategic priorities remain:
  - › Continuing to diversify and expand client/project portfolio through a targeted Winning Work strategy
  - › Developing our project leaders
  - › Investing to enhance competitive advantage
  - › Driving business efficiencies
  - › Delivering irreplaceable performance to our clients



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