ASX ANNOUNCEMENT / MEDIA RELEASE
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FY21 FINANCIAL RESULTS AND OUTLOOK

MLG OZ LTD ABN 53 102 642 366 ACN 102 642 366

HIGHLIGHTS

- Pro forma revenue of $254.0 million ahead of prospectus forecast ($241.6 million) due to higher demand for haulage and recognition of proceeds related to cessation of crushing activity at Christmas Creek.
- Pro forma Earnings before Interest and Tax (EBITDA) of $42.7 million ahead of prospectus forecast ($41.0m)
- Pro Forma Earnings Before Interest and Taxation (EBIT) of $24.2 million in line with prospectus forecast ($24.3m).
- Statutory Net Profit After tax (NPAT) of $12.5 million, after accounting for costs associated with the initial public offering
- Fully franked final dividend determined to be paid of 1.71c per share for the period from 01 January 2021 to 30 June 2021. The dividend is expected to be paid in 1 October 2021
- New contract win with Western Areas (integrated Haulage, Site Services and Export Logistics contract) – 3 year term commencing in Q2
- Short listed with Roy Hill for a large integrated Crushing and Screening, Haulage and Site services contract, and awarded a memorandum of understanding with Lithco as preferred supplier for Crushing and Screening, Haulage and Export Logistics at Bald Hill, subject to negotiation of final commercial terms

MLG is pleased to announce that its financial results for the year ended 30 June 2021 are in line with the forecast provided in our recent prospectus (see the Prospectus dated 1 April 2021 for further details about these forecasts and their underlying assumptions). The following table outlines our statutory result as compared to the pro forma financial information in our recent prospectus.

		Statutory		Pro Forma	
		Actuals		*Prospectus Forecast*	*Pro Forma Actual*
$'000	*Notes*	*FY20*	*FY21*	*FY21*	*FY21*
Revenue					
Mine Site Services and Bulk Haulage		172,529	191,818	189,864	191,818
Crushing and Screening		28,858	55,478	47,842	55,478
Export Logistics		3,749	6,720	3,891	6,720
Fuel Tax Credits	1	3,311	3,470	-	-
Other Income	1	147	329	-	-
Total revenue		**208,594**	**257,815**	**241,597**	**254,016**
Costs of sales		(167,975)	(200,112)	(184,622)	(196,313)
Gross profit		**40,619**	**57,703**	**56,976**	**57,703**
General and administration		(14,866)	(17,465)	(15,938)	(14,984)
EBITDA		**25,753**	**40,238**	**41,038**	**42,719**
Depreciation	2	(13,745)	(18,519)	(16,752)	(18,519)
EBIT		**12,008**	**21,719**	**24,286**	**24,200**

Notes: 1. Pro Forma offsets fuel tax credit revenue and other income against Costs of sales
2. Includes impairment of the Fixed Plants at the Fortescue's Christmas Creek site in Pro Forma Actual FY21

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MLG founder, Managing Director and majority shareholder, Mr Murray Leahy said: "*We are very pleased to have completed our financial year in line with our prospectus forecast. The last few months have been challenging given the tight labour market for operators and skilled trades and the challenges of Covid related restrictions.*"

Statutory Group revenue for FY21 was $257.8m up $49.2m (23.6%) on the prior corresponding period (pcp) of $208.6m. Net after tax profit increased to $12.5m versus $5.7m in FY2020. Statutory NPAT included the full costs associated with the initial public offering.

Pro forma results are presented to be consistent with the prospectus financial information and therefore exclude the costs associated with the initial public offering (IPO).

Revenue growth between FY20 and FY21 is predominantly attributable to the full year impact of the Fortescue crushing plants which were being constructed in FY20 at Christmas creek and became fully operational during FY21. In addition, revenues included the settlement funds agreed with Fortescue to cease operation of these plants at the end of June 2021. There were also a number of renewals of mine site services and bulk haulage contracts which negotiated higher rates in FY21.

FY20 was negatively impacted by the COVID-19 pandemic resulting in lower volumes across certain client sites and material delays to the construction of the Fortescue crushing plants. The financial impact of COVID-19 was not significant in FY21.

Mine site services and bulk haulage

Key drivers of the increase in mine site services revenue were:

- both price and volume increase at a selection of existing sites;
- the commencement of a new contract with Ora Banda Mining; and
- new civil construction works to support tailings dam expansion at existing clients.

Crushing and screening

The primary driver of the increase in crushing and screening revenues is the impact of the Fortescue Christmas Creek crushing plants. The completion of the plant construction enabled MLG to redeploy the mobile crushing equipment that had been operating at Fortescue to new contracts. The combination of the commencement of production in the Fortescue crushing plants and the redeployment of the mobile plants resulted in higher revenues and improved margins as the fixed plant delivered operational efficiencies and the disruption of COVID-19 was reduced through operational protocols and improved response planning. The FY21 result was also impacted by the agreement with Fortescue to cease operation of the two crushing plants at Christmas Creek. This agreement included settlement of the demobilisation costs, final and full invoicing of services up to 30 June 2021 and recognition of MLG's reduced plant value associated with impairment of the construction costs initially incurred to establish the two plants. As a result the crushing revenues are also higher and the company has made provision in its depreciation charges to reduce the value of the plants in line with the costs to deconstruct and redeploy these in the next 12 months.

Export Logistics

Revenues from export logistics were $6.7m up $3.0m on FY20. Material disruption to sea freight impacted our export logistics requiring delivery to multiple ports rather than Esperance Port. While this drove higher Revenue the resulting profitability of this business was lower due to our need to engage a higher volume of subcontractors in order to manage the short term customer requirements.

OUTLOOK

The business development pipeline for MLG remains very active with large scale opportunities aligned to MLG's integrated model. The industry is experiencing high demand for service providers who have existing fleet capacity or who have ordered fleet which is on track to arrive in the near term. MLG remains well placed to benefit from this demand.

Recent contract wins with Northern Star (Jundee), and Norton Gold Mining (Paddington) have started mobilisation and will contribute to the first half of FY22 with Mincor (Kambalda) due to commence early next year.

The labour market remains challenging with rising wage rates and high demand across the industry for trained and experienced operators. Demand for equipment is high with a preference being shown for contractors who have existing fleet capacity given the delays in supply times from the large equipment manufacturers.

MLG continues to optimise its client portfolio to align to its core services and operational footprint. We are actively engaging with clients who are willing to engage in cost mitigation strategies including site specific incentives and shared risk models. Our commercial rates have been increased in line with contractual rise and fall mechanisms.

MLG is currently short listed with Roy Hill for a large integrated Crushing and Screening, Haulage and Site services contract, and has recently been awarded a memorandum of understanding with Lithco as preferred supplier for Crushing and Screening, Haulage and Export Logistics at Bald Hill, subject to negotiation of final commercial terms. In addition, MLG was successful in securing a further contract with Western Areas at Cosmic Boy for integrated Haulage, Site Services and Export Logistics over a 3 year term.

MLG founder, Managing Director and majority shareholder, Mr Murray Leahy said: "*While it was disappointing to have ceased operations at Christmas Creek with Fortescue, the business is very well placed to secure new contracts and return to our financial growth targets. We expect our financial outlook to be materially second half weighted with long term sustainable contracts underpinning our growth*"

MLG is a founder led business which provides a range of services to mine sites, integrated around the needs of client's ore processing facilities.

MLG Oz Limited (ASX:MLG), ("MLG") an Australian company based in Kalgoorlie, Western Australia, provides integrated services across gold, iron ore, and other base metal clients throughout Western Australia and in the Northern Territory.

MLG's offering includes crusher feed, road maintenance, rehabilitation work, vehicle maintenance, machine and labour hire and mine site haulage including end-to-end logistics solutions, with a dedicated facility at the Esperance Port.

MLG's 100%-owned quarries are strategically located near existing mining operations which facilitates the efficient supply of bulk construction materials comprising sand, aggregate and lime to clients.

Authorised for release by the Board of Directors.

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