

HY22 FINANCIAL RESULTS AND OUTLOOK

HIGHLIGHTS

- Statutory Revenue of \$141.9 million up \$21.2 million on the prior corresponding period (pcp).
- Earnings before interest, tax, depreciation and amortization (EBITDA) of \$14.2 million versus \$21.2m in pcp, a strong result, given the challenging environment.
- Materially stronger second quarter performance (quarterly EBITDA of \$10.9 million) following renegotiation of underlying contract rates.
- Statutory Net Profit After Tax (NPAT) of \$1.8 million (\$7.1m in pcp).
- \$33.0 million in capital expenditure driven by new project wins (Jundee, Paddington, Kambalda Nickel, Bald Hill) along with further preordered equipment, in line with the Company's growth plans.
- Bald Hill project expected to commence in March.
- Outlook for a stronger second half given higher second quarter performance and full mobilisation of new projects.

MLG Oz Ltd (MLG or the Company) (ASX:MLG) is pleased to deliver its financial results for the half year ended 31 December 2021 (HY2022). The following table outlines our pro forma result which adjusts the statutory financial result for fuel tax credits and other income to offset these against cost of sales rather than show as revenue.

\$'000	Notes	Pro Forma	
		Actuals	
		HY2021	HY2022
Revenue			
Mine Site Services and Bulk Haulage		93,856	123,354
Crushing and Screening		22,919	13,055
Export Logistics		1,956	3,734
Total revenue		118,730	140,143
Costs of sales	¹	(90,556)	(117,740)
Gross profit		28,174	22,403
General and administration		(7,687)	(8,245)
EBITDA		20,487	14,158
Depreciation		(8,440)	(10,892)
EBIT		12,048	3,266

Notes: ¹ Pro Forma offsets fuel tax credit revenue and other income against costs of sales

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MLG founder, and Managing Director, Mr Murray Leahy said: *"I am very proud that the business model has shown a high degree of resilience and we have been able to work with our clients to renegotiate higher rates and specific client support. Our new project wins in our site services and haulage business have also contributed positively to the overall business performance."*

Statutory Group revenue for HY2022 was \$141.9 million, up \$21.2 million (17.4% on pcp of \$120.8 million). Statutory NPAT was \$1.8 million versus \$7.1 million in HY2021. Material increases in the cost base through first quarter (labour rates, parts, fuel and freight costs) constrained EBITDA to \$3.3 million in first quarter versus \$10.9 million in second quarter with rate increases helping to mitigate cost pressure.

The Board of Directors has resolved not to pay an interim dividend at this time. The decision was made to maintain balance sheet strength through conservative capital management. MLG's Board and leadership team are committed to responsible capital management to support the Company's growth aspirations.

HY22 BUSINESS PERFORMANCE

Mine site services and bulk haulage

Revenues from mine site services and bulk haulage, MLG's largest business division, increased by \$29.5 million (31.4%) on the pcp to \$123.4 million in HY2022. Key drivers of the increase in mine site services revenue were:

- Renegotiated client rates across majority of client operations;
- Expansion of services with Northern Star for the Jundee operation;
- The commencement of the Paddington operation with Norton Gold Fields; and
- New civil construction works to support tailings dam expansion at existing clients.

The activity levels across client operational sites was very high, however labour market constraints resulted in the business more actively managing its resourcing pool to ensure effective operational delivery. While first quarter revenues were strong, the rising costs of parts, fuel, labour and freight restricted overall margin. In consultation with our clients, the business managed to agree revised pricing, and in some cases specific site support, to protect production volumes and enable MLG to sustain economic margins.

Crushing and screening

Operations commenced at Roy Hill in October 2021 which is expected to continue for approximately six months. We remain actively engaged with Roy Hill regarding additional opportunities in CY2022 and beyond. A number of other client short term crushing campaigns are also ongoing. We delivered a number of short term contract crushing services for Fortescue at the Solomon operation and for Barto Gold which have now completed.

Export logistics

Revenues from export logistics were \$3.7 million, up \$1.7 million on HY2021. Logistical challenges for our clients with port changes drove longer haulage route needs which has increased our earnings from this service offering. This may reduce moderately in the second half as global shipping normalises or as changes are made by our clients.

Non-Recurring Costs

The business incurred approximately \$1.5 million in costs associated with preparing the two remaining crushing plants at Christmas Creek for future redeployment. These works have now been completed. In addition, the importation of lime became uneconomic due to the escalation in sea freight costs. The half year incurred \$580,000 in costs before suspending the operation.

FY22 OUTLOOK

MLG's operating model remains well placed to manage through current market challenges and we continue to work with our clients to maintain and manage production. We have demonstrated the business model remains a critical part of our clients' production process and our clients have been willing to engage with us to achieve sustainable outcomes.

MLG has focused on its client portfolio and the services it offers. Our existing clients continue to optimise their production volumes and as such we continue to assess and deliver various additional scopes of work. Profit margins are expected to improve in the second half and the opening of the WA border will provide greater recruitment opportunities for labour.

MLG has now established operations with Roy Hill and continues to review opportunities with them across a variety of service lines. We have largely agreed terms with Lithco No.2 to support its Bald Hill operation subject to final regulatory approvals being received by them. We anticipate commencing this operation in March. The market demand for MLG services remains very active with high levels of tendering activity and enquiry including material large scale expansion projects.

MLG founder, Managing Director and majority shareholder, Mr Murray Leahy said: *"The business has demonstrated the critical role it plays in our clients' operations and we remain confident in our ability to grow our operational footprint. Further contract wins in our crushing business is a focus for the next few months as we look to redeploy our assets and increase the contribution of crushing services to the overall profitability of the group. The business's forward planning and pre ordering of new fleet has delivered capacity to maximise on the strong inbound enquiry for our service offering as we move forward through the second half and into FY2023."*

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

MLG's integrated business model offers clients a range of services under a single contractual framework. The breadth of services encompasses crushing and screening capabilities including build, own and operate models, contract crushing and screening services, crusher feed, and material management. The Company's integrated mine site service offering spans a range of capabilities including; on road and off road bulk haulage capacity, civil construction, road maintenance, rehabilitation work, vehicle maintenance, machine and labour hire, and end-to-end bulk commodity export logistics solutions. A dedicated facility at the Esperance Port supports export logistics services.

In addition to the provision of integrated service offerings above, MLG's 100%-owned quarries are strategically located near existing mining operations which facilitates the efficient supply of bulk construction materials (sand, and aggregate) to our clients.

Authorised for release by the Board of Directors.

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