FY2023 FINANCIAL RESULTS AND OUTLOOK

MLG is pleased to announce an improved FY2023 performance, resulting from a significant increase in profitability over the second half of FY2023, and a strong outlook for further improvement in FY2024.

HIGHLIGHTS

- Statutory Revenue of $383.8 million up 32.4% on the prior corresponding period (pcp).
- Statutory Earnings before interest, tax, depreciation and amortisation (EBITDA) of $35.0 million (up 16.3% on pcp $30.1 million).
- Underlying EBITDA of $38.1 million up 27.0% on pcp (excludes the non-cash loss on sale incurred from the sale of the high-capacity crushing plants [$6.6 million] and non-cash write-off of inventory and ancillary equipment [$3.1 million])
- Statutory Net Profit After Tax (NPAT) of $0.8 million (pcp $4.8 million).
- Underlying NPAT of $10.5 million up 18.8% on pcp (excludes the non-cash loss on sale incurred from the sale of the high-capacity crushing plants [$6.6 million] and non-cash write-off of inventory and ancillary equipment [$3.1 million])
- Material improvement in performance in the second half of FY2023.
- Lower capital expenditure of $38.2 million (pcp $55.8 million) with sustaining capital expenditure of $19.6 million and growth capital expenditure of $18.5 million.
- $10.1m reduction in financial debt and improved working capital position. Financial debt of $54.1 million and gearing ratio of 1.4x (Financial liability/underlying EBITDA)
- A strong pipeline of secured work, improving margins, capacity to deploy equipment and scope for additional works within our existing client base provide a positive outlook for FY2024.

MLG Oz Limited (ASX:MLG) ("MLG") is pleased to deliver its financial results for the year ended 30 June 2023 (FY2023). 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's	Notes	*Pro-Forma Underlying FY23	Pro Forma Statutory FY23	Pro Forma Statutory FY22
Revenue				
Mine Site Services and Bulk Haulage		329,943	329,943	252,006
Crushing and Screening		40,096	40,096	27,523
Export Logistics		5,171	5,171	7,312
Total revenue		**375,210**	**375,210**	**286,841**
Costs of sales	1	(314,817)	(317,921)	(243,115)
Gross profit		**60,393**	**57,289**	**43,726**
General and administration		(22,256)	(22,256)	(13,597)
EBITDA		**38,137**	**35,033**	**30,129**
Depreciation		(23,373)	(23,373)	(21,300)
Loss on Sale of Assets		(345)	(6,963)	(86)
EBIT		**14,419**	**4,697**	**8,743**
Margins				
EBITDA		10.2%	9.3%	10.5%
EBIT		3.8%	1.3%	3.0%

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

**Pro-forma Underlying* – *adjusts for impact of the sale of MLG's high-capacity crushing plants - $3.1m write-off of ancillary equipment and inventory and $6.6m loss on sale)*

MLG founder, and Managing Director, Mr Murray Leahy said: "I am very proud of the effort of our team in responding to what was a very challenging first half and successfully delivering a material improvement across all aspects of our business". "We have achieved a significant number of very important milestones which have helped drive revenue and margin as well as improve our overall capital position". With our growing headcount driving improved productivity and the implementation of our new financial systems and daily productivity analytics our managers now have the tools to help monitor and drive performance across the group and continue to drive improvements in margin"

Group Revenue of $383.8 million up $94.1 million (32.4%) on the pcp of $289.8 million. Net profit after tax decreased from $4.8 million to $0.8 million heavily impacted by the $6.6 million loss on sale of the high-capacity crushing plants during the period as well as the $3.1 million write-off of ancillary equipment and inventories related to these plants.

The strong increase in revenues is a result of both new work and higher rates applied to clients throughout the year. The escalation in costs (Labour, Parts, and Fuel) in the first six-months presented a challenging operating environment and this combined with high turnover of labour reduced our operating performance in the opening months of the financial year. Responding to the material inflationary pressure MLG was forced to increase the rates it charged to clients.

Operationally MLG also implemented a number of new reporting systems materially improving its insight into production volumes and cost drivers which led to better management of costs and improvement in margin. Further investment in training and a focus on international workers helped materially increase the groups' labour pool increasing productivity across Its fleet.

The combination of higher rates, larger workforce and operational transparency helped drive materially improved outcomes through the second half. While statutory NPAT is $0.8 million for FY2023 we note the material impact of the sale of the high-capacity crushing plants which incurred a non-cash loss of $9.7 million delivering underlying NPAT of $10.5 million (up 18.7%).

FY2023 BUSINESS PERFORMANCE

Mine site services and bulk haulage

Revenue grew strongly up 30.9% to $329.9 million ($252.0 million in FY2022) as a result of new rates applied to clients and stronger productivity particularly in the second half of the year. The addition of the Westgold projects part way through the year contributed to higher revenue as did the delivery of the Barren Lands open pit mining project, a material civil construction project for MLG in FY2023. MLG's integrated services model has helped to see overall volumes also increase across many clients, as they themselves extended their operation, and MLG helps to support greater tonnes of ore being moved to processing facilities from new mines, and across new routes. This has seen a material increase in revenue from organic growth, which when combined with higher rates has further increased our revenue in FY2023.

Site services and bulk haulage continued to experience challenging market conditions in the first half with high costs of labour and a high competition for skills within the industry. The Group's investment in training programs through our new-to-industry program has helped transition operators and drivers into the workforce from non-mining backgrounds. Recruitment has also continued to be a main focus with the number of MLG employees increasing from 647 in June 2022 to 850 in June 2023. These headcount levels have also been improved through the attraction of foreign workers via skilled labour visa's. The Group now has a sizeable number of foreign workers through both its maintenance facilities and in operator roles.

Inflation played a role in our underlying input costs. Fuel prices were highly volatile and parts continued to escalate in price. Weather once again impacted productivity with cyclone events in the northern parts of Western Australian and in the Company's Granites operation in the Northern Territory, disrupting the ability to haul and operate in multiple sites throughout the year. These pressures resulted in an intense period of negotiation and interaction across all clients throughout the year as we worked with them to reset our pricing outside of contractual rise and fall provisions.

The second half of the financial year delivered a more stable operating environment and when combined with the improvement in internal analysis systems and greater transparency of costs helped deliver a materially better performance. Our project managers are now better equipped to maximise production and monitor cost drivers. The group as a whole has a better insight into daily productivity and asset utilisation. While the labour market remains challenging with continued high turnover of staff, MLG has managed to successfully attract and recruit high numbers of staff.

Crushing and screening

Revenue contribution from crushing and screening services has materially increased in FY2023 up $12.6 million to $40.1 million (up 45.7%). The group has been focused on increasing our volume of crushing activity and successfully secured projects at Koolan Island and FMG. The ongoing support for Lithco No2's Bald hill lithium operation continued to deliver strong revenue contributions through the year.

The sale of the high-capacity crushing plants through the year was a major milestone for the group helping to materially improve our capital position. The sale involved the decommissioning of both plants, isolation of all component parts, reconciliation and tagging of all inventories and the related ancillary equipment and final delivery to the purchasers site. The operational team successfully completed this major project within appropriate safety guidelines and co-ordinated the entire project with the purchaser resulting in the completion of the sale in June this year. The overall loss on sale of the plants was $6.6 million and the group also wrote down the inventory items and ancillary equipment not required by the purchaser for a further $3.1 million. The cash impact of this transaction was a net gain in cash to MLG of $16.6 million and a non-cash profit impact of $9.7 million

Export logistics

Revenues from export logistics were $5.2 million, down 29.3% on $7.3 million in FY2022.

FY2024 OUTLOOK

MLG services continues to benefit from high demand for greater volume of ore movements across the gold sector and in the expansion of base metal markets to support the global transition to non-fossil fuels.

Our existing clients continue to develop their own growth plans to maximise their production and mill volumes. This strategically places MLG in a strong position over the medium to long term.

We still retain some excess capacity within our fleet albeit we are moving toward full utilisation. The group has done well to attract and recruit a material increase in headcount over FY2023 increasing headcount from 647 in June 2022 to 850 in June 2023 with current headcount at 874, however overall staff turnover remains at very high levels.

To help address this we have invested in dedicated training programs to transition skilled drivers from outside of mining into our industry and train them in our expectations in relation to safe operation and broader safety standards. Our recruitment teams are focused on both domestic workers and international workers in line with the governments stated intention to promote greater immigration into Australia.

Revenue growth is expected into FY2024 based on our current portfolio and the continued demand for our services, however the opportunity to continue to improve margin through reduced staff turnover, better cost control, improved productivity and strategic procurement remains our focus. Key risks to this include finding new crushing opportunities in the second half of FY2024 following the completion of our services for Lithco No2 at their Bald Hill site in the third quarter of FY2024, overall stability of the labour market and inflationary pressures in the wider industry as well as the impact of material weather events across the year.

With the capacity in our fleet and the demand for our services the group has a strong outlook for FY2024.

MLG founder, Managing Director and majority shareholder, Mr Murray Leahy said: “This year has been very successful in resetting MLG’s capital position and in achievement of material improvements in our profitability and longer-term outlook for margin expansion” “I am excited about FY2024 and the opportunities we have in front of us to drive further improvement in our performance and deliver an enhanced return for our shareholders”

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.

This release contains certain forward looking statements and forecasts, including in relation to possible or assumed future performance, costs, dividends, rates, prices, revenue, potential growth of MLG Oz Limited, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of MLG Oz Limited. Actual results and developments may differ materially from those expressed or implied by these forward looking statements, depending on a variety of factors. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information, the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Authorised for release by the Board of Directors.

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