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Mitchell SERVICES

19 October 2026

Mitchell Services Limited (ASX: MSV)

MSV Reports Strong Trading Conditions in the September 2026 Quarter

Ongoing robust demand levels drive Mitchell Services' record quarterly earnings and provide a clear pathway to a materially higher operating rig count over FY27

- September 2026 quarter (FY27 Q1) revenue of $66.5m – up 25% vs FY26 Q1
- FY27 Q1 EBITDA of $18.7m – up 58% vs FY26 Q1
- Quarterly EBT of $13.3m – up 118% vs FY26 Q1
- Signed drilling contracts for a further 10 rigs with a pathway to 80 operating rigs before the end of FY27
- Cash of $11.9m at 30 September 2026, post payment of the $4.2m fully franked final FY26 dividend

Dear Shareholder

I am pleased to provide the following investor update for the quarter ended 30 September 2026 (**FY27 Q1**) for Mitchell Services Limited (ASX: MSV) (**Mitchell Services** or **the Company**), based on the Company's unaudited consolidated management accounts.

Record quarterly earnings reported in FY27 Q1

The momentum the business carried into the new financial year has continued throughout FY27 Q1, resulting in a materially improved quarter vs FY26 Q1 across revenue, EBITDA and EBT. This provides a strong foundation to build on for the remainder of FY27.

The improvement in financial performance was driven by a higher operating rig count (an average of 66 rigs vs 62 in FY26 Q1), a 7% increase in shifts worked and a 17% increase in revenue per shift, reflecting a high level of operational execution across the business and the absence of any material adverse factors outside our control that could impact operations.

Included in FY27 Q1 EBITDA is a one-off benefit of approximately $3.4m relating to the finalisation of the Grosvenor underground insurance claim. Excluding this benefit, underlying EBITDA for the quarter was $15.3m (up 29% vs FY26 Q1) at a margin of 22.9%, and underlying EBT was $9.9m (up 62% vs FY26 Q1).

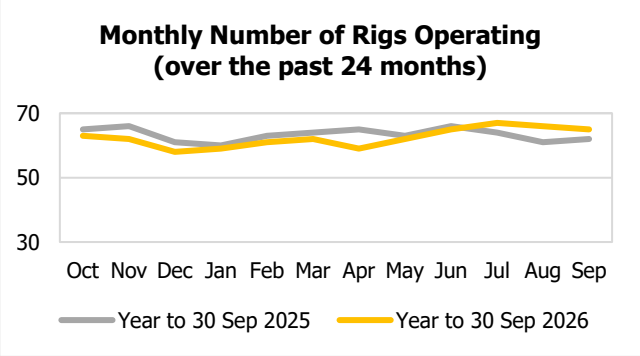
Market conditions for our services are as strong as they have been for some time, particularly in the underground minerals sector. With gold and copper prices remaining high, our clients' drilling budgets are increasing, and enquiry and tender levels across the wider metalliferous business remain strong. Whilst the recent increase in coal prices is positive, we are yet to see this translate into increased demand for drill rigs.

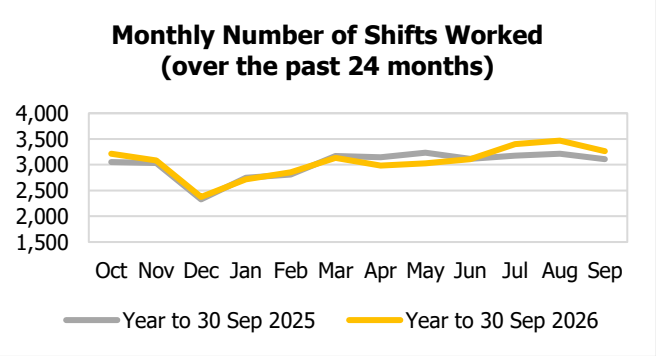
In FY27 Q1, the Company operated an average of 66 rigs from its fleet of 93. Importantly, the Company has recently signed drilling contracts for a further 10 underground rigs and, with the strength of the current opportunity pipeline, we can see a pathway to 80 rigs operating before the end of FY27. This would represent utilisation of around 85% of the existing fleet and, with the operating leverage inherent in the business, positions the Company well to deliver a further step change in earnings in FY27 and in FY28, assuming utilisation levels remain high.

The tables below summarise the unaudited financial and operating results for FY27 Q1 and FY26 Q1, along with accompanying percentage movements between both periods.

	FY27 Q1	FY26 Q1	Movement	Movement %
Number of operating rigs (average)	66.0	62.3	3.7	5.9%
Number of shifts	10,132	9,502	630	6.6%
Revenue ($'000s)	66,550	53,395	13,155	24.6%
EBITDA ($'000s)	18,655	11,787	6,868	58.3%
EBITDA margin (%)	28.0	22.1	5.9	26.7%
EBT ($'000s)	13,297	6,110	7,187	117.6%
ROIC* (%)	41.3	29.9	11.4	38.1%
Operating cash flow ($'000s)	10,055	9,769	286	2.9%
Operating cash conversion ratio (%)	53.9	82.9	(29.0)	(35.0%)
Capital Expenditure ($'000s)	11,807	3,563	8,244	231.4%

*defined as annualised Q1 EBIT (excluding the one-off insurance benefit) divided by the sum of net PPE, intangibles and working capital





Balance sheet strength maintained with cash of $11.9m

The Company's cash on hand as at 30 September 2026 was $11.9m (30 June 2026: $12.1m), whilst debt (exclusively equipment finance facilities) was $10.8m (30 June 2026: $8.7m). The movement in cash in the quarter reflects operating cash flows of $10.1m and insurance proceeds of $3.6m, offset by cash funded capital expenditure of $8.5m, repayments of equipment finance facilities of $1.2m and the payment of the fully franked final FY26 dividend of $4.2m (2cps) in September 2026.

Whilst on face value the cash conversion ratio (of 53.9%) appears low, it reflects the following:

- An increase in trade receivables as the monthly revenue continues to increase in the short term
- While the one-off insurance benefit was included in EBITDA, the related insurance proceeds receipt was classified as an investing cash flow item
- $0.9m in quarterly income tax payments were included in operating cashflows and excluded from EBITDA
- An increased investment in inventory since 30 June 2026, as larger (seasonal) orders were placed for various remote sites in advance of traditional wet seasons to mitigate any supply chain risks associated with potential lack of access. As we move through the traditional wet season, inventory levels will reduce and conversion ratios will normalise.

Capital management will remain a priority, with a focus on ensuring an appropriate mix between maximising cash returns for shareholders, capitalising on growth opportunities amid an increasing opportunity pipeline and operating within sensible debt levels. Mitchell Services' ongoing balance sheet strength gives the Company the flexibility to invest in the fleet as required to meet increasing demand while continuing to deliver returns to shareholders.

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Loop Decarbonisation business update

I am very pleased to report that the contract with 'customer two' (BMA) is continuing to progress and that the team successfully drilled a horizontal well from in pit that intersected a vertical well some 1,540 metres away – a world first.

In addition, the initiative (open cut in-pit methane proof of concept pre-drainage trial) was referenced by BHP as a milestone and priority in its latest ESG roundtable public presentation (refer to pages 12 and 19 of this presentation). The presentation, titled "ESG Roundtable – Presentation, 16 September 2026" can be accessed via the link below:

https://www.bhp.com/investor-centre/reports-and-presentations/presentations-and-briefings

Interest from other clients for initial advisory services (which is the first step in advance of in-field operations) remains strong as awareness continues to increase and as safeguard liabilities continue to crystallise for asset owners who are captured by the Safeguard Mechanism legislation.

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

This Letter to Shareholders has been authorised by the Company's Board of Directors.

For more information, contact:

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About Mitchell Services

Mitchell Services Limited (ASX: MSV) is a diverse drilling company that services a large number of tier-1 Australian- and Papua New Guinea-based miners.

The Mitchell brand has been synonymous with drilling services since 1969 and today Mitchell Services provides exploration, mine site and geotechnical drilling services to a growing list of exploration, mining and civil construction industry clients. The company offers a wide range of drilling solutions across all stages of the mining life-cycle, and across a diverse range of commodities and geographical regions.

Mitchell Services' fleet of around 90 surface and underground rigs, operated by a highly experienced work-force numbering around 700 employees, are conveniently located throughout Australia's major mining jurisdictions. The combination of quality rigs and skilled staff allow the company to offer a wide range of services, across diamond coring, deep hole and directional, reverse circulation, mud rotary drilling, as well as geotechnical and mine services.

To learn more, please visit: www.mitchellservices.com.au/

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