



28 January 2026

Mitchell Services Limited (ASX: MSV)

Quarterly Investor Update

Strong H1 profit drives balance sheet to net cash position

- Quarterly EBITDA of \$9.6m – up 71% vs FY25Q2
- Quarterly EBT of \$4.1m – up exponentially vs FY25Q2
- Quarterly operating cashflow of \$11.0m – up 129% vs FY25Q2
- 1H26 EBT of \$10.2m – up exponentially vs 1H25
- Net cash of \$7.2m at 31 December 2025

Dear Shareholder

I am pleased to provide the following investor update for the quarter ended 31 December 2025 (**FY26 Q2**) for Mitchell Services Limited (**the Company**) based on the Company's un-audited consolidated management accounts.

Quarterly results

Pleasingly, the material improvement in operating conditions and financial performance experienced in FY26Q1 have continued throughout FY26Q2. As a result, the 1H26 financial performance represents an exponential improvement vs 1H25 and provides a strong foundation to build on for the remainder of the year.

Improved weather conditions and the absence of client-initiated delays and scope decreases were the primary drivers for the material improvement in financial performance. In addition, multiple projects that mobilised and incurred ramp up costs in FY25 are now operating on a business-as-usual basis.

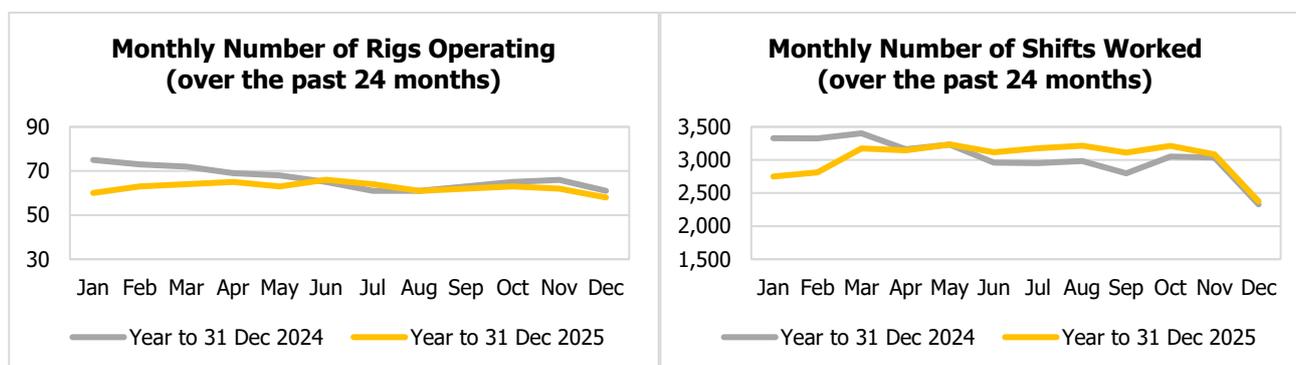
Included in the FY26Q2 result is a non-cash impairment of approx. \$1.4m. The impairment relates to a drill rig and ancillary equipment that were destroyed by a bushfire that occurred in late December at a site in Western Australia. The assets are fully insured, and we are well progressed with the claim process that is expected to reach settlement shortly. Despite the loss being fully recoverable via the insurance claim, a nuance within the accounting standards prescribes that the Company recognise the impairment when the incident takes place and the subsequent insurance proceeds/income when the claim becomes unconditional. For this reason, FY26Q3 will include an insurance claim benefit of at least \$1.4m.

With a range of minerals at higher prices including copper and gold, we continue to see increases in inquiry levels and other positive indicators for increased demand. Demand for drill rigs within the coal sector (particularly in Queensland) remains subdued.

The tables below summarise the un-audited financial and operating results for FY26Q2 and FY25Q2.

	FY26 Q2	FY25 Q2	Movement	Movement %
Average operating rigs	61.0	64.0	(3.0)	(4.7)
Number of shifts	8,671	8,415	256	3.0
Revenue (\$'000s)	49,003	46,658	2,345	5.0
EBITDA (\$'000s)	9,633	5,620	4,013	71.4
EBITDA margin (%)	19.7	12.0		

EBT (\$'000s)	4,127	(840)	4,967	591.3
ROIC* (%)	21.7	(2.8)		
Operating cash flow (\$'000s)	11,018	4,813	6,205	128.9
Operating cash conversion ratio (%)	114.4	85.6		
Capital Expenditure (\$'000s)	4,196	7,686	(3,490)	(45.4)



Half Year Results

The table below summarises the un-audited financial and operating results for the six months ended 31 December 2025 (1H26) and the corresponding six months ended 31 December 2024 (1H25).

	1H26	1H25	Movement	Movement %
Average operating rigs	61.7	62.8	(1.1)	(1.8)
Number of shifts	18,173	17,149	1,024	6.0
Revenue (\$'000s)	102,398	99,365	3,033	3.1
EBITDA (\$'000s)	21,420	12,652	8,768	69.3
EBITDA margin (%)	20.9	12.7		
EBT (\$'000's)	10,237	(499)	10,736	2,151.5
ROIC* (%)	27.0	(0.1)		
Operating cash flow (\$'000s)	20,787	10,566	10,221	96.7
Operating cash conversion ratio (%)	97.0	83.5		
Capital Expenditure (\$'000s)	7,759	11,348	(3,589)	(31.6)

*defined as annualised EBIT divided by (net PPE plus intangibles plus working capital)

In summary, 1H26 delivered an exceptional result driven by improved weather, the absence of client-initiated delays and scope decreases. Additionally, jobs that were won in FY25 are now delivering on a business-as-usual basis post ramp up spend that was incurred in FY25.

In 1H26, the Company operated an average of 62 rigs from its fleet of 90. This provides material leverage to the upside should client demand for rigs increase. With a diversified revenue base, strong balance sheet, and proven operating capability, the Company is well positioned to capitalise on any increase in demand for our services.

Strong operating cashflows deliver net cash position of \$7.2m

The strong operating cashflows and disciplined spending on capital expenditure in 1H26 resulted in the Company achieving a net cash position of \$7.2m at 31 December 2025, representing a 186% improvement in six months when compared to the 30 June 2025 net debt position of \$8.4m. The net cash position at 31 December 2025 comprised cash of \$15.5m and debt (exclusively equipment finance facilities) of \$8.3m.

This balance sheet strength provides optionality and flexibility in relation to capital management or growth opportunities.

1H26 operating cashflows included income tax payments of \$5.2m (representing full payment of the \$2.6m liability recognised at 30 June 2025 and provisional income tax payments towards the expected FY26 liability). Following these payments, the Company has rebuilt its franking credit balance to \$5.2 million, providing capacity to once again fully frank future dividends.

Capital management

The Board is due to meet in February to discuss capital management and the broader business strategy. Further information on the outcome and agreed capital management objectives will be announced in conjunction with the Company's half year accounts and investor presentation (expected to be released in late February).

Loop Decarbonisation business update

The momentum continues to build in this business post the investment by Sumitomo Corporation. Customer two has now executed a contract in relation to in-field operations which are expected to commence in FY26 Q4. Interest from other clients for initial advisory services (which is a first step in advance of in-field operations) remains strong as awareness continues to increase in relation to safeguard mechanism legislation across the industry.

We are extremely proud of the fact that the Sumitomo Corporation has invested into this business during the half as announced on 29 August 2025.

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
Mitchell Services Limited