ASX Announcement

22 February 2024

DECMIL DELIVERS POSITIVE H1 FY24 EBITDA RESULT AND REAFFIRMS FY24 GUIDANCE

- **Strategic approach to tendering generating improved profitability with increased cash position. Orderbook continues to strengthen with better risk profiles and repeat work**
- **Significant actual and forecast increase in Homeground occupancy bolsters EBITDA and drives decision to retain Homeground and benefit from improving Homeground operating performance**
- **Revenue of $215 million (H1 FY23: $255 million)**
- **EBITDA profit of $2.6 million (H1 FY23: $3.3 million profit)**
  - EBITDA negatively impacted by a $6.5m loss on a single project
  - EBITDA positively impacted by a $5.9m revaluation of Homeground
- **Net loss after tax decreased to $1.8 million (H1 FY23: $2.5 million loss)**
- **Stronger cash position of $25.5 million (H2 FY23: $3.7 million)**
  - Further cash generation weighted towards H2 FY24
- **Orderbook of contracted and preferred work of $455 million (H1 FY23: $550 million)**
  - Decmil is well positioned to achieve growth with all sectors experiencing favourable market conditions
  - Transition towards a portfolio of larger projects with more equitable risk allocations
  - Active tenders submitted worth $1.3 billion
- **FY24 revenue forecast of $440 million-$480 million reaffirmed**
  - Strong upside potential from recently won projects such as the Ison Road Rail Overpass and Perdaman Bulk Earthworks
- **FY24 EBITDA guidance of $15 million – $20 million**

Decmil Group Limited ('**Decmil**' or '**Company**') announces its interim financial results for the six-month period ending 31 December 2023 ('**H1 FY24**').

The Company generated $215 million in revenue for H1 FY24 which translated into earnings before interest, taxes, depreciation, and amortisation ('**EBITDA**') profit of $2.6 million (H1 FY23: $3.3 million profit). EBITDA was impacted by a $6.5 million loss on a single project and a revaluation of Homeground. That loss-making project was contracted in 2020 using a historical risk allocation profile and during COVID, which has subsequently changed.

The EBITDA profit flowed through to a net loss after tax of $1.8 million (H1 FY23: $2.5 million loss).

Decmil Chief Executive Officer Rod Heale said:

"H1 FY24 was lumpy so it was pleasing to finish the period with a positive EBITDA. We expect further EBITDA improvement during the second half of FY24 which has given us the confidence to release guidance of $15m to $20m EBITDA for the full year."

"With favourable market conditions across our core sectors and a strong cash balance, Decmil is positioned to efficiently deliver on our orderbook and target further contract awards in the remainder of FY24."

"The second half of FY24 has been viewed as the principal driver of cash generation. Our tendering pipeline is strong, discussions are continuing with several potential strategic joint venture partners, and our outlook remains positive."

"Our result for the first half of FY24 was impacted by the conclusion of a single loss-making project. However, this was an isolated project contracted and operated during COVID. All other ongoing projects are proceeding satisfactorily. In the second half of FY24, we are laser-focused on outstanding project delivery."

"The improved performance of Homeground has given us confidence to take Homeground off the market and reclassify it as a non-current asset. As part of this, Homeground was independently valued and even the adoption of the 'low case' valuation resulted in a $5.9 million addition to the first half EBITDA result."

"Our enhanced balance sheet will enable us to continue targeting high-quality, strategic joint venture partnerships and larger-scale contracts, which have more equitable risk allocation and maximise supply chain benefits."

Financial Performance & Position

Decmil produced revenue of $215 million for H1 FY24, compared to $255 million in the prior corresponding period. The 16% year-over-year reduction in revenue resulted from a delay between the completion of several contracts in CY23 and the commencement of new contracts which Decmil won in H1 FY24.

EBITDA delivered in H1 FY24 was a profit of $2.6 million compared to a profit of $3.3 million in the prior corresponding period. The decline, while impacted by the revenue reduction, was largely attributable to a $6.5 million loss on a single project which was contracted using a historical risk allocation profile, which is no longer accepted by Decmil.

As Decmil has previously noted to investors, the Company has changed its tendering process and has adopted selective tendering on larger projects with more equitable risk allocation and better commercial terms. The target tender value is $50 million - $200 million.

The Company reported a net loss after tax for the half-year of $1.8 million compared to a loss of $2.5 million in the prior corresponding period.

Decmil's cash and cash equivalents have improved to $25.4 million at H1 FY24, compared to $3.7 million at H2 FY23. During June and July 2023, Decmil raised $26.3 million in cash through an accelerated entitlement offer of Redeemable Convertible Preferred Shares ('**RCPS**'). Most of the cash proceeds ($18.3 million) from the share issue were received during July 2023. The RCPS equity raising, along with positive project cash positions, has improved the Company's overall cash position.

At H1 FY24, the Company's balance sheet reflected an overall net debt position of $17.5 million compared to $23.5 million at H2 FY23. Net assets were $62.5 million at H1 FY24, compared to $58.7 million at H2 FY23.

An RCPS dividend payment of 1.2 cents per RCPS has been determined by Decmil's Board for the semi-annual period ending 31 March 2024. The RCPS dividend is scheduled to be paid on Thursday,

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28 March 2024. For further information concerning the RCPS dividend, please see the Company's Appendix 3A.1 dated 20 February 2024, on either the Company's website or the ASX Market Announcements platform.

Strategy and Outlook

Decmil is well positioned to achieve growth across its market segments during FY24 with all sectors experiencing favourable market conditions. The Company remains well-placed to capitalise on increasing demand for public infrastructure work, further growth in Australia's resources and energy investment pipeline and from its established market presence in the sectors it services.

The Company reaffirms its FY24 revenue guidance of $440 million - $480 million as it transitions towards a portfolio of larger projects with more equitable risk allocations. The Company's EBITDA guidance for FY24 is $15 million – $20 million.

The Company is expecting a further increase in its cash position during H2 FY24. At 31 December 2023, the Company's orderbook consisted of $455 million of work already contracted or preferred for FY24. Decmil's focus in H2 FY24 will be translating this revenue base into underlying earnings growth and a return to profitability.

The Company's increased working capital is aimed at attracting high-quality joint venture partners and opening the business to higher-quality contracts in the range of $50 million - $200 million. For example, Decmil is bidding on a wind farm project in Queensland as a joint venture with Macmahon and continues to progress discussions with several parties on other strategic joint ventures.

The Company has active tenders for approximately $1.3 billion.

Homeground remains a high-quality asset with a strong outlook. Project activity in and around Gladstone is increasing for the first time in many years with several large capital projects. As a result, occupancy at Homeground continues to rise. It is expected Homeground will continue to deliver positive earnings for FY24. The Company has decided to retain the Homeground asset and remove it from the market.

This ASX release was authorised by the Continuous Disclosure Committee of the Decmil Group Limited Board.

About Decmil:

Decmil Group Limited ('**Decmil**') (ASX: DCG; DCGPA) is a market leader in complex, multi-disciplinary project services. Decmil's group of companies deliver integrated construction and engineering solutions across the resources, infrastructure, and renewables sectors. Decmil's goal is to maximise returns from operations to deliver value to shareholders, clients, and other stakeholders.

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