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# APPENDIX 4D AND INTERIM FINANCIAL REPORT

*For the half year ended 30 June*

# 2022

DRA Global Limited ACN 622 581 935



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Please note: All references to \$ are in AUD unless otherwise specified

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# APPENDIX 4D

## DETAILS OF REPORTING PERIOD

Reporting period	For the half year ended 30 June 2022 (HI FY2022)
Previous reporting period	For the half year ended 30 June 2021

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

				<b>\$'000</b>
Revenue from ordinary activities	down	16.2%	to	477,106
Loss from ordinary activities after tax attributable to the owners of DRA Global Limited	down	219.5%	to	(18,009)
Loss for the period attributable to the owners of DRA Global Limited	down	219.5%	to	(18,009)

It is not proposed to pay a dividend for the reporting period.

Refer to the commentary regarding the results for the half year contained in the 'Review of Operations' included within the Directors' Report.

The condensed consolidated statement of profit or loss, condensed consolidated statement of other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows are included within the Interim Financial Report.

The Interim Financial Report for the financial half year ended 30 June 2022 has been reviewed by BDO Audit (WA) Pty Ltd.

## NET TANGIBLE ASSETS

	<b>Reporting period</b>	<b>Previous period</b>
	<b>Cents</b>	<b>Cents</b>
Net tangible assets per ordinary security	334.98	200.78

Net tangible assets exclude right-of-use assets and lease liabilities.

## DIVIDENDS AND DIVIDEND REINVESTMENT PLANS

It is not proposed to pay a dividend for the reporting period.

There were no dividends paid, recommended or declared during the previous reporting period. There was no dividend reinvestment plan in operation during the reporting period.

## DETAILS OF CHANGES IN CONTROLLED ENTITIES

There were no material changes in controlled entities during the financial period.

## DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

<b>Name of Entity</b>	<b>Percentage holding Reporting period %</b>	<b>Percentage holding Previous reporting period %</b>
LSL Consulting Pty Ltd	25	25
Tekpro Projects Pty Ltd	25	25
FineTech Minerals Pty Ltd	28	28

The Group's aggregate share of associates and joint venture entities' profit/(loss) was not material for the reporting period.

# DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'DRA') consisting of DRA Global Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half year period ended 30 June 2022.

## DIRECTORS

The following persons were directors of DRA Global Limited during the whole of the financial half year period and up to the date of this report, unless otherwise stated:

Peter Mansell (Chairperson)

Kathleen Bozanic

Lee (Les) Guthrie

Paulus (Paul) Lombard

Jonathan (Johnny) Velloza (appointed 1 January 2022)

Andrew Naudé

## PRINCIPAL ACTIVITIES

DRA, listed on the Australian Securities Exchange (ASX) and Johannesburg Stock Exchange (JSE), is a global multi-disciplinary engineering, project management and operations management group predominantly focused on the mining and mineral resources sector. DRA has an extensive global track record, spanning more than three decades and more than 7,500 studies and projects as well as operations, maintenance and optimisation solutions across a wide range of commodities.

DRA has expertise in mining, minerals and metals processing and related non-process infrastructure including sustainability, water and energy solutions for the mining industry. DRA delivers advisory, engineering and project delivery services throughout the capital project lifecycle from concept through to operational readiness and commissioning as well as ongoing operations and maintenance services.

DRA, headquartered in Perth, Australia, services its global customer base through 16 offices across Asia-Pacific, North and South America, Europe, Middle East and Africa, and employs more than 4,500 people.

## REVIEW OF OPERATIONS

DRA derives revenue from engineering, advisory services, services provided throughout the capital project lifecycle from concept through to commissioning as well as ongoing operations, maintenance and shutdown services.

### PROJECTS: SERVICES RELATED TO CAPITAL INVESTMENT IN PROJECTS

DRA's Projects offer project development services (including concept development, preliminary economic assessment, feasibility studies and front-end engineering design) and project delivery and execution services (including engineering design, project management, procurement, construction management and commissioning). Projects revenue for the period decreased 9% relative to the same period last year and accounted for approximately 55% of total consolidated revenue. Managing the finalisation of certain fixed-price construction contracts that were entered into during prior years accounted for the decrease in revenue.

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## OPERATIONS: SERVICES RELATED TO ONGOING OPERATING EXPENDITURES AND IMPROVEMENTS

DRA's Operations offers operational readiness, asset integrity management, maintenance, process optimisation, outsourced operations and maintenance and related systems. Operations revenue for the period decreased by 23% relative to the same period last year and accounted for approximately 45% of total consolidated revenue. The revenue generated from the G&S Engineering Pty Ltd (G&S) SMP construction and shutdown services business has significantly reduced in H1 FY2022 as the Group focuses on its core engineering services and operations and maintenance business, following disposal of the G&S business. The corresponding prior period benefited from the US Energy Operations business which ended early January 2022 following cessation of a US tax credit scheme on 31 December 2021.

## GROUP

The Group delivers services across two regional operating segments:

- Asia-Pacific, North and South America (APAC/AMER); and
- Europe, Middle East and Africa (EMEA).

A summary of the half year revenue results is set out below:

	Segment revenues H1 2022 \$M	Segment revenues H1 2021 \$M	Segment results (EBIT) H1 2022 \$M	Segment results (EBIT) H1 2021 \$M
EMEA	289.0	297.9	27.2	33.8
APAC/AMER	188.1	271.4	(38.6)	0.2
Group and unallocated items	-	-	(5.9)	(7.9)
	<b>477.1</b>	<b>569.3</b>	<b>(17.3)</b>	<b>26.1</b>

Segment results are earnings before interest and tax (EBIT), which is the measure of segment result that is reported to the Chief Operating Decision Maker (CODM) in DRA. For a reconciliation to loss after income tax refer to note 3.

## UNDERLYING RESULTS

The Group's underlying results have declined as compared to the previous corresponding period. Underlying EBITA (earnings before interest, tax and amortisation) in this half year has decreased to a loss of \$14.0M. Refer to the table on the reconciliation of the underlying results.

	H1 2022 \$M	H1 2021 \$M
<b>Reconciliation of statutory (loss)/profit before income tax expense and EBITDA</b>		
<b>Statutory (Loss)/Profit before income tax expense</b>	(20.9)	26.8
Net finance costs/(income)	3.6	(0.7)
<b>Statutory earnings before interest and tax (EBIT)</b>	(17.3)	26.1
Depreciation and amortisation expenses	9.8	12.5
<b>Earnings before interest, tax, depreciation, and amortisation (EBITDA)</b>	<b>(7.5)</b>	<b>38.6</b>
<b>EBITDA</b>	(7.5)	38.6
Depreciation expenses	(7.4)	(9.5)
<b>EBITA</b>	<b>(14.9)</b>	<b>29.1</b>
<b>Underlying adjustments</b>		
Revaluation of Upside Participation Rights (UPRs)	(17.5)	(1.0)
IPO costs (non-recurring)	-	2.2
Legal costs related to pre-IPO disputes	1.8	2.0
IPO readiness program (non-recurring)	-	0.2
Impairment of goodwill and other intangibles	18.9	-
Disputes settlements	(2.3)	-
<b>Underlying EBITA</b>	<b>(14.0)</b>	<b>32.5</b>

The decline in the underlying EBITA is primarily due to unfavourable outcomes from certain fixed-price construction contracts entered in prior years in the APAC region. These contracts have delivered significant losses to the Group but have since been terminated or completed. The Group has estimated all its obligations in respect of these loss-making contracts and accounted for them in this financial reporting period. Adjusting for the half year financial impact of \$34.2M for contracts performed by the G&S business, which is expected to be divested in September 2022, the Group's underlying EBITA would have been a profit of \$20.2M.

## OUTLOOK

The EMEA region is expected to deliver a strong performance in line with expectations with all business units (DRA Projects, SENET, Minopex and DRA Water) forecasting improved pipelines within the second half of FY2022. The AMER region continues to show strong growth in North and South America. The US Energy Operations business is not expected to recommence at this time. Progress towards resolving the residual fixed-price construction contracts entered in APAC during prior years, together with the expected finalisation of the disposal of the G&S business, will result in the APAC region focusing on its core strengths of engineering, project delivery and operations management. The Group expects this refocused business to become profitable during the second half of FY2022.

FY2022 revenue for the Group is anticipated to be lower as a result of the expected G&S business divestment. The Group expects a profitable second half of the financial year as the Group focusses on quality of earnings. However, profitability may be impacted by certain macro-economic events including potential further interest rate increases by central banks affecting financing of future major projects and the pipeline for the Group, and inflationary pressures which impact on the Group's cost base in all major regions and may weigh on margins in the near term. Excess free cashflow generated during the second half of the financial year is expected to repay short-term debt facilities as a priority.

## FINANCIAL POSITION

Net assets decreased to \$252.7M as at 30 June 2022 (31 December 2021: \$266.1M). The Group's net cash position was \$72.5M at 30 June 2022 (31 December 2021: \$118.4M). The Group's gearing ratio was 18.9% at 30 June 2022 (31 December 2021: 14.0%).

## CASH FLOWS

Cash flows used in operating activities was \$41.3M outflow for the period (H1 FY2021: \$2.5M inflow), impacted by cash outflows from finalising certain loss-making fixed-price construction contracts and higher finance costs incurred on contract dispute arbitration award and commercial settlements, and interest-bearing borrowings.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 11 March 2022, DRA announced with respect to its senior leadership, that Andrew Naudé would step down as Chief Executive Officer (CEO) of DRA following an appropriate handover period. Subsequently, on 19 March 2022, James Smith an existing senior executive of DRA, was appointed Interim CEO while the Company commenced its search for a permanent replacement of Mr Naudé.

On 21 March 2022, a shareholder of DRA lodged an application to the Australian Takeovers Panel (ATP) in relation to the affairs of DRA seeking interim orders restraining certain individuals from exercising any voting or other rights attached to their DRA shares or acquiring any further DRA shares pending determination of the application. It also sought final orders including that their DRA shares to be vested in ASIC for sale, provide substantial shareholder disclosure and declare the irrevocable undertakings void. The application was made in respect of the conduct of the proponents of a requisition notice to change the composition of the Board of Directors.

On 9 May 2022, the ATP responded to the application dated 21 March 2022 and made a declaration of unacceptable circumstances in relation to the affairs of DRA arising from the conduct of the requisitionist.

On 12 May 2022, DRA announced Adam Buckler was no longer employed by the Company. Michael Sucher, an existing senior executive of DRA, was appointed Acting Chief Financial Officer while DRA commenced its search for a permanent replacement.

On 16 May 2022, the ATP made final orders in relation to the declaration of unacceptable circumstances which included certain shareholders to disclose, in the form of a substantial holder notice, their association in relation

to DRA and the cessation of the association (if applicable). The orders required DRA to announce on the ASX an explanation of the ATP's declarations and orders, DRA's knowledge of the circumstances found to be unacceptable, DRA's role in the ATP proceedings, and an update of DRA's management arrangements, progress in its executive search and review of its operating model, as well as to send a copy of that announcement to shareholders. The orders also required that, for a period of six months, DRA not to put before a general meeting any resolution to appoint a requisitioner, any of their associates or a person previously nominated by the requisitionists as a director, or to otherwise appoint a requisitioner or any of their associates as a director. Further, the orders required the requisitionists to lodge substantial holder notices, and for a period of six months restricted the requisitionists and their associates from:

- providing a notice of intention to move a resolution to remove a director of DRA;
- requisitioning a DRA shareholder meeting to remove or appoint directors;
- nominating a director for appointment; and
- exercising, or allowing the exercise of, their voting rights in shares in DRA in respect of appointing or removing a director, (and equally DRA must disregard the voting rights of the requisitionists and their associates in respect of a resolution to remove or appoint directors in that six month period).

The ATP proceedings in respect of the affairs of DRA have now concluded. DRA acknowledged the ATP's declaration of unacceptable circumstances, orders and reasons for its decision, and has complied with any orders requiring action by DRA. It is noted that ATP did not find that DRA had engaged in any contraventions of the *Australian Corporations Act 2001* (Cth).

On 29 July 2022, G&S, a subsidiary of DRA, entered into an agreement to dispose certain assets, liabilities and contracts of the G&S business subject to customary conditions precedent. The sale of the G&S business is now expected to be completed in September 2022.

On 31 August 2022, DRA announced that Michael Sucher has been permanently appointed as its Chief Financial Officer effective on and from 1 September 2022.

On 31 August 2022, DRA announced that it had completed and discontinued its on-market share buy-back program which had been suspended in December 2021.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

## ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



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Peter Mansell

Chairperson

31 August 2022



# AUDITOR'S INDEPENDENCE DECLARATION



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## DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF DRA GLOBAL LIMITED

As lead auditor for the review of DRA Global Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of DRA Global Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Neil Smith', written over a light grey horizontal line.

Neil Smith  
Director

BDO Audit (WA) Pty Ltd  
Perth  
31 August 2022

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# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half year period ended 30 June 2022

	Note	H1 2022 \$'000	H1 2021 \$'000
<b>Continuing Operations</b>			
Revenue	4	477,106	569,272
Cost of sales		(424,170)	(470,130)
<b>Gross profit</b>		52,936	99,142
Other income		1,724	1,676
Other gains/(losses) – net		1,845	427
Fair value gain on Upside Participation Rights (UPRs)	12	17,500	1,000
Initial public offering (IPO) transaction costs		-	(2,214)
General and administrative expenses	5	(72,618)	(74,030)
Impairment of goodwill and other intangible assets	5	(18,902)	-
Share of net profit of associates accounted for using the equity method		243	108
<b>(Loss)/Earnings before interest and tax</b>		(17,272)	26,109
Finance income		2,733	2,431
Finance costs		(6,350)	(1,691)
<b>(Loss)/Profit before income tax</b>		(20,889)	26,849
Income tax benefit/(expense)		4,007	(10,252)
<b>(Loss)/Profit after income tax for the period</b>		<b>(16,882)</b>	<b>16,597</b>
(Loss)/Profit for the period is attributable to:			
Non-controlling interest		1,127	1,522
Owners of DRA Global Limited		(18,009)	15,075
		<b>(16,882)</b>	<b>16,597</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit/(loss) attributable to the owners of DRA Global Limited</b>			
Basic (loss)/earnings per share	7	(36.42)	22.88
Diluted (loss)/earnings per share	7	(36.42)	20.49

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes

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## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the half year period ended 30 June 2022

	H1 2022 \$'000	H1 2021 \$'000
<b>(Loss)/Profit after income tax for the period</b>	(16,882)	16,597
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	4,454	12,204
Other comprehensive income/(loss) for the period, net of tax	4,454	12,204
<b>Total comprehensive income/(loss) for the period</b>	<b>(12,428)</b>	<b>28,801</b>
Total comprehensive income/(loss) for the period is attributable to:		
Non-controlling interest	1,143	1,545
Owners of DRA Global Limited	(13,571)	27,256
	<b>(12,428)</b>	<b>28,801</b>

*The above condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes*

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 Jun 2022 \$'000	31 Dec 2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		120,362	171,024
Trade and other receivables		160,621	128,839
Contract assets		28,122	62,076
Inventories		3,121	2,923
Financial assets at fair value through profit or loss	15	3,745	3,202
Other financial assets measured at amortised cost	8	10,819	17,791
Current income tax assets		6,060	7,716
		332,850	393,571
Assets held for sale	9	10,872	-
Total current assets		343,722	393,571
<b>Non-current assets</b>			
Trade and other receivables		1,746	2,808
Investments accounted for using the equity method		2,582	2,379
Other financial assets measured at amortised cost	8	27,430	26,705
Property, plant and equipment		13,837	19,933
Right-of-use assets		23,816	29,035
Intangibles	10	90,973	112,250
Deferred tax assets	6	65,543	53,599
Total non-current assets		225,927	246,709
<b>Total assets</b>		<b>569,649</b>	<b>640,280</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		115,748	141,180
Contract liabilities		23,274	23,392
Interest-bearing borrowings	13	1,929	2,289
Lease liabilities		653	6,496
Current income tax liabilities		3,485	5,135
Employee benefits		29,190	37,648
Provisions	11	50,457	50,443
Other financial liabilities	12	6,406	39,613
		231,142	306,196
Liabilities directly associated with assets classified as held for sale	9	9,612	-
Total current liabilities		240,754	306,196
<b>Non-current liabilities</b>			
Interest-bearing borrowings	13	45,911	35,051
Lease liabilities		27,069	26,218
Deferred tax liabilities		2,358	4,342
Employee benefits		843	2,397
Total non-current liabilities		76,181	68,008
<b>Total liabilities</b>		<b>316,935</b>	<b>374,204</b>
<b>Net assets</b>		<b>252,714</b>	<b>266,076</b>
<b>Equity</b>			
Issued capital	14	160,780	160,780
Reserves		(84,048)	(87,840)
Retained earnings		165,974	183,935
Equity attributable to the owners of DRA Global Limited		242,706	256,875
Non-controlling interest		10,008	9,201
<b>Total equity</b>		<b>252,714</b>	<b>266,076</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year period ended 30 June 2022

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2021	162,547	6,000	133,935	6,150	308,632
Profit after income tax expense for the period	-	-	15,075	1,522	16,597
Other comprehensive income for the period, net of tax	-	12,181	-	23	12,204
Total comprehensive income for the period	-	12,181	15,075	1,545	28,801
Issue of ordinary shares	500	-	-	-	500
Buy-back of shares (inclusive of costs)	-	(114,689)	-	-	(114,689)
Cost of capital raising	(1,958)	-	-	-	(1,958)
Share-based payments settled in cash	-	(23)	-	-	(23)
Share-based payments expense on employee share schemes (note 18)	-	1,557	-	-	1,557
<b>Balance at 30 June 2021</b>	<b>161,089</b>	<b>(94,974)</b>	<b>149,010</b>	<b>7,695</b>	<b>222,820</b>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2022	160,780	(87,840)	183,935	9,201	266,076
(Loss)/Profit after income tax benefit for the period	-	-	(18,009)	1,127	(16,882)
Other comprehensive income for the period, net of tax	-	4,438	-	16	4,454
Total comprehensive income/(loss) for the period	-	4,438	(18,009)	1,143	(12,428)
Acquisition of non-controlling interest (note 17)	-	-	48	(336)	(288)
Reversal of share-based payments expense on employee share schemes (note 18)	-	(646)	-	-	(646)
<b>Balance at 30 June 2022</b>	<b>160,780</b>	<b>(84,048)</b>	<b>165,974</b>	<b>10,008</b>	<b>252,714</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year period ended 30 June 2022

	Note	H1 2022 \$'000	H1 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		484,923	515,663
Payments to suppliers and employees		(513,335)	(497,157)
		(28,412)	18,506
Finance income received		2,732	1,546
Finance cost paid		(5,356)	(1,691)
Income tax paid		(10,245)	(15,822)
Net cash from/(used in) operating activities		(41,281)	2,539
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,381)	(5,728)
Proceeds from sale of property, plant and equipment and software		1,153	785
Payment for intellectual property and software development costs		(587)	(989)
(Advancement of)/Proceeds from the sale of other financial assets		(798)	1,237
Acquisition of non-controlling interest	17	(288)	-
Proceeds from employees		-	64
Net cash used in investing activities		(2,901)	(4,631)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		11,469	3,881
Repayment of principal elements of borrowings		(1,823)	(1,695)
Repayment of principal elements of lease liabilities		(4,370)	(4,719)
Proceeds from issue of shares		-	500
Share buy-back		(16,265)	(49,909)
Net cash used in financing activities		(10,989)	(51,942)
Net increase/(decrease) in cash and cash equivalents		(55,171)	(54,034)
Cash and cash equivalents at the beginning of the financial period		171,024	204,809
Effects of exchange rate changes on cash and cash equivalents		4,509	4,767
<b>Cash and cash equivalents at the end of the financial period</b>		<b>120,362</b>	<b>155,542</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

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## NOTE 1. REPORTING ENTITY

DRA Global Limited (the Company) is a for-profit company limited by shares incorporated in Australia with a primary listing on the Australian Securities Exchange (ASX) and a secondary listing on the Johannesburg Stock Exchange (JSE).

The condensed consolidated financial statements of the Company comprise the Company and its controlled entities (the Group) and the Group's interest in associates and joint arrangements.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose condensed financial report which:

- have been prepared in accordance with AASB 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*;
- have been prepared on a historical cost basis, except for certain other financial assets and liabilities which are required to be measured at fair value;
- are presented in Australian dollars, which is the presentation currency of the Group's operations, and all values are rounded to the nearest thousand dollars (\$K) unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/191;
- present reclassified comparative information where required for consistency with the current period's presentation; and
- have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the consolidated financial statements for the year ended 31 December 2021.

In preparing the half year consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021 unless otherwise stated.

For a full understanding of the financial performance and financial position of the Group, it is recommended that the half year condensed consolidated financial statements be read in conjunction with the consolidated financial statements for the year ended 31 December 2021. Consideration should also be given to any public announcements made by the Company in accordance with the continuous disclosure obligations of the ASX Listing Rules.

## NOTE 3. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) in DRA.

The CODM assesses the financial performance and position of the Group and makes strategic decisions.

### IDENTIFICATION OF OPERATING SEGMENTS

The CODM has identified its operating segments based on the internal reports that are used in assessing performance and in determining the allocation of resources. Operating segments are identified based on the geographical regions of operation.

The Group aggregates two or more operating segments into a single reportable operating segment when the Group has assessed and determined the aggregated operating segments share similar economic and geographical characteristics, such as the type of customers for the Group's services and similar expected growth rates and regulatory environment.

The Group has the following reportable segments:

- Europe, Middle East and Africa (EMEA) – this part of the business provides project and/or operation services in the mining industries throughout EMEA;
- Asia Pacific and Americas (APAC/AMER) – this part of the business provides project and/or operation services in the mining and energy industries in the Asia Pacific, North and South Americas; and
- Group and unallocated items.

The following activities are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

- Group finance;
- Information technology;
- Origination;
- Treasury;
- Corporate secretarial; and
- Corporate development.

These amounts are presented in the 'Group and unallocated items' in the operating segment information below. The 'Group and unallocated items' also include intercompany eliminations.

The performance of each segment forms the basis of all reporting to the CODM and the Board. The CODM and the Board primarily uses Earnings Before Interest and Tax (EBIT) to assess the performance of a segment. It will also review the assets and working capital of each segment on a regular basis. The accounting policies adopted for internal reporting to the CODM and the Board are consistent with those adopted in the financial statements.

In reporting the EBIT to the CODM and the Board, results for the normal operations of the segment separately show reporting of the effect of significant items of income and expenditure which may have an impact on the quality of earnings such as depreciation, amortisation and impairment losses.

## OPERATING SEGMENT INFORMATION

	EMEA \$'000	APAC/ AMER \$'000	Group and unallocated items \$'000	Total \$'000
<b>H1 2022</b>				
<b>Revenue</b>				
Segment revenue	296,336	188,521	639	485,496
Inter-segment revenue	(7,376)	(375)	(639)	(8,390)
<b>Total revenue</b>	<b>288,960</b>	<b>188,146</b>	<b>-</b>	<b>477,106</b>
<b>EBIT</b>	27,241	(38,636)	(5,877)	(17,272)
Finance income				2,733
Finance costs				(6,350)
<b>Loss before income tax benefit</b>				<b>(20,889)</b>
Income tax benefit				4,007
<b>Loss after income tax benefit</b>				<b>(16,882)</b>
<b>30 Jun 2022</b>				
<b>Assets</b>				
Segment assets	437,556	134,701	(2,608)	569,649
<b>Total assets</b>				<b>569,649</b>
<b>Liabilities</b>				
Segment liabilities	91,422	146,024	79,489	316,935
<b>Total liabilities</b>				<b>316,935</b>

## Note 3. Operating segments (continued)

<b>HI 2021</b>	<b>EMEA \$'000</b>	<b>APAC/ AMER \$'000</b>	<b>Group and unallocated items \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>				
Segment revenue	305,299	272,736	13,434	591,469
Inter-segment revenue	(7,442)	(1,321)	(13,434)	(22,197)
<b>Total revenue</b>	<b>297,857</b>	<b>271,415</b>	<b>-</b>	<b>569,272</b>
<b>EBIT</b>				
	33,842	240	(7,973)	26,109
Finance income				2,431
Finance costs				(1,691)
<b>Profit before income tax expense</b>				<b>26,849</b>
Income tax expense				(10,252)
<b>Profit after income tax expense</b>				<b>16,597</b>
<b>31 Dec 2021</b>				
<b>Assets</b>				
Segment assets	437,803	169,903	32,574	640,280
<b>Total assets</b>				<b>640,280</b>
<b>Liabilities</b>				
Segment liabilities	109,276	172,884	92,044	374,204
<b>Total liabilities</b>				<b>374,204</b>

**NOTE 4. REVENUE**

(i) Disaggregation of revenue by major service lines and geographical regions:

	<b>EMEA \$'000</b>	<b>APAC/ AMER \$'000</b>	<b>Total \$'000</b>
<b>HI 2022</b>			
<b>Revenue recognised over time:</b>			
Projects	126,552	138,161	264,713
Operations	162,408	49,985	212,393
	<b>288,960</b>	<b>188,146</b>	<b>477,106</b>
<b>HI 2021</b>			
<b>Revenue recognised over time:</b>			
Projects	164,760	126,913	291,673
Operations	133,096	144,502	277,598
	<b>297,856</b>	<b>271,415</b>	<b>569,271</b>

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(ii) Total revenue by geographical location is as follows:

	H1 2022 \$'000	H1 2021 \$'000
<b>EMEA</b>		
South Africa	246,616	245,255
Democratic Republic of the Congo	10,032	11,710
Lesotho	17,170	14,295
Guinea	754	12,253
Saudi Arabia	8,786	10,463
Rest of world	12,978	11,323
Inter-segment revenue	(7,376)	(7,442)
	<b>288,960</b>	<b>297,857</b>
<b>APAC/AMER</b>		
Australia	151,275	227,104
Canada	20,691	15,923
United States	5,022	22,668
Peru	7,851	6,285
Rest of world	3,682	756
Inter-segment revenue	(375)	(1,321)
	<b>188,146</b>	<b>271,415</b>
	<b>477,106</b>	<b>569,272</b>

(iii) Contract assets

The Group recognised a contract asset of \$17,583K in relation to an unapproved claim with a customer based on its best estimate as at 31 December 2021. In June 2022, the Group has concluded and agreed a formal settlement with the customer. As a result of the formal settlement, a reduction of revenue and contract asset of \$9,013K was recognised in this half year.

## NOTE 5. PROFIT AND LOSS INFORMATION

### SIGNIFICANT ITEMS

Profit for the period includes the following items that are significant non-cash expenses and unusual items because of their nature, size or incidence:

	H1 2022 \$'000	H1 2021 \$'000
(i) Other gains/(losses) – net		
Foreign exchange (loss)/gain	1,444	(1,933)
Profit/(loss) on foreign currency contracts	71	1,302
(ii) (Income)/Expenses included in cost of sales general and administrative expenses		
Expected credit loss expense on trade receivables and contract assets	-	(724)
(Reversal of)/share-based payments	(646)	1,557
Depreciation expense of right-of-use assets	4,073	4,996
Depreciation expense of property, plant and equipment	3,341	4,463
Amortisation expense of intangible assets	2,630	3,024
Impairment/(reversal) of loan receivable measured at amortised cost	1,669	(209)
Impairment of goodwill (note 9)	15,704	-
Impairment of customer relationship intangible assets	3,198	-

### (iii) Cost of Sales and Finance Costs

On 17 March 2022, an arbitration settlement award was handed down between a subsidiary of DRA and a previous customer of DRA involving claims and counter-claims on a contract between the parties. As a result of the settlement award, DRA recorded expenses of \$2,706K in cost of sales and \$1,088K in finance costs.

On 26 July 2022, DRA agreed to settle a claim between a subsidiary of DRA and its subcontractor prior to an arbitration hearing. The agreed settlement between the parties was \$10,567K and resulted in a reversal of a portion of an onerous contract provision recorded in cost of sales of \$3,101K. Management has considered this post-balance sheet transaction to be an adjusting event at 30 June 2022. Refer to Note 11 for further details.

## NOTE 6. INCOME TAX

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated annual tax rate used for the half year ended 30 June 2022 is -19%, compared to 38% for the half year ended 30 June 2021. The negative tax rate in H1 2022 is due to the losses incurred during the period and adjustments made on non-deductible expenses (i.e. impairment losses on intangible assets) and non-taxable income (i.e. fair value gain on UPRs).

Deferred tax assets that relate to carried-forward tax losses of the Group are recognised on the basis that the Group will satisfy applicable tax legislation requirements at the time of proposed recoupment of those tax losses. An assessment will be performed at the time when those tax losses are utilised.

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## NOTE 7. (LOSS)/EARNINGS PER SHARE

### (I) (LOSS)/EARNINGS PER SHARE

	HI 2022 \$'000	HI 2021 \$'000
(Loss)/Profit after income tax	(16,882)	16,597
Non-controlling interest	(1,127)	(1,522)
(Loss)/Profit after income tax attributable to the owners of DRA Global Limited	(18,009)	15,075
Fair value adjustment of UPRs*	-	(1,000)
<b>(Loss)/Profit after income tax attributable to the owners of DRA Global Limited used in calculating diluted earnings per share</b>	<b>(18,009)</b>	<b>14,075</b>
	<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share	(36.42)	22.88
Diluted (loss)/earnings per share	(36.42)	20.49

### (II) BASIC (LOSS)/EARNINGS PER SHARE (EXCLUDING REVALUATION OF UPRs)

Included in profit or loss is the revaluation of UPRs which is driven by the Company's share price and the remaining life of the UPRs. The Directors are of the opinion that any gain or loss from revaluation of UPRs is not representative of the underlying operation of the Group. In order to provide an accurate representation of the performance of the Group, a revised earnings per share which excludes the gain or loss from revaluation of UPRs is provided in the table below:

	HI 2022 \$'000	HI 2021 \$'000
(Loss)/Profit after income tax attributable to the owners of DRA Global Limited	(18,009)	15,075
Fair value adjustment of UPRs	(17,500)	(1,000)
<b>(Loss)/Profit after income tax excluding revaluation of UPRs</b>	<b>(35,509)</b>	<b>14,075</b>
	<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share (excluding revaluation of UPRs)	(71.81)	21.36

### (III) HEADLINE (LOSS)/EARNINGS PER SHARE

The presentation of headline earnings (and per share measure) is mandated under the Listings Requirements of the JSE and is calculated in accordance with Circular 1/2019, 'Headline Earnings', issued by the South African Institute of Chartered Accountants.

	HI 2022 \$'000	HI 2021 \$'000
(Loss)/Profit after income tax attributable to the owners of DRA Global Limited	(18,009)	15,075
Add back items required by Circular 1/2019:		
Profit on disposal of property, plant and equipment and other financial assets	(329)	(548)
Impairment/(reversal of impairment) of loan receivable and other financial assets measured at amortised cost	1,669	(209)
Foreign currency translation reserve reclassified to profit	-	(8)
Taxation effects on adjustments	(392)	220
Impairment of goodwill and other intangibles	18,903	-
Headline earnings from continuing operations	1,842	14,530
Fair value adjustment of UPRs*	-	(1,000)
<b>Headline earnings from continuing operations used in calculating diluted earnings per share</b>	<b>1,842</b>	<b>13,530</b>
	<b>Cents</b>	<b>Cents</b>
Basic headline (loss)/earnings per share	3.72	22.05
Diluted headline (loss)/earnings per share	3.72	19.69

## Note 7. (Loss)/Earnings per share (continued)

**(IV) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	49,450,518	65,892,488
Adjustments for the calculation of diluted earnings per share:		
Options over ordinary shares*	-	495,000
UPRs*	-	2,318,344
<b>Weighted average number of ordinary shares used in calculating diluted earnings per share</b>	<b>49,450,518</b>	<b>68,705,832</b>

The above table is a reconciliation of weighted average number of ordinary shares used as the denominator in calculating (loss)/earnings per share, (loss)/earnings per share (excluding valuation of UPRs) and headline (loss)/earnings per share.

\* As the Group incurred a loss for the period ended 30 June 2022, the effect of UPRs and options on issue are considered to be antidilutive and thus not factored in determining diluted earnings per share.

**NOTE 8. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST**

	30 Jun 2022 \$'000	31 Dec 2021 \$'000
<b>Current assets</b>		
Loan receivable – at amortised cost (i) (iv)	10,433	16,474
Other loans	386	1,317
	10,819	17,791
<b>Non-current assets</b>		
Loan receivable – at amortised cost (iii) (iv)	25,680	24,978
Loans to employees – at amortised cost (ii)	1,750	1,727
	27,430	26,705
	<b>38,249</b>	<b>44,496</b>

- (i) Included in the loan receivables was a loan receivable of \$776K (FY2021: \$752K) which accrues interest at a rate of 15% per annum secured by assets of the counterparty. The loan has been impaired to the value recoverable from the security.
- (ii) These loans accrue interest at the prime lending rate in South Africa, currently 7% per annum, and are payable on 9 July 2023.
- (iii) \$15,740K (FY2021: \$14,629K) of this balance represents a loan subject to interest at a rate ranging from 15% to 27.78% per annum secured by assets of the counterparty. The loan is repayable no later than 6 years after the anniversary of the loan, being 13 December 2023.
- (iv) Included in the current and non-current loan receivables was an amount totalling \$20,147K (FY2021: \$26,071K) owing from a customer. The loan receivable bears interest of 12% to 15% per annum and is payable by regular instalments until December 2023.

## NOTE 9. ASSETS HELD FOR SALE

On 11 May 2022, DRA announced that it was undertaking a review of its business portfolio to optimise shareholder value.

Management identified that G&S Engineering Services Pty Ltd (G&S), a wholly owned subsidiary of DRA did not fit into the current strategy for the Group. The G&S business incurred the majority of the fixed price construction contract losses of the APAC / AMER region for the period.

A subsidiary of DRA entered into an agreement to dispose certain assets, liabilities and contracts of the G&S business subject to customary conditions precedent. The sale of G&S is expected to be completed by September 2022.

The G&S business is included in the Group's APAC / AMER operating segment.

### DISPOSAL GROUP ASSETS AND LIABILITIES

The major classes of assets and liabilities of G&S classified as held for sale at 30 June 2022 are:

	<b>30 Jun 2022</b> <b>\$'000</b>
<b>Assets reclassified as held for sale</b>	
Trade and other receivables	1,137
Inventories	352
Property, plant and equipment	5,326
Right-of-use assets	2,833
Customer relationships	899
Deferred tax	325
	<u>10,872</u>
<b>Liabilities reclassified as held for sale</b>	
Interest-bearing borrowings	(1,351)
Lease liabilities	(2,812)
Employee benefits	(5,449)
	<u>(9,612)</u>
<b>Net assets of the disposal group</b>	<b><u>1,260</u></b>

### IMPAIRMENT OF ASSETS

Immediately before the classification of G&S as a disposal group held for sale, the recoverable amount was estimated for property, plant and equipment and intangible assets. A write down of \$18,902K is recognised for the period to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell.

	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Total</b>
Reclassified from goodwill and intangibles at net book value	15,704	4,097	19,801
Impairment loss	(15,704)	(3,198)	(18,902)
<b>Net assets of the disposal group</b>	<b>-</b>	<b>899</b>	<b>899</b>



**PROFIT CONTRIBUTION**

The G&S business does not qualify as a discontinued operation under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* as the G&S business on its own does not represent a separate major line of business or geographic area of DRA and therefore the results of G&S are included in continuing operations.

An analysis of the G&S business' contribution to DRA's results is as follows:

	H1 2022 \$'000	H1 2021 \$'000
Revenue	51,856	127,320
Cost of sales	(72,386)	(117,703)
General and administrative expenses	(15,594)	(16,166)
Other gains	231	457
Finance income	7	4
Finance costs	(1,132)	(947)
<b>Loss for the half year period before tax</b>	<b>(37,018)</b>	<b>(7,035)</b>

**RECOGNITION AND MEASUREMENT**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the condensed consolidated statement of financial position.

**NOTE 10. INTANGIBLES**

	Goodwill \$'000	Brand names \$'000	Computer software \$'000	Client relationships \$'000	Total \$'000
Balance at 31 December 2021					
Cost	120,242	7,285	10,321	39,973	177,821
Accumulated amortisation and impairment	(22,452)	(5,239)	(8,656)	(29,224)	(65,571)
	<b>97,790</b>	<b>2,046</b>	<b>1,665</b>	<b>10,749</b>	<b>112,250</b>
Balance at 30 June 2022					
Cost	104,912	7,285	11,193	30,722	154,112
Accumulated amortisation and impairment	(22,731)	(5,603)	(9,373)	(25,432)	(63,139)
	<b>82,181</b>	<b>1,682</b>	<b>1,820</b>	<b>5,290</b>	<b>90,973</b>

**RECONCILIATIONS**

Reconciliations of the written down values at the beginning and end of the current reporting period are set out below:

	Goodwill \$'000	Brand names \$'000	Computer software \$'000	Client relationships \$'000	Total \$'000
Balance at 1 January 2022	97,790	2,046	1,665	10,749	112,250
Additions	-	-	494	53	547
Classified as held for sale	(15,704)	-	-	(4,097)	(19,801)
Exchange differences	95	151	30	331	607
Amortisation expense	-	(515)	(369)	(1,746)	(2,630)
<b>Balance at 30 June 2022</b>	<b>82,181</b>	<b>1,682</b>	<b>1,820</b>	<b>5,290</b>	<b>90,973</b>

Intangible assets decreased primarily as a result of a potential sale of the business of G&S Engineering Support Services Pty Ltd and G&S Engineering Services Pty Ltd (collectively G&S). Goodwill and other intangible assets recorded in relation to the business of G&S have been reclassified and impaired. Refer to note 9 for further information.

**IMPAIRMENT TESTING**

With the business of G&S subject to a sale transaction, the Group has reviewed the remaining carrying amount of goodwill in the APAC CGU for further impairment indicators. Whilst the Group expects the revenue contribution from the APAC CGU to reduce significantly, the Group expects improvement in profit contribution arising from future activities re-focusing on DRA's core strengths of engineering, project delivery and operations management. Based on management's assessment, the recoverable amount of the APAC CGU exceeded its carrying amount and no additional impairment is required.

	30 Jun 2022 \$'000	31 Dec 2021 \$'000
<b>Goodwill is attributed to:</b>		
APAC CGU	26,257	41,962

**SIGNIFICANT JUDGEMENTS AND ESTIMATES****KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS**

The key assumptions used in the value-in-use (VIU) calculations are based on the revised APAC CGU forecasts and the approach to determining the recoverable amount are:

Assumptions	Approach used to determining values
Revenue growth rate:	Relevant to the market conditions and business plans
EBIT margin:	Based on past performance and management's expectations for the future
Terminal value:	Terminal value is the lower of long-term growth rate or an EBIT multiple. The long-term growth rate is typically consistent with the long-term growth rate of the economic environment or country within which the CGU operates
Discount rate (Pre-tax):	Risk in the industry and country in which the CGU operates.

H1 2022	APAC CGU
Revenue growth rate (% annual growth rate)	4%
EBIT margin (%) (i)	3.9%-6.2%
Lower of long-term growth rate (%) or EBIT multiple (ii)	4% or 5 times EBIT at terminal year
Pre-tax discount rate (%)	20.74%

- (i) EBIT margin for remaining FY22 is forecasted to be 3.9% and improving to 6.2% thereafter.  
(ii) The terminal value used was the EBIT multiple.

## Note 10. Intangibles (continued)

**IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS**

The recoverable amount of goodwill in the APAC CGU is estimated to exceed its carrying amount at 30 June 2022 by \$3,937K. The table below shows the reasonable change in the assumptions used for the VIU calculation and the impact to the recoverable amount assuming all other variables remain constant:

Assumptions	Reasonably possible changes	Impacts to recoverable amount
Revenue growth rate	Decreased by 200 basis points	Reduced by \$1,427K
EBIT margin	Decreased by 100 basis points	Reduced by \$5,527K
Long-term growth rate	Decreased by 200 basis points or 1 times EBIT	Reduced by \$3,962K
Pre-tax discount rate	Increased by 200 basis points	Reduced by \$1,759K

The Group has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the APAC CGU to exceed its recoverable amount other than the EBIT margin and long-term growth rate assumptions. Based on the above, the Group would have had to recognise an impairment of \$1,590K and \$25K against the carrying amount of goodwill as a result of change in EBIT margin and long-term growth rate, respectively.

There were no indicators of impairment of other CGUs.

**NOTE 11. PROVISIONS**

	30 Jun 2022 \$'000	31 Dec 2021 \$'000
<b>Current liabilities</b>		
Loss making contracts	45,104	44,194
Warranty provision	2,390	3,230
Other	2,963	3,019
	<b>50,457</b>	<b>50,443</b>

**MOVEMENTS IN PROVISIONS**

Movements in each class of provision during the period are set out below:

30 June 2022	Loss making contracts \$'000	Warranty provision \$'000	Other \$'000
Carrying amount at the start of the period	44,194	3,230	3,019
Additional provisions recognised	5,256	-	2,136
Amounts released	(5,143)	(1,004)	(1,941)
Amounts utilised	-	-	(312)
Exchange differences	797	164	61
<b>Carrying amount at the end of the period</b>	<b>45,104</b>	<b>2,390</b>	<b>2,963</b>

Included in the amounts released in relation to Loss making contracts is a \$3,101K reversal as disclosed in note 5 (iii).

## NOTE 12. OTHER FINANCIAL LIABILITIES

	30 Jun 2022 \$'000	31 Dec 2021 \$'000
<b>Current liabilities</b>		
Deferred cash consideration (i)	-	15,242
Contingent consideration (ii)	2,244	2,718
Derivative financial instruments - foreign exchange currency (FEC) contracts (iv)	162	153
UPRs (iii) (iv)	4,000	21,500
	<b>6,406</b>	<b>39,613</b>

- (i) Deferred cash consideration in relation to the share buy-back in FY2021 was fully paid during the period.
- (ii) Subsequent to period end, the contingent consideration in relation to the Group's acquisition of the 60% interest in UMM Contracting Pty Ltd in FY2020 was fully paid.
- (iii) The UPRs have been revalued as at 30 June 2022 with a \$17,500K gain recognised in profit or loss. The fair value is determined using an option pricing model with reference to the Company's share price. The model takes into consideration that the holder of the UPRs have the right to the upside between the strike price (\$3.10) and the cap (\$6.50), such that the payoff to the holder is capped at \$3.40.
- (iv) Measured at fair value through profit or loss.

The key inputs used for the valuation of the UPRs are set out below:

	At 30 Jun 2022	At 31 Dec 2021
Value of the underlying share	\$1.94	\$3.35
Exercise price	\$3.10	\$3.10
Cap	\$6.50	\$6.50
Life of the Rights (years)	1.50	2.00
Volatility	45%	40%
Risk-free rate	2.73%	0.54%
Number of UPRs	25,000,000	25,000,000
Valuation per UPR	\$0.16	\$0.86
Total value of UPRs	\$4,000,000	\$21,500,000

## NOTE 13. INTEREST BEARING BORROWINGS

On 2 February 2022, the Group drew down \$9,187K of its General Banking Facilities. The loan is repayable on 30 June 2024. The interest rate is a variable rate that is based on the overnight lending market rates for corporates in South Africa. The interest rate is currently 6.54% per annum at the end of the period. The security, financial covenants and undertakings are the same as the Revolving Credit Facility of the Group with no new added terms and conditions. As at 30 June 2022, the undrawn amount on the Group's General Banking Facilities amounted to \$8,659K.

### LOAN COVENANTS

The financial covenants and undertaking on the Rand Merchant Bank facilities are only measured for the latest 12-month period ended 31 December every year. As at 30 June 2022, the Group was not in breach of any loan covenants or undertakings.

## NOTE 14. ISSUED CAPITAL

	30 Jun 2022 Shares	31 Dec 2021 Shares	30 Jun 2022 \$'000	31 Dec 2021 \$'000
Ordinary shares – fully paid	54,165,974	54,165,974	160,780	160,780
Settlement shares	(4,715,456)	(4,715,456)	-	-
	<b>49,450,518</b>	<b>49,450,518</b>	<b>160,780</b>	<b>160,780</b>

## NOTE 15. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

### FAIR VALUE HIERARCHY

The following tables detail the Group's financial assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

30 Jun 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss	3,093	-	652	3,745
<b>Total assets</b>	<b>3,093</b>	<b>-</b>	<b>652</b>	<b>3,745</b>
Financial liabilities at fair value through profit or loss	162	4,000	-	4,162
<b>Total liabilities</b>	<b>162</b>	<b>4,000</b>	<b>-</b>	<b>4,162</b>
<b>31 Dec 2021</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Financial assets at fair value through profit or loss	2,536	-	666	3,202
<b>Total assets</b>	<b>2,536</b>	<b>-</b>	<b>666</b>	<b>3,202</b>
Financial liabilities at fair value through profit or loss	153	21,500	-	21,653
<b>Total liabilities</b>	<b>153</b>	<b>21,500</b>	<b>-</b>	<b>21,653</b>

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the period.

## NOTE 16. CONTINGENCIES

The Group occasionally receives legal claims arising from its operations in the course of its normal business. Group entities may also have potential financial liabilities that could arise from historical commercial contracts. Currently, the Group has a number of claims in progress, however it is not possible to estimate the financial effects of these claims should they be successful and, at the date of this report, the Directors have assessed the possibility of any net outflow of resources embodying economic benefits, which have not already been provided in this report, in relation to these matters to be unlikely. The Directors are of the opinion that the disclosure of any further information on these matters would be prejudicial to the interests of the Group.

## NOTE 17. INTERESTS IN OTHER ENTITIES

On 15 January 2022, the Group acquired an additional 7.7% of the issued shares of DRA Water Operations Pty Limited (DRA Water), a 51% owned subsidiary of the Group before the acquisition of the additional shares. Immediately prior to the purchase, the carrying amount of the existing 49% non-controlling interest in DRA Water was \$2,147K. The Group recognised a decrease in non-controlling interests of \$336K and an increase in equity attributable to owners of the parent of \$48K.

	30 Jun 2022 \$'000	31 Dec 2021 \$'000
Carrying amount of non-controlling interests acquired	336	-
Consideration paid to non-controlling interests	(288)	-
<b>Gain recognised in the transactions with non-controlling interests reserve within equity</b>	<b>48</b>	<b>-</b>

## NOTE 18. SHARE-BASED PAYMENTS

	H1 2022 \$	H1 2021 \$
Non-Executive Directors Share Option Plan	72,000	52,710
One-off Share Option Plan	303,948	461,031
Employee Share Option Plan	(1,021,465)	1,043,304
	<b>(645,517)</b>	<b>1,557,045</b>

There were no new grants of share options during the period.

During the half year ended 30 June 2022, management has reassessed the performance hurdle in relation to FY2020 Share Option Plan Tranche 2 which is based on an Earnings Per Share performance hurdle. Management has assessed the likelihood of meeting the performance hurdle to be 0%. Consequently, included in the share-based payment expenses was a \$2,106K reversal of prior period expenses to the profit and loss accounts. This is offset by the vesting expense of other employee share schemes during the period.

## NOTE 19. RELATED PARTY TRANSACTIONS

During the half year ended 30 June 2022, Quality Labs Pty Ltd, a subsidiary of DRA transacted with TN Ceramics (Pty) Ltd for the provision of locally sourced ceramic consumable goods. Total value transacted in this half year was \$58,599 inclusive of value-added tax. TN Ceramics (Pty) Ltd is controlled by a family trust whereby Mr. James Smith is a trustee and beneficiary of the trust. The transaction is based on normal arms-length commercial terms and conditions.

## NOTE 20. EVENTS AFTER THE REPORTING PERIOD

On 22 July 2022, the contingent consideration in relation to the Group's acquisition of the 60% interest in UMM Contracting Pty Ltd in 2020 was fully paid out. Refer to Note 12.

On 26 July 2022, DRA agreed to settle a claim between a subsidiary of DRA and its subcontractor prior to the arbitration hearing. Refer to Notes 5 and 11.

On 29 July 2022, a subsidiary of DRA entered into an agreement to dispose certain assets, liabilities and contracts of the G&S business subject to customary conditions precedent. The sale of the G&S business is now expected to be completed by September 2022 quarter. Refer to Note 9.

On 31 August 2022, DRA announced that it had completed its on-market share buy-back program which had been suspended in December 2021.

Other than the above which were disclosed in the notes to the financial statements, no matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors



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Peter Mansell  
Chairperson

31 August 2022

# INDEPENDENT AUDITOR'S REVIEW REPORT



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Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DRA Global Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of DRA Global Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

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**Responsibility of the directors for the financial report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a small, faint BDO logo.

**Neil Smith**  
**Director**

Perth  
31 August 2022

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# CORPORATE DIRECTORY

## DIRECTORS

Peter Mansell (Chairperson)

Kathleen Bozanic

Lee (Les) Guthrie

Paulus (Paul) Lombard

Jonathan (Johnny) Velloza

Andrew Naudé

## INTERIM CHIEF EXECUTIVE OFFICER

James Smith

## COMPANY SECRETARY

Ben Secrett

## REGISTERED OFFICE AND BUSINESS ADDRESS

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Perth WA 6000, Australia

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Telephone: +27 11 373 0033

[www.computershare.com](http://www.computershare.com)

## STOCK EXCHANGE LISTINGS

DRA Global Limited fully paid ordinary shares are listed on the following exchanges:

- Australian Securities Exchange - ASX Code: DRA
- Johannesburg Stock Exchange - JSE Code: DRA

## INCORPORATION

DRA Global Limited is incorporated in Australia as a public company limited by shares.

- ACN 622 581 935
- ABN 75 622 581 935

## WEBSITE AND EMAIL CONTACT

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# DISCLAIMER

## FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements (including financial forecasts) with respect to the financial condition, operations and business of the Company and certain plans and objectives of the management of DRA. Forward looking statements can be identified by the use of forward-looking terminology, including without limitation, the terms “believes”, “estimates”, “anticipates”, “expects”, “predicts”, “intends”, “plans”, “goals”, “targets”, “aims”, “outlook”, “guidance”, “forecasts”, “may”, “will”, “would”, “could” or “should” or, in each their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding DRA’s present and future business strategies and the political and economic environment in which DRA will operate in the future, which may not be reasonable, and are not guarantees or predictions of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved, or that there is a reasonable basis for any of these statements or forecasts.

Forward-looking statements speak only as at the date of this report and to the full extent permitted by law, DRA and its respective affiliates and related bodies corporate and each of their respective related parties and intermediaries disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this report (including, but not limited to, any assumptions or expectations set out in the report).

## NON-IFRS FINANCIAL INFORMATION

DRA’s results are reported under the Australian Accounting Standards (AAS) as issued by Australian Accounting Standards Board which are compliant with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. DRA discloses certain non-IFRS measures including Underlying EBITA, Earnings Per Share (excluding valuation of UPRs) and Headline Earnings Per Shares that are not prepared in accordance with IFRS. These non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

## NOT FINANCIAL PRODUCT ADVICE

This report is for information purposes only and is not a financial product or investment advice or recommendation to acquire DRA securities (or any interest in DRA Global securities) and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. You should make your own assessment of an investment in DRA and should not rely on this report. In all cases, you should conduct your own research of the Company and analysis of the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of DRA and its business, and the contents of this report. You should seek legal, financial, tax and other advice appropriate to your jurisdiction.



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