



**FINANCIAL  
INFORMATION**

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23**

For the year ended  
**31 December 2023**

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Note	2023 \$000	2022 \$000
Revenue	3	885,180	894,732
Cost of sales		(677,384)	(745,275)
<b>Gross profit</b>		<b>207,796</b>	<b>149,457</b>
Other income		10,922	8,070
Other losses		(525)	(140)
Revaluation of Upside Participation Rights (UPRs)		3,635	17,865
General and administrative expenses		(171,117)	(150,929)
Impairment losses	10	(3,500)	(22,996)
Profit from equity accounted investments		639	155
<b>Operating profit</b>		<b>47,850</b>	<b>1,482</b>
Finance income	4	6,295	6,467
Finance costs	4	(6,534)	(9,133)
<b>Profit/(loss) before income tax</b>		<b>47,611</b>	<b>(1,184)</b>
Income tax expense	5	(25,809)	(20,251)
<b>Profit/(loss) after income tax</b>		<b>21,802</b>	<b>(21,435)</b>
Profit/(loss) for the period is attributable to:			
Non-controlling interests		2,107	437
Owners of DRA Global Limited		19,695	(21,872)
		<b>21,802</b>	<b>(21,435)</b>
<b>Earnings/(loss) per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	6	<b>36.11</b>	(43.96)
Diluted earnings/(loss) per share	6	<b>33.52</b>	(43.96)

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

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	2023 \$000	2022 \$000
<b>Profit/(loss) after income tax</b>	<b>21,802</b>	<b>(21,435)</b>
<b>Other comprehensive income/(loss)</b>		
Items that may be reclassified subsequently to profit or loss:		
Other reserves	33	-
Exchange differences on translation of foreign operations	(9,491)	1,601
Other comprehensive loss/income	<b>(9,458)</b>	<b>1,601</b>
<b>Total comprehensive income/(loss)</b>	<b>12,344</b>	<b>(19,834)</b>
Total comprehensive income attributable to:		
Non-controlling interests	2,107	437
Owners of DRA Global Limited	10,237	(20,271)
	<b>12,344</b>	<b>(19,834)</b>

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	2023 \$000	Restated* 2022 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	178,838	134,437
Trade and other receivables	8	139,355	158,867
Contract assets	3	31,869	23,081
Inventories		2,895	3,501
Financial assets at fair value through profit or loss		1,888	3,119
Other financial assets measured at amortised cost	9	191	32,745
Current income tax assets	5	6,355	9,282
<b>Total current assets</b>		<b>361,391</b>	<b>365,032</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method		2,717	2,321
Other financial assets measured at amortised cost	9	6,716	-
Property, plant and equipment		13,300	13,822
Right-of-use assets		26,157	22,098
Intangible assets		75,924	84,393
Deferred tax assets	5	52,010	56,133
<b>Total non-current assets</b>		<b>176,824</b>	<b>178,767</b>
<b>Total assets</b>		<b>538,215</b>	<b>543,799</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		77,699	86,226
Contract liabilities	3	32,638	32,868
Interest-bearing borrowings		19,821	1,618
Lease liabilities		3,935	3,590
Current income tax liabilities	5	5,858	4,072
Employee benefits		49,943	33,218
Provisions	11	52,648	45,306
Other financial liabilities		-	3,635
<b>Total current liabilities</b>		<b>242,542</b>	<b>210,533</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		-	52,079
Lease liabilities		26,175	22,179
Deferred tax liabilities	5	1,362	4,933
Employee benefits		753	709
Other financial liabilities		1,182	-
<b>Total non-current liabilities</b>		<b>29,472</b>	<b>79,900</b>
<b>Total liabilities</b>		<b>272,014</b>	<b>290,433</b>
<b>Net assets</b>		<b>266,201</b>	<b>253,366</b>
<b>Equity</b>			
Issued capital		169,382	168,632
Reserves		(96,152)	(86,276)
Retained earnings		184,465	162,063
Equity attributable to the owners of DRA Global Limited		257,695	244,419
Non-controlling interests		8,506	8,947
<b>Total equity</b>		<b>266,201</b>	<b>253,366</b>

\*Refer to notes 7 and 8 for further details.

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2023</b>	168,632	(86,276)	162,063	8,947	253,366
Profit after income tax	-	-	19,695	2,107	21,802
Other comprehensive income	-	(9,491)	3	30	(9,458)
<b>Total comprehensive income</b>	-	<b>(9,491)</b>	<b>19,698</b>	<b>2,137</b>	<b>12,344</b>
<i>Transactions with owners in their capacity as owners:</i>					
New shares issued <sup>(i)</sup>	750	(750)	-	-	-
Share-based payments expense	-	3,069	-	-	3,069
Transfer from reserves to retained earnings <sup>(ii)</sup>	-	(2,704)	2,704	-	-
Dividends paid to non-controlling interests	-	-	-	(2,578)	(2,578)
<b>Balance at 31 December 2023</b>	<b>169,382</b>	<b>(96,152)</b>	<b>184,465</b>	<b>8,506</b>	<b>266,201</b>
<b>Balance at 1 January 2022</b>	160,780	(87,840)	183,935	9,201	266,076
Loss after income tax	-	-	(21,872)	437	(21,435)
Other comprehensive income	-	1,601	-	-	1,601
<b>Total comprehensive income/(loss)</b>	-	<b>1,601</b>	<b>(21,872)</b>	<b>437</b>	<b>(19,834)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Sale of settlement shares <sup>(iii)</sup>	7,852	-	-	-	7,852
Reversal of share-based payments expense	-	(88)	-	-	(88)
Acquisition of minority interests	-	-	-	(355)	(355)
Dividends paid to non-controlling interests	-	-	-	(336)	(336)
Others	-	51	-	-	51
<b>Balance at 31 December 2022</b>	<b>168,632</b>	<b>(86,276)</b>	<b>162,063</b>	<b>8,947</b>	<b>253,366</b>

(i) During the year, 427,951 ordinary shares were issued as a result of options being exercised (FY22: 244,524).

(ii) During the year, Broad-Based Black Economic Empowerment (B-BBEE) reserve of \$2,922K was released to retained earnings. This reserve related to an old B-BBEE structure in South Africa that has come to an end.

(iii) On 15 December 2022, the Company sold 4,648,606 Settlement Shares at a price of ZAR 20 per share. The sale of the Settlement Shares resulted in a cash inflow of \$7,852K to the Group, which was used to fund working capital and broader business optimisation purposes.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	2023 \$000	Restated* 2022 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers	886,809	923,375
Payments to suppliers and employees	(787,564)	(937,459)
	<b>99,245</b>	<b>(14,084)</b>
Finance income received	4,895	2,787
Finance cost paid	(6,534)	(2,774)
Income tax paid	(21,912)	(22,116)
<b>Net cash flows from/(used in) operating activities</b>	<b>75,694</b>	<b>(36,187)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(5,201)	(5,704)
Proceeds from sale of property, plant and equipment and software	775	523
Payments for intangible assets	(668)	(1,034)
Proceeds from financial assets	16,223	13,021
Dividends received from associates	-	213
Payments to non-controlling interest holders	(633)	-
Payment of contingent consideration in relation to the acquisition of UMM	-	(2,134)
Proceeds from sale of G&S Engineering assets and liabilities (net of transaction costs)	-	1,980
<b>Net cash flows from investing activities</b>	<b>10,496</b>	<b>6,865</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	4,709	19,615
Repayment of interest bearing borrowings	(34,460)	(6,268)
Repayment of lease liabilities	(5,140)	(6,777)
Dividend paid to non-controlling interests	(2,578)	(288)
Proceeds from sale of settlement shares	-	7,852
Payments for share buy-backs	-	(16,266)
<b>Net cash flows used in financing activities</b>	<b>(37,469)</b>	<b>(2,132)</b>
Net increase/(decrease) in cash and cash equivalents	48,721	(31,454)
Cash and cash equivalents at the beginning of the financial year	134,437	163,269
Net foreign exchange difference	(4,320)	2,622
Cash and cash equivalents at the end of the financial year	<b>178,838</b>	<b>134,437</b>

\*Refer to notes 7 and 8 for further details.

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

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## NOTE 1. BASIS OF PREPARATION

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The Financial Information included in this document for the year ended 31 December 2023 is unaudited and has been derived from the draft Financial Report of the Group for the year ended 31 December 2023. The unaudited financial information was authorised for release by the directors on 28 February 2024. The Financial Information does not constitute the Group's full statutory accounts for the year ended 31 December 2023, which will be approved by the Board, reported on by the auditors, and subsequently filed with the Australian Securities and Investments Commission in March 2024.

Financial Information set out on pages 18 to 35 for the year ended 31 December 2023 has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 31 December 2022 Financial Statements contained within the Annual Report of the Group. Amendments to existing accounting standards and interpretations which became effective from 1 January 2023 were adopted. There was no material impact to the Group.

All amounts are expressed in Australian dollars which (unless specified otherwise) is the presentation currency of the Group's operations, and all values are rounded to the nearest thousand dollars (\$'000 or \$K).

The Group has made an assessment of its ability to continue as a going concern over the period to 28 February 2025 (the 'going concern' period) and considers it appropriate to adopt the going concern basis of accounting in preparing this Financial Information.

Where applicable, comparative periods have been adjusted to disclose them on the same basis as the current year figures.

## NOTE 2. SEGMENT REPORTING

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

The CODM considers the business both from a service and geographic perspective and has identified four reportable segments in accordance with the requirements of AASB 8 Operating Segments. 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, similar expected growth rates and regulatory environment.

The reportable segments are disclosed in greater detail in the current year. The EMEA segment is reported separately between EMEA and Minopex (previously one segment) and APAC and AMER separately (previously one segment).

The engineering-related services segments consist of engineering, project delivery and operations management services predominantly to the mining industries.

Three separate segments are reported, being:

- Europe, Middle East and Africa (EMEA), including SENET and Water entities;
- Australia and Asia Pacific (APAC); and
- North and South America (AMER).

The Minopex segment provides bespoke operations and plant maintenance services to mines, mainly in Africa.

Group and unallocated items represent Group centre functions, comprising of Group finance, information technology, company secretarial, corporate development and consolidation adjustments.

## NOTE 2. SEGMENT REPORTING (CONTINUED)

2023	EMEA \$'000	Minopex \$'000	APAC \$'000	AMER \$'000	Group and unallocated items \$'000	Total \$'000
<b>Revenue</b>						
Segment revenue	296,568	360,203	148,089	91,204	27,521	923,585
Inter-segment revenue	(6,709)	(2,032)	(1,367)	(776)	(27,521)	(38,405)
<b>Total external revenue</b>	<b>289,859</b>	<b>358,171</b>	<b>146,722</b>	<b>90,428</b>	<b>-</b>	<b>885,180</b>
<b>Earnings before income and tax (EBIT)</b>						
Finance income	3,031	946	135	44	2,139	6,295
Finance expense	(1,145)	(105)	(1,397)	(175)	(3,712)	(6,534)
<b>Profit before income tax</b>	<b>47,228</b>	<b>22,924</b>	<b>7,414</b>	<b>8,088</b>	<b>(38,043)</b>	<b>47,611</b>
Income tax expense						(25,809)
<b>Profit after income tax</b>						<b>21,802</b>
<i>Material items include:</i>						
Revaluation of UPRs	-	-	-	-	3,635	3,635
Depreciation of property, plant and equipment	(1,433)	(1,712)	(489)	(968)	(208)	(4,810)
Depreciation of right-of-use assets	(2,646)	(405)	(1,471)	(863)	(78)	(5,463)
Amortisation of intangible assets	(1,105)	(501)	(126)	-	(62)	(1,794)
Impairment of goodwill	(3,500)	-	-	-	-	(3,500)
Share-based payment expense	(876)	(503)	(239)	(356)	(2,277)	(4,251)
Share of net profit of associates	639	-	-	-	-	639
Expected credit gain/(loss) on loan receivable measured at amortised cost	324	-	-	-	(10,047)	(9,723)
<b>Assets</b>						
Segment assets	162,275	124,043	91,700	55,636	104,561	538,215
<b>Total assets</b>						<b>538,215</b>
<i>Segment assets include:</i>						
Investments in associates	-	-	-	-	2,717	2,717
Acquisition of non-current assets	1,230	3,437	10,774	888	326	16,655
<b>Liabilities</b>						
Segment liabilities	82,645	61,590	32,860	25,660	69,259	272,014
<b>Total liabilities</b>						<b>272,014</b>

The segment assets and liabilities exclude intercompany balances.

## NOTE 2. SEGMENT REPORTING (CONTINUED)

2022	EMEA \$'000	Minopex \$'000	APAC \$'000	AMER \$'000	Group and unallocated items \$'000	Total \$'000
<b>Revenue</b>						
Segment revenue	265,282	330,601	242,534	74,194	37,610	950,221
Inter-segment revenue	(13,908)	(3,203)	(654)	(114)	(37,610)	(55,489)
<b>Total external revenue</b>	<b>251,374</b>	<b>327,398</b>	<b>241,880</b>	<b>74,080</b>	<b>-</b>	<b>894,732</b>
<b>Earnings before income and tax (EBIT)</b>						
Finance income	4,802	522	53	4	1,086	6,467
Finance expense	(4,212)	(76)	(141)	(205)	(4,499)	(9,133)
<b>Profit/(loss) before income tax</b>	<b>43,121</b>	<b>17,843</b>	<b>(61,095)</b>	<b>4,227</b>	<b>(5,280)</b>	<b>(1,184)</b>
Income tax expense						(20,251)
<b>Loss after income tax</b>						<b>(21,435)</b>
<i>Material items include:</i>						
Revaluation of UPRs	-	-	-	-	17,865	17,865
Depreciation expense of property, plant and equipment	(1,490)	(2,006)	(1,714)	(581)	(171)	(5,962)
Depreciation expense of right-of-use assets	(2,811)	(196)	(2,556)	(723)	(104)	(6,390)
Amortisation expense of intangible assets	(3,576)	(822)	(464)	(3)	(61)	(4,926)
Impairment of goodwill	-	-	(15,705)	-	-	(15,705)
Impairment of intangibles	(4,093)	-	(3,198)	-	-	(7,291)
Share-based payment reversal	-	-	-	-	88	88
Share of net profit of associates	155	-	-	-	-	155
Expected credit loss on loan receivable measured at amortised cost	-	(875)	-	-	(1,822)	(2,697)
<b>Assets</b>						
Segment assets	201,581	134,507	82,944	40,844	83,923	543,799
<b>Total assets</b>						<b>543,799</b>
<i>Segment assets include:</i>						
Investments in associates	-	-	-	-	2,321	2,321
Acquisition of non-current assets	3,765	3,087	659	1,924	172	9,607
<b>Liabilities</b>						
Segment liabilities	77,018	55,603	35,424	19,567	102,821	290,433
<b>Total liabilities</b>						<b>290,433</b>

The segment assets and liabilities exclude intercompany balances.

## NOTE 3. REVENUE

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

2023	EMEA \$'000	Minopex \$'000	APAC \$'000	AMER \$'000	Total \$'000
<i>Revenue recognised over time:</i>					
Projects	281,991	-	104,213	90,428	476,632
Operations	7,868	358,171	42,509	-	408,548
	<b>289,859</b>	<b>358,171</b>	<b>146,722</b>	<b>90,428</b>	<b>885,180</b>

2022

<i>Revenue recognised over time:</i>					
Projects	243,379	-	170,624	68,536	482,539
Operations	7,995	327,398	71,256	5,544	412,193
	<b>251,374</b>	<b>327,398</b>	<b>241,880</b>	<b>74,080</b>	<b>894,732</b>

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

	2023 \$'000	2022 \$'000
South Africa	514,310	465,345
Australia	146,722	241,927
Canada	52,596	44,607
Peru	27,588	20,000
Lesotho	35,883	34,629
Democratic Republic of the Congo	23,969	21,338
Saudi Arabia	21,714	18,800
Liberia	18,477	5,817
Mozambique	9,546	10,876
Rest of world	34,375	31,393
	<b>885,180</b>	<b>894,732</b>

The presentation of external revenue by subsidiary geographical locations has been amended during the period to simplify the presentation and aid understanding. Where applicable, comparative amounts have been reclassified to ensure comparability.

### RECOGNITION AND MEASUREMENT

The Group provides project and operation services to its clients. Revenue is recognised when control of the goods or services are transferred to the client at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods and services before transferring them to the client.

### PROJECT REVENUE

The Group derives project revenue through provision of consulting services that includes the assessment of mineral projects through the completion of feasibility studies and design and construction of mineral process plants. These activities involve extensive engineering expertise in the engineering disciplines of process, electrical and instrumentation, mechanical, civil, structural and infrastructure as well as the associated disciplines of project management, materials handling and procurement.

These projects generally contain one performance obligation due to the highly integrated activities, that in combination, forms the deliverable of the contract for the client. The activities cannot easily be distinguished from one another. In rare circumstances, some projects will have multiple performance obligations. For these contracts, the total value of the contract will be allocated to the individual performance obligations based on a standalone selling price.

The Group measures revenue on the basis of the effort expended relative to the total expected effort to complete the service. Revenue on reimbursable contracts is recognised using an input method in measuring progress of the service because there

## NOTE 3. REVENUE (CONTINUED)

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is a direct relationship between the Group's effort (i.e., based on the labour hours or costs incurred) and the transfer of service to the customer. For lump sum contracts, the Group considers the terms of the contract, internal models and other sources when estimating the projected total cost and stage of completion. The performance obligation is satisfied over time and payment is usually due upon receipt of the equipment by the customer or as subcontractor services are performed, depending on the terms of the contract. Payment terms are usually within 30 to 60 days.

### OPERATION REVENUE

The Group derives operation revenue from fixed-term contracts involving the operation and maintenance of mineral process plants, which includes associated services relating to metallurgical quality management, control and analysis as well as process optimisation.

Under these contracts, the services are delivered through the provision of labour and specialist capabilities in systems integration, recruitment and human resource management, skills development and training, purchasing and cost control, stores and asset management, health and safety and environmental management. These services provided are the performance obligation in respect of each contract.

The contracts are typically structured at a fixed price per month over the contract period. Additional costs incurred on behalf of a client on an ad-hoc basis are recoverable from the client on a reimbursable basis. These additional costs are a separate distinct performance obligation per the contract.

Performance obligations are fulfilled over time as the Group largely enhances assets which the client controls. Operation revenue is recognised when the services are rendered based on the amount of the expected transaction price allocated to each performance obligation noted above. Typically this is based a schedule of rates or a cost plus basis.

### COSTS TO FULFIL A CONTRACT

Costs incurred prior to the commencement of a contract may arise due to mobilisation or site setup costs. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service to the client.

### VARIABLE CONSIDERATION

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related indicators. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when any uncertainty associated with the variable consideration is subsequently resolved. Variable consideration is typically billed based on the achievability of agreed metrics based on clearly defined parameters. Once achieved, the Group invoices the client for the agreed amount. In relation to variable consideration, the expected value of revenue is only recognised when it is highly probable that a significant reversal will not occur. Expected revenue is recognised consistently in a contract based on the expected value method or the most likely amount method whichever is more appropriate.

### WARRANTY AND DEFECT LIABILITY

Generally, contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and are therefore estimated and included in the total costs of the contracts. Where required, amounts are recognised according to *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*.

### LIABILITIES AND CONTINGENT ASSETS

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the Group's transaction price where the forecast costs are greater than the forecast revenue.

### FINANCING COMPONENTS

The Group does not expect to have any contracts where the period between the transfer of goods or services to the client and payment by the client exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

## NOTE 3. REVENUE (CONTINUED)

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### CONTRACT MODIFICATION

The accounting for contract modifications is dependent on whether the contract modification is accounted for as a separate contract or not under the principles set out in AASB 15 Revenue from Contracts with Customers (AASB 15).

The Group accounts for the modification as a separate contract if the scope of contract increases because of the addition of goods and services that are distinct, and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional goods or services, and any other appropriate adjustments to that price to reflect the circumstances of the particular contract.

Other than the above, all other contract modifications are not accounted for as a separate contract. The effect of the contract modification has on the transaction price, and on the Group's measure of progress towards a complete satisfaction of the performance obligation, is recognised as an adjustment to revenue on a cumulative basis at the date of the contract modification.

### SIGNIFICANT JUDGEMENTS AND ESTIMATES

#### EXPECTED COSTS TO COMPLETE

For project revenue recognised using an input method based on costs incurred, management is required to estimate the expected forecast costs to complete. Fundamental to this calculation, is a reliable estimate of the total forecast costs to complete the project. The Group estimates the forecast costs to complete based on the budget derived from the tender process and reassessed at each reporting period end by the project manager based on the best available information and the current progress of the project.

#### VARIABLE CONSIDERATION

In determining transaction price (total contract revenue), variable consideration including bonuses, penalties, claims, and contract variations are only included to the extent it is highly probable that a significant reversal in revenue will not occur in the future. Each claim or contract variation, until they are approved, are subject to a level of uncertainty, both in terms of the amounts that the customer will pay and the collection thereof, which usually depends on the outcome of negotiations between the parties or decisions taken by judicial or arbitration bodies. The Group considers all the relevant information for each individual claim or contract variation such as the contract terms, business and negotiating practices of the industry, the Group's historical experiences with similar contracts, inputs from external and internal experts and consideration of those factors that affect the variable consideration that are out of the control of the Group or other supporting evidence.

#### ASSESSMENT OF COLLECTABILITY OF CONSIDERATION FROM CUSTOMERS

Revenue is only recognised when it is probable that DRA will collect the consideration to which it will be entitled. In evaluating whether collectability of an amount of consideration is probable, the Group considers the customer's ability and intention to pay that amount of consideration when it is due in accordance with AASB 15. If the collectability of an amount of consideration condition is not probable, the Group shall continue to assess the contract to determine whether the condition is subsequently met.

## NOTE 3. REVENUE (CONTINUED)

### CONTRACT ASSETS AND LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with clients:

	2023 \$'000	2022 \$'000
<i>Current assets</i>		
Contract assets - projects	21,222	14,576
Contract assets - operations	10,832	9,110
Expected credit loss allowance	(185)	(605)
	<b>31,869</b>	<b>23,081</b>
<i>Current liabilities</i>		
Contract liabilities - projects	32,638	32,212
Contract liabilities - operations	-	656
	<b>32,638</b>	<b>32,868</b>

### RECOGNITION AND MEASUREMENT

Contract assets and contract liabilities refer to what is commonly known as 'unbilled or accrued revenue' and 'deferred revenue' respectively. Contract assets represent the Group's right to consideration which is conditional on something other than the passage of time (for example, the Group's future performance). If the Group's right to an amount of consideration is unconditional (other than the passage of time), the contract asset is reclassified as a receivable.

Contract liabilities arise where payment is received from the customer ahead of scheduled transfer of goods and services to the client.

### REVENUE RECOGNISED IN RELATION TO CONTRACT LIABILITIES

	2023 \$'000	2022 \$'000
Revenue recognised that was included in contract liabilities at the beginning of the year	32,868	23,392
Revenue recognised from performance obligations satisfied or partially satisfied in previous periods	-	-

### REMAINING PERFORMANCE OBLIGATIONS (WORK-IN-HAND)

	2023 \$'000	2022 \$'000
Project revenue	376,423	291,817
Operations revenue	508,820	565,996
	<b>885,243</b>	<b>857,813</b>

Contracts in different operating segments have different lengths over which revenue is earned. The average duration of contracts is given below:

- Projects revenue           1 - 3 years
- Operations revenue       1 - 5 years

## NOTE 4. FINANCE INCOME AND COSTS

	2023 \$'000	2022 \$'000
<i>Finance income</i>		
Interest income on cash deposits	4,539	1,664
Interest income on other financial assets	1,756	4,803
	<b>6,295</b>	6,467
<i>Finance costs</i>		
Interest costs on interest-bearing liabilities	(3,782)	(3,494)
Interest costs on lease liabilities	(1,422)	(1,508)
Interest costs on other financial liabilities	(1,330)	(4,131)
	<b>(6,534)</b>	(9,133)
Net finance costs	<b>(239)</b>	(2,666)

### RECOGNITION AND MEASUREMENT

Finance income is recognised using the effective interest rate method. Finance costs are recognised as an expense when incurred.

## NOTE 5. INCOME TAX

### A) INCOME TAX EXPENSE

	2023 \$'000	2022 \$'000
Current tax on profits for the year	20,615	20,798
Adjustments for current tax of prior periods	1,384	(726)
Foreign withholding tax written off	3,029	5,462
Deferred tax - originating and reversing temporary differences	2,156	(3,673)
Adjustments for deferred tax of prior periods	(1,375)	(1,610)
<b>Aggregate income tax expense</b>	<b>25,809</b>	<b>20,251</b>
<i>Reconciliation between income tax expense and pre-tax net profit</i>		
Profit/(loss) before income tax expense	47,611	(1,184)
Tax at the statutory tax rate of 30%	14,283	(355)
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Difference in overseas tax rates	(659)	(486)
Prior year tax losses derecognised	10,116	18,423
Non-deductible expenses listed below:		
Controlled foreign company income	240	847
Employee related non-deductible expenses	182	1,852
Other non-deductible expenses	1,361	1,363
Non-assessable income listed below:		
Fair value adjustments - UPRs	(1,091)	(5,359)
Government subsidies	(2,956)	(2,053)
Other non-assessable income	125	-
Adjustments for current and deferred taxes of prior periods	9	(2,336)
Foreign withholding tax written off when tax credit is not available	3,029	5,462
Tax credits/incentives (including foreign income tax credits)	96	382
Other items	1,074	2,511
<b>Income tax expense</b>	<b>25,809</b>	<b>20,251</b>

## NOTE 5. INCOME TAX (CONTINUED)

### B) DEFERRED TAX BALANCES

	2023 \$'000	2022 \$'000
Deferred tax assets	52,010	56,133
Deferred tax liabilities	(1,362)	(4,933)
Net deferred tax assets	<b>50,648</b>	<b>51,200</b>

	Net deferred tax 2023 \$'000	Net deferred tax 2022 \$'000	Recognised in statement of profit or loss 2023 \$'000	Recognised in statement of profit or loss 2022 \$'000
<b>Type of temporary difference:</b>				
Tax losses	16,219	28,431	(12,212)	5,034
Employee benefits liabilities	14,939	9,064	5,875	(2,842)
Allowance for expected credit losses	3,132	4,261	(1,129)	3,042
Contracts in progress	700	3,096	(2,396)	2,709
Lease liabilities	1,002	884	118	(2,218)
Property, plant and equipment and right-of-use assets	524	98	426	6,576
Provisions	12,348	7,148	5,200	(12,542)
Other items	1,784	(1,782)	3,336	5,524
	<b>50,648</b>	<b>51,200</b>	<b>(782)</b>	<b>5,283</b>

	2023 \$'000	2022 \$'000
<b>Movements in Net deferred tax assets:</b>		
Opening balance	51,200	49,257
(Expensed)/credited to profit or loss	(782)	5,283
Foreign currency exchange adjustment	230	(3,340)
Closing balance	<b>50,648</b>	<b>51,200</b>

### C) TAX LOSSES

	2023 \$'000	2022 \$'000
Unused tax losses for which no deferred tax asset has been recognised	140,041	61,412
Potential tax benefit at statutory tax rate	42,012	18,423

The unused tax losses were incurred by subsidiaries that are not likely to generate sufficient taxable income in the foreseeable future.

## NOTE 5. INCOME TAX (CONTINUED)

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### RECOGNITION AND MEASUREMENT

Income tax expense for the period comprises current and deferred tax.

### CURRENT TAX ASSETS AND LIABILITIES

Current tax comprises normal income tax on companies. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets/(liabilities) for the current and prior periods are measured at the amount expected to be recovered from/(paid to) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### DEFERRED TAX ASSETS AND LIABILITIES

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit/(loss) nor taxable profit/(loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit/(loss) nor taxable profit/(loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Deferred tax assets and liabilities are not recognised for temporary differences relating to investments in subsidiaries to the extent that the Group is able to control timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Current and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity. Deferred tax assets and liabilities are always classified as non-current.

### TAX CONSOLIDATION LEGISLATION

DRA Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The parent entity, DRA Global Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the entity also recognises the current tax assets (or liabilities) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

## NOTE 5. INCOME TAX (CONTINUED)

### SIGNIFICANT JUDGEMENT AND ESTIMATES

#### UNCERTAIN TAX TREATMENTS

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due, or when the Group concludes it is not probable that the taxation authority will accept an uncertain tax treatment. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

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 is performed at the time when those tax losses are utilised.

## NOTE 6. EARNINGS PER SHARE

### (I) EARNINGS PER SHARE

	2023 \$'000	2022 \$'000
Profit/(loss) after income tax	21,802	(21,435)
Non-controlling interest	(2,107)	(437)
Profit/(loss) attributable to the owners of DRA Global Limited	19,695	(21,872)
	Cents	Cents
Basic earnings/(loss) per share	36.11	(43.96)
Diluted earnings/(loss) per share	33.52	(43.96)

### RECOGNITION AND MEASUREMENT

#### Basic earnings per share

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

#### Diluted earnings per share

Diluted EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## NOTE 6. EARNINGS PER SHARE (CONTINUED)

### (II) ADJUSTED BASIC 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 a more accurate representation of the performance of the Group, a revised basic earnings per share which excludes the gain or loss from revaluation of UPRs is provided in the table below:

	2023 \$'000	2022 \$'000
Profit/(loss) attributable to the owners of DRA Global Limited	19,695	(21,872)
Revaluation of UPRs	(3,635)	(17,865)
Profit/(loss) attributable to the owners of DRA Global Limited excluding revaluation of UPRs	16,060	(39,737)
	Cents	Cents
Adjusted basic earnings/(loss) per share (excluding revaluation of UPRs)	29.45	(79.87)

### (III) HEADLINE EARNINGS PER SHARE

The presentation of headline earnings (and per share measure) is mandated under the Listings Requirements of the Johannesburg Stock Exchange and is calculated in accordance with Circular 1/2023 'Headline Earnings' issued by the South African Institute of Chartered Accountants.

	2023 \$'000 Gross	2023 \$'000 Net	2022 \$'000 Gross	2022 \$'000 Net
Profit/(loss) attributable to the owners of DRA Global Limited		19,695		(21,872)
<i>Add back items required by Circular 1/2023:</i>				
Profit on disposal of property, plant and equipment	(118)	(91)	(173)	(133)
Impairment of goodwill and other intangible assets	3,500	3,500	22,996	22,996
Foreign translation currency reserve reclassified to profit	-	-	(1)	(1)
Taxation effects on adjustments	-	20	-	(2,106)
Headline earnings/(loss)		23,124		(1,116)

	2023 Cents	2022 Cents
Basic headline earnings/(loss) per share	42.40	(2.24)
Diluted headline earnings/(loss) per share	39.35	(2.24)

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

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	54,541,191	49,755,281
<i>Adjustments for calculation of diluted earnings per share:</i>		
Options over ordinary shares	4,218,819	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>58,760,010</b>	<b>49,755,281</b>

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

As the Group incurred a loss in FY22, the effect of options on issue and UPRs are considered to be antidilutive and thus not considered in determining diluted earnings per share. UPRs expired on 31 December 2023 and were out of money at the time and are considered to be antidilutive. Thus they are not considered in determining diluted earnings per share for the period.

## NOTE 7. CASH AND CASH EQUIVALENTS

	2023 \$'000	2022 \$'000
Cash at banks and on hand <sup>(i)</sup>	178,838	134,437

(i) During the year, financial guarantees of \$8,019K (FY22: \$7,755K) were reclassified from restricted cash within cash and cash equivalents to trade and other receivables.

### RECOGNITION AND MEASUREMENT

Cash comprise cash at bank and on hand and highly liquid cash deposits with short-term maturities that are readily convertible to known amounts of cash with insignificant risk of change in value.

## NOTE 8. TRADE AND OTHER RECEIVABLES

	2023 \$'000	2022 \$'000
Trade receivables	122,542	129,904
Less: expected credit loss allowance	(11,359)	(12,282)
Net trade receivables	111,183	117,622
Retention debtors	-	5,656
Deposits and financial guarantees <sup>(i)</sup>	12,697	9,242
Other receivables	2,183	12,258
Total financial assets classified at amortised cost	126,063	144,778
Prepayments	9,917	11,047
Withholding taxes	3,375	3,042
Trade and other receivables	139,355	158,867

(i) During the year, financial guarantees of \$8,019K (FY22: \$7,755K) were reclassified from restricted cash within cash and cash equivalents to trade and other receivables.

Certain receivables relating to legal claims have not been recognised in the statement of financial position where there is a low probability that the claims will result in an inflow of economic benefits to the Group. The Directors are of the opinion that the disclosure of any further information on this matter would be prejudicial to the interests of the Group.

### RECOGNITION AND MEASUREMENT

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amount. The Group assesses on a forward-looking basis the expected credit losses (ECL).

Deposits and financial guarantees relate to the deposits held as performance guarantee bonds on various customer contracts. They are measured at the 'higher of' the amount initially recognised less cumulative amortisation, and the expected credit loss.

## NOTE 9. OTHER FINANCIAL ASSETS AT AMORTISED COST

	2023 \$'000	2022 \$'000
<i>Current assets</i>		
Loan receivable - at amortised cost <sup>(i)</sup> <sup>(ii)</sup>	-	31,969
Loans to employees - at amortised cost <sup>(iii)</sup>	191	701
Other loans	-	75
	<b>191</b>	<b>32,745</b>
<i>Non-current assets</i>		
Loan receivable - at amortised cost <sup>(i)</sup>	6,165	-
Loans to employees - at amortised cost <sup>(iii)</sup>	383	-
Other loans	168	-
	<b>6,716</b>	-

(i) \$6,165K (FY22: \$15,217K) (net of expected credit loss) represents an unsecured loan that no longer bears interest. The loan is past its due date and it is subordinated to the senior lenders of the borrower. Revised loan terms are being negotiated with the borrower.

(ii) FY22 loan of \$16,640K owing from a customer was repaid in August 2023.

(iii) These loans accrue interest at the prime lending rate in South Africa, currently 11.75% per annum. Since 1 January 2023, the repayment date of the loans was amended to be proportionally repayable annually in December up to December 2026.

### RECOGNITION AND MEASUREMENT

Financial assets with contractual cash flows representing Solely Payments of Principal and Interest (SPPI) and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method.

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### SIGNIFICANT JUDGEMENTS AND ESTIMATES

The Group has assessed the associated credit losses associated with the above financial assets on a lifetime ECL and a forward looking basis. This requires significant judgement in forming an estimate of the probability of default based up information available to the Group.

## NOTE 10. IMPAIRMENT TESTING

In accordance with the Group's accounting policies, goodwill is tested for impairment at least annually or when there are impairment indicators present at other times. At each balance date, in addition to goodwill, all non-current assets are reviewed for impairment if events or changes in circumstances indicate they may be impaired. When an indicator of impairment exists, the Group makes an assessment of the recoverable amount. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset's recoverable value cannot be estimated as it does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount is determined for the Cash Generating Unit ('CGU'), being assets grouped at the lowest levels for which there are separately identifiable cash flows.

For impairment testing, goodwill acquired through business combinations has been allocated to each CGU or group of CGUs expected to benefit from the business combination's synergies. The CGUs or groups of CGUs are identified at the lowest levels for which there are separately identifiable cash flows. The change in segment reporting as disclosed in Note 2 also had an impact on the CGU determination. The EMEA segment is reported separately between EMEA Projects and Minopex (previously one segment) and APAC and AMER separately (previously one segment). SENET CGU is included in EMEA segment. Management has assessed that the lowest level at which goodwill is monitored is APAC, SENET, EMEA Projects and Minopex CGUs, unchanged from 30 June 2023.

## NOTE 10. IMPAIRMENT TESTING (CONTINUED)

Previously impaired assets (excluding goodwill as impairment losses are not reversed in subsequent periods) are reviewed for possible reversal of previous impairment at each reporting date. Impairment reversal cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset or CGU. Such reversal is recognised in the income statement. There were no reversals of impairment in the current or prior year.

The recoverable amounts of CGUs have been determined based on value-in-use model.

### KEY ESTIMATES

The key estimates and assumptions used to determine the value-in-use of CGUs are based on management's current expectations after considering past experience and external information.

Key assumptions on which management has based its recoverable amount estimates:

	APAC \$'000	SENET \$'000	EMEA Projects \$'000	Minopex \$'000	Total \$'000
<b>2023</b>					
Goodwill balance	26,257	20,530	11,023	16,783	<b>74,593</b>
Risk-weighted pre-tax discount rate	13.1%	22.8%	22.8%	22.8%	
Long-term growth rates	2.8%	4.6%	4.6%	4.6%	
<b>2022</b>					
Goodwill balance	26,257	25,846	11,856	17,780	<b>81,739</b>
Risk-weighted pre-tax discount rate	13.1%	20.2%	20.2%	20.2%	
Long-term growth rates	2.5%	4.5%	4.5%	4.5%	

### CASH FLOW PROJECTIONS

The cash flow forecasts are principally based upon a two year period. This business plan includes projected revenues, gross margins and expenses which have been determined based on past performance and management expectations for the future. Expected market conditions in which each CGU operates have been considered in the projections.

### IMPAIRMENT CHARGES

Impairment indicators were identified for SENET CGU as a result of the CGU's performance. A value-in-use model was prepared applying discounted cash flow techniques with the key estimates outlined above. At 31 December 2023, the Group determined that the carrying value of the CGU exceeds recoverable value resulting in an impairment charge of \$3,500K.

During the FY22, an impairment loss of \$18,903K (consisting of \$15,705K in goodwill and \$3,198K in customer relationship intangibles) was recognised to reduce the carrying amount of intangible assets to their recoverable value for the assets sold as part of the G&S Engineering disposal. There was a further impairment of customer relationship intangibles that were acquired during the acquisition of SENET and Prentec. As a result, an impairment loss of \$4,093K was recognised.

### SENSITIVITY TO CHANGES IN ASSUMPTIONS

Sensitivity analysis has been performed to examine the effect of a change in key assumptions. No modelled change in a key assumption used in the determination of the recoverable value of any CGU would result in a material impairment to the Group other than SENET CGU, as disclosed above. Typically, changes in any one of the assumptions used (including operating performance) would be accompanied by a change in another assumption which may have an offsetting impact.

## NOTE 11. PROVISIONS

	2023 \$'000	2022 \$'000
Loss-making contracts and claims	38,743	43,448
Warranty provision	4,000	-
Other	9,905	1,858
	<b>52,648</b>	<b>45,306</b>

### MOVEMENTS IN PROVISIONS

Movements in each provision during the year are set out below:

	Loss-making contracts and claims \$'000	Warranty provision \$'000	Other \$'000	Total \$'000
Carrying amount at the beginning of the year	43,448	-	1,858	45,306
Provisions made during the year	5,022	4,000	8,480	17,502
Provisions released during the year	(1,756)	-	(62)	(1,818)
Provisions used during the year	(7,367)	-	(308)	(7,675)
Exchange differences	(604)	-	(63)	(667)
Closing balance	<b>38,743</b>	<b>4,000</b>	<b>9,905</b>	<b>52,648</b>

Where it is considered disclosure could prejudice the Group's position in a dispute, as per the accounting standards, only the high-level general nature of the dispute has been disclosed.

### RECOGNITION AND MEASUREMENT

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

#### *Loss-making contracts and claims*

The provision for loss-making contracts relates to expected unavoidable losses on projects. The calculation of the provision is based on the additional losses expected to be incurred to complete the contracts per the agreed scope or the compensation or penalties arising from failure to fulfil the contracts, whichever is lower. Some of these contracts are subject to disputes and claims by the customers and counter-claims by the Group. In determining the best estimate of a provision, consideration is given to the amount that the group would pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Where applicable, if future external legal costs are expected to be incurred directly relating to a claim, the provision includes the estimate of the claim and an estimate of the anticipated future external legal costs. Should the Group be successful in recovering amounts, this may result in a reduction in the loss previously recorded. The status of these contracts and the adequacy of provisions are assessed at each reporting date. The timing of the provision settlement cannot be reliably measured. Refer to *note 12* for further information on contingent liabilities.

#### *Warranty provision*

The provision for warranty relates to the estimated liabilities on certain contracts still under warranty or defect liability period at the reporting date.

### SIGNIFICANT JUDGEMENTS AND ESTIMATES

In determining the estimate of the provision for loss-making contracts, management applies judgements to estimate the costs to complete the onerous contracts which include estimation of labour, technical costs, penalties from the impact of delays and productivity.

## NOTE 12. CONTINGENT LIABILITIES

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The Group has commitments and contingencies arising in the ordinary course of business. These include performance guarantees and letters of credit in respect of contractual performance obligations, litigation and claims in relation to projects.

These types of matters could result in various forms of cash outflows, including compensation by way of awards of damages or cost reimbursement, as well as tax expenses, fines, penalties and other forms of cash outflows.

The Directors consider that it is not probable that the outcome of any individual matter will have a material adverse effect on the net earnings or cash flows in any particular reporting period, other than where expressly stipulated below.

In performing this assessment, the Directors considered the nature of existing litigation or claims, the progress of matters, existing law and precedent, the opinions and views of legal counsel and other advisors, the Group's experience in similar cases (where applicable), the experience of other companies, and other facts available to the Group at the time of assessment. The Directors' assessment of these factors may change over time as individual litigation or claims progress. Where it is considered disclosure could prejudice the Group's position in a dispute, as per the accounting standards, only the general nature of the dispute has been disclosed below.

### (A) GUARANTEES

The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance obligations. These guarantees and letters of credit only give rise to a liability where the entity concerned fails to perform its contractual obligation. The bank guarantees outstanding at balance date in respect of contractual performance was \$12,882K (FY22: \$9,661K).

### (B) ACTUAL AND PENDING CLAIMS

#### MACH Energy

As reported previously in the Prospectus and Pre-Listing Statement of 28 May 2021, DRA (and three of its wholly owned subsidiaries) is the subject of proceedings in the Supreme Court of New South Wales involving MACH Energy Australia Pty Ltd, MACH Mount Pleasant Operations Pty Ltd and J.C.D Australia Pty Ltd (collectively, MACH Energy parties) in relation to the design, construction and commissioning of a coal handling and preparation plant and a train load out facility for the Mount Pleasant Project by G&S Engineering Services Pty Ltd and DRA Pacific Pty Ltd (then known as the Calibre/DRA Joint Venture) (CDJV).

The parties continue to refine their respective claims and defences, and are continuing to exchange evidence, with the matter listed for a hearing with an estimated timeframe of eight weeks, commencing on 19 August 2024.

DRA has incurred, and is likely to incur additional, significant legal costs in these proceedings (whether or not DRA is ultimately successful). As previously noted in the Prospectus, the maximum aggregate limit of potentially responsive insurance policies is A\$30,000K inclusive of defence costs.

The MACH contract has been treated as an onerous contract for accounting purposes and the amount recognised as a provision as at 31 December 2023. If the proceedings continue to trial then, depending upon the findings in the judgement after trial (and any appeals), a final award in favour of the MACH Energy parties may adversely impact DRA's financial and operational performance.

#### Nokeng

As reported previously in the Prospectus and Pre-Listing Statement of 28 May 2021 and more recently in the ASX announcement of 1 February 2023, there is an ongoing dispute between an unincorporated joint venture comprising DRA Projects SA (Pty) Ltd and Group Five Construction (Pty) Ltd, and Nokeng Fluorspar Mine (Pty) Ltd.

The parties have executed an arbitration agreement dated 30 November 2023, for various disputes between the parties to be determined in a single, consolidated arbitration. The parties are currently conferring on the timetable for the consolidated arbitration but no hearing date has been set.

The contract has been treated as an onerous contract for accounting purposes and the amount recognised as a provision as at 31 December 2023. If the arbitration proceedings continue to hearing then, depending on the findings in the arbitral award (and any appeals), a final award in favour of Nokeng this may adversely impact DRA's financial and operational performance. DRA has incurred, and is likely to incur additional legal costs in these proceedings (whether or not DRA is ultimately successful).

## NOTE 12. CONTINGENT LIABILITIES (CONTINUED)

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### **Claim by former CEO**

On 28 February 2023, lawyers for Mr Andrew Naudé, the former Managing Director and CEO of DRA, served on DRA and other defendants an Originating Application for proceedings in the Federal Court of Australia. The proceedings are against the Company, the then current Board of Directors, some members of management and another respondent. The total value of the claims have not yet been fully quantified but, among other claims in respect of contraventions of the Fair Work Act, Australian Consumer Law and the Corporations Act, includes claims for breaches of Mr Naudé's contract of employment causing a loss of present and future income under that contract.

If the proceedings commenced by Mr Naudé continue to trial then, depending upon the findings in the judgement after trial (and any appeals), a final award in favour of Mr Naudé may adversely impact DRA's financial and operational performance.

On 20 September 2023, DRA commenced separate proceedings against Mr Naudé. The proceedings brought by DRA concerns alleged conduct by Mr Naudé stretching back several years and includes events occurring in the United Kingdom and South Africa.

DRA has incurred, and is likely to incur additional, significant legal costs in these proceedings (whether or not DRA is ultimately successful).

### **Other matters**

There are other actual and pending claims arising in the normal course of business. The Directors are of the opinion that based on information currently available there is no material exposure to the Group arising from various actual and pending claims at balance sheet date.

## NOTE 13. EVENTS AFTER REPORTING PERIOD

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Other than the events disclosed elsewhere in this report, no additional matters or circumstances have arisen since the end of the financial year, that may significantly affect the Group's operations, the results of those operations or the state of affairs of the Group.