# Perenti

ABN 95 009 211 474

## ANNUAL REPORT
## 2021

Expect More

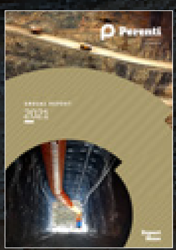
# OUR OPERATIONS

2021 Current operations and offices

## ABOUT THIS REPORT

This Annual Report is a summary of Perenti and its operations, activities and financial position as at 30 June 2021. All dollar figures are expressed in Australian dollars unless otherwise stated.

| EMPLOYEES | PROJECTS | COUNTRIES | COMMODITIES | CONTINENTS |
|---|---|---|---|---|
| 7,881 | 58 | 12 | 9 | 4 |



COVER PHOTO CREDIT
Underground photograph
Nick Letchford - *Mine Foreman at Garden Well*

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FSC LOGO

# WHO WE ARE

Perenti is a diversified global mining services company headquartered in Australia. Founded in Kalgoorlie in 1987, the Group is today one of the world's largest providers of surface mining, underground mining and mining support services at scale through a range of specialist operating businesses.

## OUR PURPOSE

To create enduring value and certainty

## OUR PRINCIPLES

- No shortcuts
- Never wasteful
- Walk in their shoes
- Smarter together
- Enable tomorrow

## OUR ASPIRATION

To become the indispensable mining services company

## OUR OPERATING STRUCTURE

### UNDERGROUND


Barminco

African Underground Mining Services

### SURFACE


Ausdrill

AMS African Mining Services

### INVESTMENTS


BTP

MinAnalytical

Logistics Direct

Supply Direct

Well Control Solutions

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**For further information, references within this document will be highlighted (i).**

# YEAR IN REVIEW

### UNDERLYING REVENUE

$2.02B

**Underlying revenue in line with record revenue from FY20 and revised guidance**

### UNDERLYING EBIT(A)

$171M

**Lower due to the impact of external headwinds including COVID-19, tight labour market and strong Australian dollar**

### UNDERLYING NPAT(A)

$77M

**Lower due to the impact of external headwinds including COVID-19, tight labour market and strong Australian dollar**

### CASH CONVERSION

105%

**Record EBITDA to cash conversion rate of 105 per cent providing additional liquidity**

### ROACE

14.3%

**Lower ROACE reflects EBIT(A), stronger Australian dollar and capital investment in major projects**

### FULL YEAR DIVIDEND PER SHARE

2.0 cents

**Unfranked final dividend Payout ratio of 43 per cent on second half underlying NPAT(A)**

### SPIFR

2.9

**Serious Potential Injury Frequency Rate reduced from 4.1 while Total Recordable Injury Frequency Rate up to 5.1 from 4.9**

### EMPLOYEES

7,881

**Increased employee numbers on the back of strong demand for mining services and new projects**

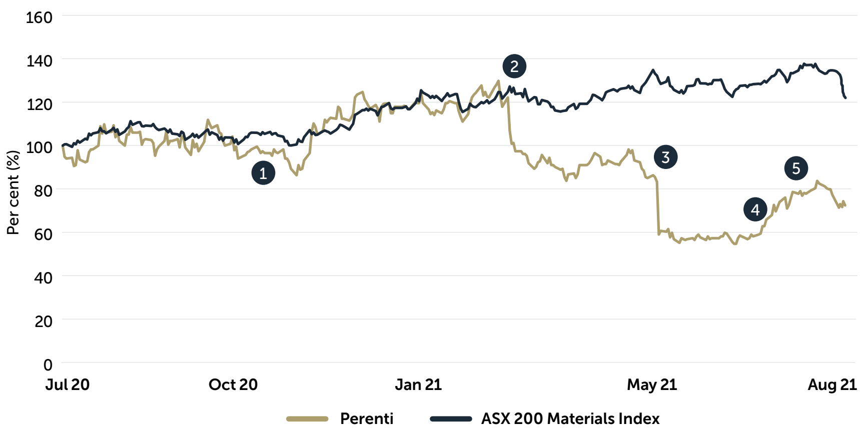
### GLOBAL PROJECTS

58

**Increase in projects includes new work in North America and Botswana**

All references, unless specifically provided, relate to underlying figures and a reconciliation to statutory results is on page 28.

### SHARE PRICE PERFORMANCE




**Key announcements or events***

1. Perenti announces the completion of US$450M Guaranteed Senior Notes Offering
2. Perenti announced 1H21 Financial Results
3. Perenti provided an operational update, outlining headwinds
4. Awarded AMS's largest ever contract, Motheo
5. Perenti launches its technology driven service offering, *idoba*

*As at 20 August 2021

**Refer to page 28 in the Financial review for more**

# YEAR IN REVIEW - SUSTAINABILITY

## Investing in the next generation of miners

Attracting, growing and retaining our people to ensure we can continue to deliver value and certainty to our clients as we grow has been a key focus for the business especially in the face of the current skills shortage across Australia. Our people are our key differentiator in our service offering and in FY21 we continued to invest in apprenticeships, traineeships and graduate programs to introduce new talent to our business.

**Refer to page 48 in the Sustainability report for more**

## Creating value for our communities

As a global mining services business, Perenti's operations and offices span four continents and 12 countries. While we remain focused on continued growth, it is part of our DNA to ensure the communities we operate in benefit from our presence, and that we make a lasting economic and social impact. Our focus on developing strong partnerships underpins this commitment and we've implemented a range of programs to deliver value and certainty to our communities during the year.

**Refer to page 50 in the Sustainability report for more**

## Focusing on human rights and modern slavery

Perenti has developed a three-year program of works which sets out specific actions to further respond to and manage human rights risks, including modern slavery. We also published on our website and submitted to the Australian Border Force our first public Modern Slavery Statement in accordance with the *Commonwealth Modern Slavery Act 2018*. The Statement was authorised and approved by the Perenti Board on 28 January 2021.

**Refer to page 41 in the Sustainability report for more**

## A MESSAGE FROM
# THE CHAIRMAN

Perenti is one of the world's leading mining services companies, so it is an honour to have been appointed Chairman of this iconic Western Australian business.

**ROB COLE**
CHAIRMAN

**We have a reputation for delivering quality and value adding services for our clients, led by Mark Norwell and his highly experienced management team, backed by a deeply committed workforce, combined with the application of technology to assist our clients to generate value from their operations.**

The 2021 Financial Year has been a year of disciplined delivery against our 2025 Strategy, set against a challenging backdrop of the ongoing global COVID-19 pandemic and other significant external headwinds. The successful execution of our strategy will ensure we deliver on our Purpose – to create enduring value and certainty.

Our solid operational performance throughout the year, underpinned by our ability to ensure our clients can continue their operations in the face of the pandemic, was a significant achievement and an example of how we create enduring value and certainty for our clients, our people, our investors and the communities in which we operate.

It is with great sadness that we report the tragic loss of two of our people. In July 2021, an incident at our Hemlo Project in Canada, resulted in the death of employee Troy Cameron. This followed the loss of our Underground Mining Alliance colleague Daniel Nuertey-Kwao Quaynortey in May 2021, due to a fall of ground incident at the Obuasi Gold Mine in Ghana. These are tragic events, and our thoughts are with the families of Troy and Daniel as well as their friends and colleagues.

The safety of our people matters deeply to everyone at Perenti. We know we work in an industry that has inherent risks, which is why we are focused on building a strong safety culture, backed by robust safety and management systems and engaging leadership.

We are acutely aware of the benefits of running a sustainable business, and we are strengthening both our actions and the reporting of our sustainability performance. Our Sustainability Report outlines the focus of our Strategic Sustainability Plan, which we will report against in future years. Last year we included a range of sustainability commitments in our report and we have made solid progress implementing these as we continue to integrate sustainability considerations into our business.

Strengthening our governance has also been a priority for the business and in the year we updated our operating model to reflect this with the creation of a Chief Legal and Risk Officer role on the Group Executive. In line with this appointment and our commitment to the highest standards of corporate governance we are developing robust integrated systems and processes to further support the business.

We have also recently appointed Sydney-based executive Tim Longstaff to the Perenti Board. Tim is highly experienced in investment banking, with many years in Managing Director and senior executive roles at top-tier global firms. His experience will prove invaluable to Perenti as we pursue our strategic objectives and I am delighted to welcome Tim to the Board.

While we believe our response to COVID-19 has been extremely positive, the extent and duration of the pandemic has still had an impact on our global operations. It has slowed the ramp up of key projects, and has required many of our people to make extraordinary personal sacrifices as they managed extended rosters, significant periods of quarantine, and other disruptions to their work and family lives. We are truly thankful to them, their families and the wider team for their support and commitment during these testing times.

The effect of the pandemic on our operations combined with a number of other external headwinds including the tightening Australian labour market and strengthening Australian dollar has impacted our financial performance in the year. We delivered underlying revenue of $2.02 billion, underlying EBIT(A) of $171 million and record cash conversion of 105 per cent.

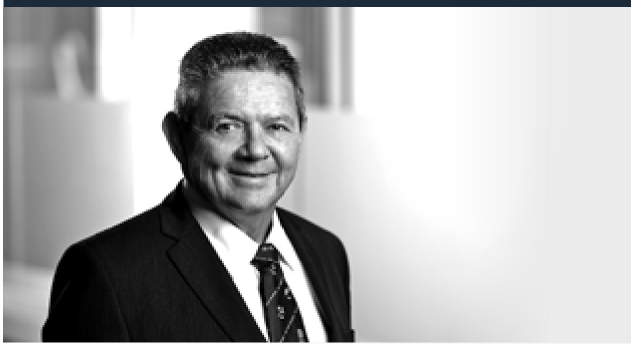
Throughout the year and despite a global pandemic, the team continued to deliver on a range of strategic initiatives. A standout has been our focus on selective growth – expanding into new markets in tier one jurisdictions that have long life mining opportunities, high quality clients, and where we can leverage our underground and surface mining expertise.

In North America, Barminco was awarded its second contract at Newcrest's Red Chris Mine, a long-life asset, in British Columbia, Canada, while African Mining Services (AMS) was awarded the contract for Sandfire Resources' Motheo Project in the Kalahari Copper Belt in Botswana. This is an important milestone for AMS following the strategic review we finalised earlier in the financial year.

### IAN COCHRANE

In July 2021, our business and the wider WA business community were left deeply saddened by the loss of our former chairman and stalwart Ian Cochrane following a battle with cancer. Ian had a long affiliation with our business that began in the 1990s and culminated with him joining the Board and ultimately becoming chairman in 2017. Ian's contribution to Perenti was significant. He was instrumental in building the business into a highly regarded and respected global mining services company, by bringing together Ausdrill and Barminco. He stepped down from the Board in May this year due to ill health. I am profoundly saddened by his premature passing, having first met Ian 35 years ago. He was an outstanding lawyer and company director, a man of the highest integrity and a good friend. It is hard to accept that he is gone.

On behalf of the Perenti Board of Directors, and the whole business, Ian will be dearly missed. Our thoughts are with Ian's wife Rosana, his family and friends.



In February, in response to the successful implementation of measures to manage the balance sheet implications from the disruption caused by COVID-19, we suspended the Dividend Reinvestment Plan that was introduced in April 2020. For FY21, the directors have determined a final dividend of 2.0 cents per share bringing the full year dividend to 5.5 cents per share unfranked. The final dividend of 2.0 cents represents a payout ratio of 43% for second half underlying NPAT(A), which is in line with our 10 year average range of 41%.

On behalf of the Board, I wish to thank our Managing Director and CEO Mark Norwell for his leadership of the Company. Mark, supported by a highly capable executive team, has responded with purpose, discipline and care to the challenges of COVID-19, while at the same time driving our operational performance and executing our 2025 Strategy. This thanks extends to everyone who works for Perenti, which includes 7,881 people on four continents. As a services business we simply don't exist without our people and their commitment to our clients, and to each other.

Finally, thank you to Perenti's investors. Your support in challenging times is appreciated. We will continue to focus on delivering value and certainty for you as we emerge from the pandemic and continue delivering against our 2025 Strategy.

**ROB COLE**
CHAIRMAN

**UNDERLYING EARNINGS PER SHARE**

10.95 cents

Based on underlying NPAT(A) of $77 million

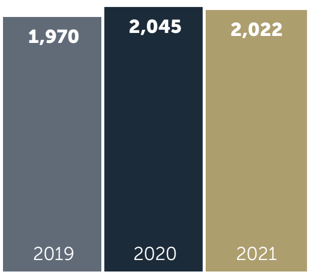
**FULL YEAR DIVIDEND PER SHARE**

2.0 cents

Unfranked dividend. Payout ratio of 43 per cent of second half NPAT(A)

**UNDERLYING REVENUE**

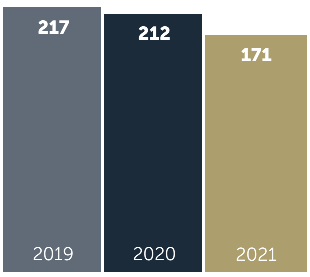
$2,022M




Refer to page 28 in the Financial review for more

**UNDERLYING EBIT(A)**

$171M




Refer to page 28 in the Financial review for more

**INVESTOR QUESTION**

**Q: The business has been impacted by a number of headwinds in the last year. Do you expect these to continue into the next financial year and if so, to what extent?**

In the last year we have been impacted by significant headwinds including COVID-19, a stronger Australian dollar and a tightening labour market. We do see these headwinds extending through FY22. The headwinds are largely a result of challenges that are external to our business and while we cannot control them, we are proactively managing our business to mitigate the impacts as best as we can.

2019 figures are proforma underlying figures which include 100 per cent of Barminco and AUMS for a full 12 months and exclude amortisation and any non-underlying items.

## MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S REPORT

# BUILDING MOMENTUM

Perenti delivered solid results, despite significant headwinds that continue to be proactively managed, as we execute our 2025 Strategy and focus on providing enduring value and certainty to our clients.

### FY21 highlights and achievements

- Continued resolve and commitment of our people in navigating a world with COVID-19 to ensure operational continuity for our clients
- Further expansion into the key geographical mining markets of North America and Botswana
- Stabilisation of AMS with key under performing legacy contracts addressed, $88 million of cash realised from West Africa and delivering improved operational performance and new contracts to support further growth
- Positive progress against our Environmental, Social and Governance (ESG) objectives and continuing to integrate sustainability across our business
- Developed our technology driven services business through foundational acquisitions with the formal launch of *idoba* in July 2021

### Future objectives

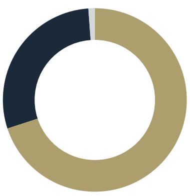
- Continued resolve and commitment of our people in navigating a world with COVID-19 to ensure operational continuity for our clients
- Maintain our focus on the safety of our people, delivering operational excellence and winning work through extending current contracts and securing new projects
- Successful ramp up of the Motheo Project in Botswana and further improvement realised from existing AMS contracts.
- Continue our sustainability journey and improve our ESG performance
- Further develop *idoba* to enhance our mining business, deliver technology services to current and new clients and develop a new integrated service offering

## ORDER BOOK

**$6.6B**

Our current work in hand represents +3 years of contracted work at current run rates. $2.0B of revenue is secured for FY22 and $1.5B for FY23.

### ISG (%)



| | |
|---|---|
| Underground | 70 |
| Surface | 29 |
| Investments | 1 |

### Country (%)

| | |
|---|---|
| Australia | 48 |
| Botswana | 18 |
| Ghana | 14 |
| Burkina Faso | 9 |
| Canada | 4 |
| Canada | 3 |
| Other | 4 |

### Commodity (%)

| | |
|---|---|
| Gold | 56 |
| Copper | 19 |
| Nickel | 15 |
| Zinc | 5 |
| Other | 5 |

## PIPELINE

**$11.0B**

We continue to prioritise the conversion of our pipeline to work in hand, focusing on top-tier mining jurisdictions and top-tier, multi-asset mining clients seeking strong financial, sustainability and safety performance.

### ISG (%)

| | |
|---|---|
| Underground | 77 |
| Surface | 23 |

### Country (%)

| | |
|---|---|
| Australia | 39 |
| Canada | 14 |
| USA | 13 |
| Ghana | 11 |
| Botswana | 5 |
| Egypt | 4 |
| Cote d'Ivoire | 3 |
| Other | 11 |

### Commodity (%)

| | |
|---|---|
| Gold | 63 |
| Copper | 13 |
| Manganese | 5 |
| Nickel | 4 |
| Lithium | 4 |
| Diamonds | 4 |
| Other | 7 |

**Perenti continues to develop and strengthen our business foundations, secure new work, deliver innovative approaches for our industry, and provide reliable, high quality mining services to our clients around the world.**

In the 2021 Financial Year, we experienced a year of strategic growth in key markets, robust operational performance and valuable contract wins. We took positive steps to improve our environmental, social and governance performance and we continued to invest in our systems and people to support sustainable growth. This was achieved in challenging operating conditions, directly impacted by COVID-19 and a highly competitive labour environment in Australia, which had a flow on effect to our international expatriate workforce. Despite the operational headwinds and the strengthening Australian dollar, our underlying financial performance was solid, as we delivered more than $2 billion of revenue, excellent cash conversion and reduced our net debt.

Despite these challenges, we maintained our discipline and focus on executing our 2025 Strategy. A key element of that strategy is expansion into stable mining jurisdictions, with high quality clients and long-term potential. We continued our successful entry into North America, with the opening of our office in the US city of Denver, Colorado, and the award of a new contract for Barminco at Newcrest's Red Chris Mine in Canada.

In May, we consolidated our position in Botswana with the award of a contract for AMS at Sandfire Resources' Motheo Project. This is a significant achievement for the business, not only because the contract is the largest surface contract in our history and Botswana is a highly attractive mining jurisdiction, but it follows the completion of a strategic review into the AMS business. As part of this review we completed an early exit from loss making legacy contracts, Boungou and Yanfolila, releasing $88 million in cash to the business. AMS is now on an improved footing, with stronger commercial discipline and governance. Motheo represents an outstanding growth opportunity for a highly capable business with a great people, brand and reputation in Africa.

**Technology has also been a focus for Perenti and during the year we accelerated progress on our Technology Driven Mining strategic initiative, establishing the building blocks for the launch of *idoba* – our technology and innovation service business.**

A key part of our strategy is to secure profitable projects in quality mining jurisdictions and since 1 July 2020 we have continued to convert our growth pipeline opportunities into contract wins, securing more than $2.8 billion of contract extensions and new contract awards in three continents, and across a variety of commodities. We continue to extend long-term contracts with valued clients, which reflects the strength of our client relationships, backed by the great capability of our people.

As a business we remain financially strong and well positioned to navigate challenges that arise from the ongoing pandemic and to capitalise on the right growth opportunities. In October 2020, Perenti concluded the refinancing of its primary debt facility, further enhancing our already strong liquidity position by putting in place a stable, long-term capital structure that is underpinned by five-year notes held by high quality investors.

## PEOPLE AND SAFETY

It is with great sadness that I note two tragic incidents took place in May and July of 2021. The first was the loss of our colleague Daniel Nuertey-Kwao Quaynortey in a fall of ground incident at the Obuasi Mine in Ghana. Daniel was a member of the Underground Mining Alliance, a joint venture between AUMS and local Ghanaian business Rocksure. Secondly in July, an incident at our Hemlo underground project in Canada resulted in the tragic death of Troy Cameron, a long-term employee at the mine. Both Troy and Daniel were hard working and well-respected by their workmates and our thoughts go out to their family members, friends and colleagues.

In addition to supporting everyone impacted by these tragic events, we are working with our clients to investigate the cause of both incidents and we will implement the applicable findings at each project and if relevant, more broadly across the business.

We are constantly searching for improvement in our safety performance. Through the year we continued the implementation of our new Health, Safety and Environment Management System, which provides us with tighter controls over critical risks and hazards and enhanced reporting, which in turn improved the resolution and investigation of HSE issues.

We also introduced a Safety Leadership Program and trained more than 600 people in Critical Risk Management with well over 11,000 field verifications of critical controls having been conducted.

We saw a positive improvement in our Serious Potential Injury Frequency Rate (SPIFR) from 4.1 to 2.9, however our Total Recordable Injury Frequency Rate (TRIFR) increased from 4.9 to 5.1. Our primary focus is to ensure we have no life changing events by continuing to verify our critical controls are in place and working effectively, looking after ourselves and our workmates so every person goes home safe and healthy to their families and friends. We believe that if we are smarter together, we will be safer together.

**Refer to page 14-15 for more on Health and Safety.**

## OPERATIONAL EXCELLENCE

It is a testament to our people that despite the considerable business disruption caused by COVID-19 we have delivered strong operational performance. The resilience and commitment shown by our workforce in dealing with the pandemic to maintain continuous operations for our clients is the result of having an amazing team of people. I am hugely proud of the way our business continues to respond to these challenges and the resolve shown throughout our workforce.

As part of our response to the pandemic and to navigate the ever-changing world of border closures, flight cancellations, quarantine and immigration requirements we have established a dedicated logistics team of 14 to navigate these challenges and support our people.

Travel restrictions and the lengthy quarantine periods associated with travel continued to have a significant impact on our people throughout the year. I would like to thank those members of the team who were impacted, especially our expatriate workforce, our national employees and the team who manage our travel logistics. Their commitment to Perenti, and our clients, cannot be understated and has helped us successfully navigate these ongoing challenges. They are the epitome of our purpose in action, creating enduring value and certainty for not only our clients, but our people, the local communities in which we operate, our suppliers and ultimately our investors by continuing to operate.

COVID-19 has impacted the ramp up of a number of Perenti's contracts, namely Zone 5 in Botswana, and Hemlo in Canada. Throughout, Perenti worked hand in hand with our clients and our people to find solutions to the different challenges presented by the pandemic.

Strong commodity prices are driving continued strong demand in the mining industry. The market for our services is strong, and this is reflected in our growth pipeline.

**Refer to pages 16-27 for our Operating Overview**

This is creating high demand for skills in the industry. Cost pressures are rising, and although we are protected, in part, by rise and fall provisions in our contracts, our ability to deliver is dependent on us having access to the right people and equipment in the right locations. COVID-19 travel restrictions are limiting our ability to recruit from a number of talent pools, but we are in a strong position to recruit locally. In Western Australia, we are one of the leading employers of trainees and apprentices in our industry, and in Botswana, our training centre is an example of how we build a strong pool of skilled local people to transition to our operations.

**Refer to pages 16-27 for our Operating Overview.**

## ORGANISATIONAL HEALTH

In January, we combined our Surface Mining and Underground Mining Industry Sector Groups (ISGs) under the leadership of our highly experienced mining executive, Paul Muller. Bringing these businesses together is an important strategic development for us, as it is driving greater collaboration across important areas such as safety, tendering and commercial discipline. We also appointed Vivienne Powe as CEO of our Investments ISG. Vivienne has broad experience in mining and is a strong and capable leader. Our focus on managing risk and strengthening compliance was also reinforced with the appointment of Raj Ratneser as our Chief Legal and Risk Officer.

The attraction and retention of people is one of the Group's key priorities with the business implementing a range of strategic initiatives to ensure we can continue to deliver quality and consistency to our clients. I am proud that we are one of the largest private sector employers of apprentices and trainees in Western Australia, with more than 400 apprentices and trainees across our subsidiaries Ausdrill, Barminco and BTP. Developing local people is also a focus for us in many of our host countries around the world where we have a strong commitment on building local capability with 86 per cent of our workforce represented by locals across our Africa operations and 93 per cent in North America.

It is with great sadness that our former Chairman, Ian Cochrane, passed away in July. Ian was a true gentleman and a man of unquestionable integrity as well as a great mentor to me and many people across the Perth business community. He was instrumental in bringing the Ausdrill and Barminco businesses together and ultimately in the formation of one of the world's leading mining services businesses, Perenti. His influence has shaped Perenti for the better and he will be truly missed by our business and the wider WA business community. Our thoughts are with his wife Rosana, his daughters Kelly and Kate, his grandchildren and friends.

Ian stood down as Chairman in May due to his health concerns. Our then Deputy Chairman, Rob Cole, transitioned into the Chairman position. Rob is a highly experienced company director and executive, with a strong reputation as a business leader earned over decades in the resources sector. On behalf of everyone at Perenti, I welcome Rob to his new role and we look forward to working with him to deliver on our strategy and purpose. I would also like to welcome Tim Longstaff who recently joined the Board. Tim is highly experienced across strategy development, M&A and international debt and equity markets and we look forward to working with him.

**Refer to page 14-15 for more on Organisational Health.**

## ENHANCING OUR ENVIRONMENT, SOCIAL AND GOVERNANCE PERFORMANCE

Last year we published our inaugural Sustainability Report which outlined a number of commitments for the 2021 financial year. We have made solid progress against these commitments as well as continuing to integrate sustainability across our business.

Strong performance in this area is not only an important way of demonstrating our integrity, it is an essential part of us achieving our aspiration to be the indispensable mining services company and to fulfil our purpose of creating enduring value and certainty.

Highlights of our sustainability performance in the year include the release of our Modern Slavery Statement, which binds us to international standards on enforced labour; the introduction of a Speak Up campaign, where we encourage our people to confidentially report issues of concern, and the roll out of mandatory training modules for all our people that reinforce our Code of Conduct and Speak Up Program as well as Anti-bribery and Anti-corruption training for our leaders.

**Refer to page 38 of our Sustainability Report.**

## ENABLING TOMORROW THROUGH A TECHNOLOGY DRIVEN FUTURE

Two years ago, at the launch of our 2025 Strategy, we talked about the gathering pace of technology in the mining industry, and our aspiration to be at the forefront of this through a pillar of the strategy called Technology Driven Mining.

We have been working in the background, developing our capability through strategic acquisitions. This culminated in the launch of *idoba* in July 2021, our technology business for the mining industry.

Our industry is at the early stages of digital transformation, but it is accelerating. As a leader in the industry, with a wide range of clients and a variety of operations, we are in a unique position to gather data and insights that we can apply across the industry. *idoba* will enable us to respond to our clients' evolving needs both today and into the future and position us to capitalise on this exciting new phase in our industry.

**Refer to page 26 for more on Perenti's technology driven future.**

## LOOKING AHEAD

As we start FY22, we do so with a great deal of confidence. Our business has proven its strength and resilience over the last 18 months, and our strategy is building momentum that will help us to continue to grow, while effectively managing risk.

Our priorities for FY22 are to maintain our focus on the safety of our people, operational excellence, successfully ramp up critical projects in North America and Botswana and grow our new technology business *idoba*.

Our high quality tender pipeline of $11 billion includes opportunities in North America, Australia and Botswana, and these will create the platform for future returns.

Fundamentally Perenti is a strong business, generating reliable cashflow, has a fantastic client base, and we have a clear strategy to develop into new markets, with an edge in technology that we believe will give us a competitive advantage.

In closing, I would like to express my thanks to our people who proudly work for Perenti and our operating businesses. This has been an extraordinary year, which has placed significant demands on many of our people that we could not have envisaged 18 months ago. Despite these challenges, our people have continued to deliver for our clients and our Company every day, which speaks volumes for their commitment and their desire to succeed. This is a great formula for success, and we all look forward to the next phase of our journey and in becoming the indispensable mining services company.

**MARK NORWELL**

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

### INVESTOR QUESTION

**Q: In light of skills shortages, how do you plan to find the people needed to continue your growth?**

During the year we directed significant additional resources to support recruiting people for our business and we have been very successful in attracting new talent. We recently announced that we have secured and mobilised a workforce of 110 highly skilled underground employees. During the year we also focused on our future talent pipeline and have a total of more than 400 apprentices and trainees across our business.

We are confident in our ability to attract and develop our employees to ensure we can deliver excellence to our current and future clients.

**Refer to page 14 in the People section for more**

# OUR PURPOSE AND STRATEGY

## PURPOSE

Our purpose, to create enduring value and certainty, is central to the way we work at Perenti. It means that we walk in the shoes of our stakeholders to understand their needs and deliver a service to them that exceeds their needs and expectations. By continuing to provide these levels of service to our stakeholders over time we also create certainty for them that we will always deliver work to a consistently high standard.

### HOW WE CREATE ENDURING VALUE AND CERTAINTY FOR OUR STAKEHOLDERS

#### FOR OUR SHAREHOLDERS

We provide long-term value to our shareholders through our strategy to focus on winning new work in more stable international mining jurisdictions providing certainty of geopolitical and operational performance. Our focus on ensuring continuity of operations at our clients' sites during the pandemic also creates value and certainty for our shareholders.

**Refer to page 6 in the CEO's Report**

#### FOR OUR PEOPLE

Perenti provides value and certainty to its people through development and career progression opportunities. An example of this is Kwame Mensah who joined our subsidiary AMS in 2002 as an apprentice auto electrician. Kwame has worked his way through the business to his current position of Maintenance Manager, receiving the training and support required to progress his career. Kwame is just one example of how we create value and certainty for our people.

**Refer to page 14 in the People section**

#### FOR OUR CLIENTS

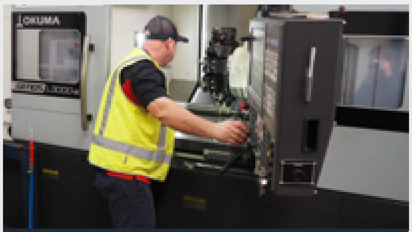
Our focus on operational continuity during the COVID-19 pandemic is an example of how we have created enduring value and certainty to our clients, especially those with operations overseas. As part of our response, we mobilised a dedicated team of people to manage the logistics of our international expatriate crews across multiple sites and countries given the disruption caused by closed borders, travel restrictions, and extensive quarantine measures.

**Refer to the case study on page 11**

#### FOR THE COMMUNITIES THAT HOST US

Building a state-of-the-art training centre in Botswana provides value and certainty to our employees, by providing them with opportunities for career development, while also supporting the local economy by building capability in the community. In the year, more than 200 people completed induction training, 376 cultural awareness training and 45 people were trained at the centre through the engineering school.

**Refer to page 50 in the Sustainability Report**




#### FOR OUR SUPPLIERS

Perenti uses thousands of suppliers globally, many of these are local to our operations and support job creation and economic growth. Our partnership with OMG Engineering is an example of this in action, helping them shape their continually evolving capabilities and reputation as an engineering solution provider in the WA drilling market. Our collaboration has helped build a solid foundation on which OMG can grow and diversify its business, creating opportunities for them, their employees and their supplier partners.

**Refer to page 39 in the Sustainability Report**

**By delivering high standards of work in everything we do, so that we achieve our purpose for our stakeholders, we will achieve our aspiration to become the indispensable mining services company. This will ensure we continue to extend and win new contracts, retain and employ great people, form sustainable partnerships that benefit the local communities that host us and deliver long-term value for our shareholders.**

## STRATEGY

Our 2025 Strategy is based on five strategic pillars which each include a number of value creating initiatives that aim to optimise our business in the short-term while helping grow the business in the mid to longer term. The strategy guides our business planning process and will shape our business in the coming years.

**The 2021 Financial Year has been a year of disciplined delivery against our 2025 Strategy, set against a challenging backdrop of the ongoing global COVID-19 pandemic and other significant external headwinds. The successful execution of our strategy will ensure we deliver on our Purpose – to create enduring value and certainty for all of our stakeholders.**


### OUR PILLARS AND KEY MILESTONES:

**OPERATIONAL EXCELLENCE**

Ensuring we focus on delivering positive performance across all safety, production and financial metrics

Refer to pages 16-27 of our Operating Overview

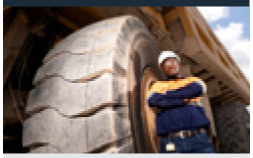
Business continuity during COVID-19

Stabilised AMS performance

**STRATEGIC GROWTH**

Building our collective brands and growing our business beyond organic growth

Refer to page 21 for our Motheo Project case study



Expansion into Botswana and Canada

Established office in Denver USA

**ORGANISATIONAL HEALTH**

Focused on investment in our people and business to ensure long-term performance by establishing a solid business foundation

Refer to page 15 for more on Health and Safety

ESG priorities identified and progressed

Enhanced capabilities to secure, develop and retain talent

**TECHNOLOGY DRIVEN FUTURE**

Adding value to our business now and positioning for the future both in current services and new services driven by technology

Refer to page 26 for more on Technology

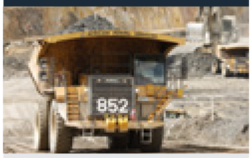
Launched *idoba*

Investing in scalable operating systems

**BUILDING FINANCIAL CAPACITY**

Building and maintaining a robust balance sheet that gives us the flexibility to grow and deliver returns to shareholders

Refer to pages 28-31 of our Financial Review




Liberated $88 million cash from West Africa

Refinance of high yield bonds

#### CASE STUDY - CREATING ENDURING VALUE AND CERTAINTY

### Perenti's response to COVID-19

A fantastic example of our purpose in action is our proactive response to COVID-19 and the significant efforts by everyone at Perenti to ensure operational continuity for our clients in the face of the global pandemic.

As part of our response, we mobilised a dedicated team of people to manage the logistics of our international expatriate crews across multiple sites and countries given the disruption caused by closed borders, travel restrictions, and extensive quarantine measures.

In all, the team organised more than fifty charter flights to move hundreds of our employees.

This effort not only created value and certainty for our clients through the continuity of their operations it also created value and certainty for:

- Our people both locally and internationally ensuring they have ongoing work
- Our investors, by ensuring we continue to generate revenue and profit from the business
- Our suppliers who depend on our operations for their own businesses to thrive, and
- The communities we operate in through the continued economic contributions from local jobs and local businesses.

This is a great example of delivering on our purpose, living our principles and is another step towards us achieving our aspiration to become the indispensable mining services company.

# THE PERENTI GROUP EXECUTIVE

**FROM THE LEFT**

**Paul Muller** – Chief Executive Officer, Mining | **Sarah Coleman** – Chief Executive Officer, *idoba* |
**Peter Bryant** – Chief Financial Officer | **Mark Norwell** – Managing Director and Chief Executive Officer
**Ben Davis** – Chief People Officer | **Vivienne Powe** – Chief Executive Officer, Investments |
**Josh Bovell** – Chief Information Officer | **Raj Ratnesser** – Chief Legal and Risk Officer

### MARK NORWELL

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Mark was appointed as the Managing Director and CEO of Perenti in September 2018. Mark has more than 20 years' experience in the mining industry throughout Australia, New Zealand, Africa and the Americas.

### PAUL MULLER

CHIEF EXECUTIVE OFFICER
MINING

Paul has more than 20 years' experience in the mining industry, working for both mining services providers and mine owners in Australia, Asia and Africa.

### VIVIENNE POWE

CHIEF EXECUTIVE OFFICER
INVESTMENTS

Vivienne is a senior executive with a strong track record of creating shareholder value in global mining and oil and gas companies.

### SARAH COLEMAN

CHIEF EXECUTIVE OFFICER
IDOBA

Sarah is an experienced mining and management consulting executive with an impressive background spanning operations, improvement, innovation, technology, and asset management.

### PETER BRYANT

CHIEF FINANCIAL OFFICER

Peter is a CFO with more than 25 years' experience. He has served in various executive roles across the mining, construction and media sectors.

### BEN DAVIS

CHIEF PEOPLE OFFICER

With experience spanning more than 20 years, Ben has held a number of operational, corporate and executive functional roles across Australia, Africa and North America.

### JOSH BOVELL

CHIEF INFORMATION OFFICER

Josh has more than 20 years' experience throughout Australia, Asia and North America in the information systems and technology industry and has held leadership roles in organisations operating across a broad range of sectors.

### RAJ RATNESER

CHIEF LEGAL AND RISK OFFICER

Raj is a senior executive with more than 20 years' national and international experience across legal, commercial, governance, risk and internal audit primarily in the resources, engineering and construction industries.

# PEOPLE

## WORKFORCE

7,881

**Our workforce numbers continue to remain strong with a global workforce of close to 7,900 people with more than 3,000 employees in Australia and more than 4,000 in Africa.**

## LOCAL EMPLOYMENT INTERNATIONALLY

87%

**Within our international operations we employed 87 per cent of our workforce from the local population and an additional 3.5 per cent from within the region.**

## FEMALE PARTICIPATION

10%

**Across our operations, female participation rates increased in FY21 to 10 per cent. We have two female Non-Executive-Directors on our Board and women occupy more than 18 per cent of our senior management positions.**

## APPRENTICES AND TRAINEES

410

**We have a strong commitment to training our workforce of tomorrow. Perenti made significant progress across a number of key people priorities, including, key people systems, leadership engagement and people development.**

## ENABLING OUR PEOPLE

FY21 saw an 'Enable People' program of work commence that aims to improve Perenti's foundational people related systems and improve visibility of key data and information to better connect our global business.

Perenti has invested in new human resources (HR) and health, safety and environment (HSE) systems that provide leaders and employees with access to important information. This helps us to efficiently and effectively transact key people related activities as well as report on related metrics. The implementation of these systems is critical to underpinning the growth and future aspiration of the organisation.

Two dedicated teams were established to design and implement the HR and HSE systems in FY21 and early FY22. The first core module of the HR system was successfully implemented in June 2021, which will be followed by additional modules in FY22. The HSE system was also readied in FY21 and was implemented in early August 2021.

## BUILDING OUR LEADERS FOR TOMORROW

Engagement with our senior leaders across the Group is vitally important to ensure delivery of our strategy and objectives. To this end an inaugural Senior Leaders Forum was held in the second half of the financial year. This engagement and development opportunity brought together the top 70 leaders from across the Group, to discuss and align on strategic plans, business direction, leadership development and culture. Due to COVID-19 restrictions our international colleagues were not able to join in person, however using technology, they joined remotely and also had dedicated sessions with the Managing Director and CEO. The forum is scheduled to be an annual event with the next meeting planned for March 2022.

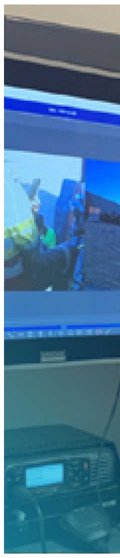
## INVESTING IN OUR PEOPLE

Our focus on developing our people has continued throughout the year. Our Apprenticeship Program saw increased applications and uptake with 148 apprentices across the Group. A number of apprentices have been able to successfully transition across business units, taking up opportunities that enable them to expand their skills and expose them to the diversity of work and operations across the Perenti group of companies. In addition to our commitment to apprentices we also recorded 262 traineeships during the year.

Our Graduate Program increased to 29 graduates in 2021 with the implementation of a structured program designed to assist graduates in achieving specific objectives across their rotations. Despite COVID-19 related travel restrictions, our graduates were fortunate enough to be able to come together for an annual forum, with participants across WA, NSW and QLD. This forum supports these future leaders in developing communication, presentation and conflict resolution skills, as well as a focus on safety, technology and innovation and alignment with the Perenti principles.

## WORKING TO ENSURE OPERATIONAL CONTINUITY

The labour market has continued to tighten across Australia and for international roles, exacerbated by COVID-19 and the resulting country and state based travel restrictions. Within Australia, border restrictions have impacted the ability for FIFO employees to move freely across state boundaries. Perenti has implemented a number of guidelines to support this, including alternate R&R locations, relocation support and redeployment of people to projects within their "home" states. A dedicated team has also been established to support FIFO expats in their international movements, to ensure adequate support for travel management and during quarantine periods.



# HEALTH AND SAFETY

### HEALTH AND SAFETY

The health and safety of our people are utmost in everything we do, and it is this belief that drives the implementation of a robust strategy to eliminate life changing events from our business.

During the year, we tragically lost an employee of our Underground Mining Alliance joint venture at the Obuasi Mine in Ghana to a fall of ground incident. This terrible event galvanises our focus on creating a work environment where our people's physical and emotional health and safety is at the centre of everything we do.

Our safety improvement is focused around three key areas:

1. Safety leadership and culture
2. Critical Risk Management
3. Effective systems

**TRIFR**

5.1

**up from 4.9 at June 2020**

**SPIFR**

2.9

**down from 4.1 at June 2020**

**CRITICAL FIELD VERIFICATION CHECKLISTS CONDUCTED**

11,000+

### SAFETY LEADERSHIP AND CULTURE

Enhancing the development of our leaders' safety skills and capability is a vital component of our Safety Improvement Strategy. A Safety Leadership Framework was developed during the reporting period and forms part of the overall Leadership Development Framework for the business.

The first module of this program has been introduced with the aim to improve the understanding of effective safety management and the role of leaders in influencing our safety culture and performance. It also explores opportunities to better understand and enable the safety of work being undertaken by all teams.

During FY22, we will continue to deliver this program to leaders, and it will be expanded to include a second module. This module will benefit leaders by further developing an understanding of how to positively influence the safety of work being undertaken by their teams, and empowering leaders to "know, say, and do" the things that drive sustainable improvement to safety throughout the business.

In support of a consistent safety culture throughout the business, a safety tagline and awareness campaign was launched during FY21. Leveraging our principle of Smarter together, the tagline **Smarter Together, Safer Together** was launched.

**What this signifies is our culture stemming from a genuine care for one another, and where we work together to support one another's safety and health.**

**Refer to page 44 in the Sustainability Report**

### CRITICAL RISK MANAGEMENT

The second core area for our Safety Improvement Strategy is the implementation of a robust Critical Risk Management Program to improve the implementation of controls to prevent fatal events. This program was developed through a rigorous process of collaboration with experts and stakeholders throughout the business. In FY21, we implemented 12 Critical Risk Standards and developed and implemented supporting verification tools for frontline leaders and managers to verify critical controls are understood, in place and working effectively in the field.

During FY22, we will expand this by implementing tools to enable our frontline workforce to verify critical controls specific to the task they are undertaking and enhance the existing verification tools for our frontline supervisors and managers.

### EFFECTIVE SYSTEMS

During the reporting period, we implemented a standardised HSE Management System throughout the entire business. This system details the requirements for managing HSE and leverages external benchmarking and internal leading practices to effectively manage HSE risks, and also supports ongoing compliance to ISO 14001 and 45001.

A project was initiated in FY20 to design and implement a single HSE information system across the business thereby improving accessibility and reliability of HSE data and analysis. This progressed in FY21 with the new system, internally named "HSE Central", being configured and tested, ready for implementation at the beginning of FY22.


**CASE STUDY**

### Leveraging technology for remote underground training

At several of our operations, training underground loader operators has been conducted with both the trainer and trainee in a confined area presenting a risk as both can be exposed to potential impact by the loader. To eliminate this risk, a remote training solution has been developed, which removes the trainer from the immediate area using an integrated system of standalone video cameras linked with communication systems or VTS to allow for the training to take place.

The VTS was developed through cross-functional collaboration and was designed to provide livestream video and constant voice communication between the operator trainee and trainer during the training session. The system, which is easily installed onto any loader, with minimal set up time, has been successfully trialled with the support of Regis Resources at the Rosemont site. The system is currently being further piloted at the Obuasi mine in Ghana, and if proven successful the intent is to deploy the system at other sites and investigate expanding to other applications.

# MINING

**During the 2021 Financial Year, the Mining Industry Sector Group (ISG) delivered solid operational performance across both its surface and underground operations, which is a considerable achievement given the significant headwinds experienced by the business due primarily to the ongoing impact of the COVID-19 pandemic and a tightening labour market.**

Strong demand for our services was underpinned by rising commodity prices resulting in nine per cent revenue growth for our underground business, with a number of new contract wins and extensions, including further expansion in North America and our first underground contract in New South Wales.

The performance of AMS stabilised and showed signs of a sustainable operational improvement following our strategic review into that business with both Ausdrill and AMS delivering a solid operational performance during the year. The subsequent award of Sandfire Resources' Motheo contract to AMS in June 2021 marks an inflection point for AMS, providing a strong platform for the future.

Our people are central to our success. Their commitment and dedication to the business in the face of domestic and international disruptions caused by the COVID-19 pandemic ensured we continued to deliver enduring value and certainty to our clients. We are hugely thankful to them - many have endured prolonged rosters, frequent and unpredictable travel restrictions and significant quarantine periods to keep our operations running. A heartfelt thank you must also go to their families for their support during this period of prolonged uncertainty.

During the year, we faced a shortage of skilled labour due to a number of factors including a buoyant mining industry and an inability to source international and interstate labour due to COVID-19 induced travel restrictions. These labour shortages particularly impacted Western Australia. To mitigate these impacts, significant additional resources were directed to recruitment, while our efforts to train and develop our people continued.

During the year, we recruited a significant number of graduates and apprentices across our businesses and have strong numbers of trainees to maintain and grow our talent pipeline and build our workforce of tomorrow.

On the safety front, we continue to focus on a robust strategy to eliminate life changing events from our business. Our focus on critical risks resulted in a 40 per cent improvement in our Serious Potential Incident Frequency Rate. We have continued to explore how we can use technology to keep our people safe in pursuit of our strategic objective, no life changing events.

We continue to have a strong drive to leverage available mining technology to improve the safety, productivity and sustainability of our operations. Technology is at the forefront of what we do and the establishment of *idoba*, Perenti's technology and innovation service offering, ensures we are well positioned to capitalise on this capability to develop and service the mines of the future.

Internationally, we continue to build the capability of our host communities by prioritising local recruitment and procurement. In line with this we have developed joint ventures at a number of our projects that will see our partners benefit from our world leading surface and underground mining expertise.

**Our training centre in Botswana, that services our Zone 5 project and will be used to support our Motheo contract, is an example of our commitment to train local people to be part of our operations while our entry into North America has seen us partner with First Nations groups to ensure we maximise local participation.**

## OUR MINING BUSINESSES AT A GLANCE

### SURFACE

In Australia, Ausdrill is a leading provider of drilling services specialising in exploration, drill and blast, grade control and geotechnical services. Ausdrill is a leader in technological capabilities in the drilling industry and has a reputation for delivering value and certainty for its clients.

Our African business, African Mining Services (AMS), is a leading surface mining operator in Africa. With 30 years of experience, AMS provides safe and reliable production and exploration services. We have a strong track record of delivering successful outcomes for our clients in a diverse range of mining jurisdictions across Africa.

### UNDERGROUND

Barminco is a name synonymous with the delivery of high-quality underground mining services. The business was instrumental in the design and implementation of high speed decline development which transformed underground mining in Australia and is now the preferred mining method for most modern underground mines in Australia and Africa.

AUMS was established in 2007 and combines Barminco's skills and experience in underground mining services with the wider Group's knowledge, experience and client network in Africa. In a short time, AUMS has developed a market-leading position in Africa and has a track record of exceeding productivity targets.

# UNDERGROUND OPERATIONS

### FY21 highlights and achievements

- Successfully navigating the COVID-19 pandemic to enable continuity of operations for clients
- Significant international growth with further expansion into North America and the opening of our USA office in Denver, Colorado
- Creating a robust people pipeline through investing in graduates, apprentices and traineeships
- Significant organic growth including domestic and international
- Community investment including support of Ronald McDonald House, the Clontarf Foundation and the Dandjoo Darbalung Program

### Future objectives

- Continue to make our projects even safer through the comprehensive management of critical safety risks, improved safety systems and leadership
- Deliver excellent operational performance across the project portfolio, including the ongoing ramp up of growth projects
- Extend existing contracts and win profitable new work
- Recruit, engage, train, develop and retain the best people in the industry
- Successfully manage the ongoing impact of COVID-19 on the safety, health and well-being of our people, while ensuring operational continuity for our clients

### INVESTOR QUESTION

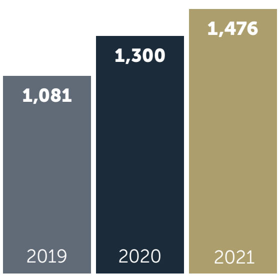
**Q: Given the issues that you have experienced over the last 12 months, when will your growth projects Zone 5 and Hemlo be at full production?**

Given the uncertainty around COVID-19, we cannot say for certain, however, we continue to work closely with our clients to identify opportunities to realise productivity improvements and accelerate ramp-up at these projects.

At Zone 5 for example, we have recently optimised our workforce scheduling and believe that this will deliver improved productivity throughout FY22.

### UNDERLYING REVENUE

$1,476M

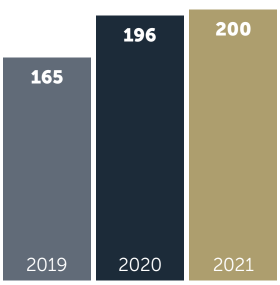



**Up 14 per cent on FY20 as the Underground business delivered a third consecutive year of growth despite the headwinds**

**Refer to page 28 in the Financial Review for more**

### UNDERLYING EBIT(A)

$200M

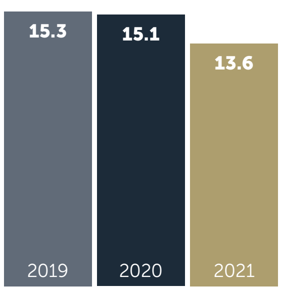



**Up 2 per cent on FY20 as Australian Underground work in hand increased with the award of new projects and scope increases**

**Refer to page 28 in the Financial Review for more**

### UNDERLYING EBIT(A) MARGIN

13.6%




**Down 1.5 per cent points on FY20 as productivity and margins were impacted by headwinds**

**Refer to page 28 in the Financial Review for more**

**AT A GLANCE**

Contract awards

55%

Underground projects represent 55 per cent of the value of contract awards since 30 June 2020

Tender pipeline

$8.5B

Current projects

29

## UNDERGROUND AUSTRALIA

**Barminco has a reputation for high quality operational performance and we continued to deliver during the 2021 Financial Year recording strong domestic growth with the award of a number of new and extended contracts.**

This included our ability to leverage our operating standards and strong long-term relationships delivering organic growth in our Western Australian projects, including Gold Fields' Wallaby Operation, Regis Resources' Garden Well Mine and Western Areas' Odysseus Mine. In line with Perenti's focus on geographic expansion, Barminco also began its first underground project in New South Wales at Evolution Mining's Cowal Operation, which, together with Garden Well, provides an excellent opportunity for further growth as these mines transition from development to production.

During the year there was continued domestic and international demand for our fleet of mobile mini-raiseboring machines, also known as Rhinos, both throughout our own operations and to external clients. The Rhinos offer improved mobility and efficiency in uphole slotting and in Australia we recorded more than six kilometres of raise boring during the year.

The underground business continued to invest in next generation equipment to support safer and more productive operations.

This included deploying the state-of-the-art Epiroc Mobile Carrier Rig and the GEN 2 Epiroc Diamec Smart 6M. Both drills promote automation and 'hands off steel' technology, significantly reducing the risk of operator injury. Other examples of where we are leveraging technology to keep our people safe include the ongoing development of an underground collision avoidance system and the implementation of engineered safety stops to protect open holes, an initiative in response to an industry fatality during the year.

We invested significantly in our apprentices, trainees and well-established Graduate Program during the year to ensure we have a robust pipeline of talent to support our current operations and future growth aspirations. This will be an ongoing focus for us as restrictions and high commodity prices drive further tightening of the labour market and growing competition for people.

Our focus on sustainability, following Perenti's inaugural Sustainability Report last year, has been on integrating ESG across our operations. In Australia, Barminco was proud to be an inaugural member - and the only mining contractor - of the Electric Mine Consortium. Working with many of our clients and industry participants, our focus is to take real steps towards decarbonising mining, with the ambition to accelerate progress towards fully electrified, zero $CO_2$ and zero diesel particulates mines.

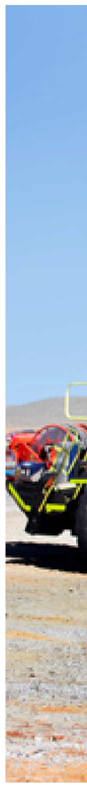
**Refer to page 43 in our Sustainability Report for a case study on Electronic Mine Consortium.**

Membership of this consortium was complemented by our actions on the ground as we continued to work with equipment manufacturers to trial a variety of electric vehicles, to assess their performance and our ability to integrate them into our operations.

Finally, we maintained a strong focus on community. We continue to support the Clontarf Foundation and the Dandjoo Darbalung Program to give young people associated with these programs an understanding of our business and how an underground mine operates. Throughout the year we continued our support of the West Coast Eagles AFLW Program while also sponsoring the Up All Night challenge in support of Ronald McDonald House Charities Western Australia.

**Refer to page 51 in our Sustainability Report for more.**

**We invested significantly in our apprentices, trainees and well-established Graduate Program during the year to ensure we have a robust pipeline of talent to support our current operations and future growth aspirations.**



## UNDERGROUND AFRICA AND NORTH AMERICA

Barminco and African Underground Mining Services (AUMS) continued to deliver high quality and reliable underground mining services to clients in Africa and our growth market of North America, despite the challenging operational environment arising from COVID-19. This was in no small way attributable to the commitment and flexibility of our expatriate workforce to accommodate extended rosters, frequent quarantining, and the associated impacts on their families. Our full-time mobility team worked tirelessly to move people safely to and from operations while navigating unpredictable border closures and lockdowns.

Our main business priority has been to keep our people safe and our projects operational. This has had the flow-on effect of keeping local workforces employed and local suppliers in business, providing value and certainty to our host communities. It is a credit to our people that despite all these difficulties, the international business outperformed its targets for the year. Strong development and production performances were posted at Siou and Yaramoko in Burkina Faso, Subika in Ghana, Nyankanga in Tanzania and Red Chris in Canada.

At the beginning of the year we expanded into Canada for the first time at Barrick Gold's Hemlo mine in Ontario – a significant logistical exercise in a critical phase of the pandemic. This expansion was part of our strategy to target new projects in stable mining jurisdictions. This expansion continued with the award of the Red Chris contract in British Columbia for Newcrest, where we mobilised our team to site in 10 weeks to a province 1,800 kilometres north of Vancouver. The establishment of an office in Denver, Colorado provides us with a foothold in the American market and will support further growth opportunities in the coming year.

In Africa, AUMS secured a new contract at the Geita Hill mine in Tanzania, for works starting on a new portal off the existing pit. We also signed a two-year contract extension at Yaramoko which will see AUMS operating at the mine until the end of 2023 at least.

Despite many safety improvements across our Underground mining business, we were devastated by the tragic death of Daniel Nuertey-Kwao Quaynortey, a member of our Underground Mining Alliance joint venture at the Obuasi Mine in Ghana. Our thoughts and prayers are with the family, friends and workmates of Daniel. Following this incident, our focus has been on supporting those impacted by these tragic events.

Sharing our world-leading expertise in underground mining with the communities in which we operate, and building their capability, is and will remain a priority for the business. During the year we embedded our localisation strategy in Tanzania with the formation of the BG Umoja joint venture with Geofields, a local mining supply company. This builds on our investment in other countries which includes our flagship state-of-the-art training centre in Botswana, where we have trained more than two hundred employees and contractors to be part of the Zone 5 project. The centre will also be used to develop and train our workforce for the Motheo project.

Finally, we continue to make significant contributions to the communities in which we operate to support their response to COVID-19. This includes, funding testing equipment for sites and local communities, hygiene and personal protective equipment as well as funding local medical providers across many of our operations.

**Sharing our world-leading expertise in underground mining with the communities in which we operate, and building their capability, is and will remain a priority for the business.**

CASE STUDY

### Increased Rhino 100 raisebore capability

The Rhino 100 is a fully mechanised, self-contained, electro-hydraulic mobile raise borer designed for slot raising and back-reaming in underground mining. The drive-in, set-up and drill capability of the Rhino 100R makes it the fastest option for clients to drill small diameter vertical development. This speed of set-up and drilling combined with ease of operation allows flexibility for our clients depending on their needs.

Barminco has significantly increased their small diameter raisebore capability through the addition of three new Rhino 100 Raiseborers globally. This takes Barminco's current fleet to five machines, with two located in Africa and three located in Australia serving a number of our key clients. The vertical development team at Barminco drilled over 6000 meters domestically and added over $10 million of revenue to the underground business. This inhouse team of over 15 staff will continue to grow and add value to Perenti as more of our clients seek to take advantage of this specialised service.

# SURFACE OPERATIONS

### FY21 highlights and achievements

- Successfully navigating COVID-19 pandemic while continuing to deliver value for clients
- Ongoing transformation of AMS including the finalisation of our exit from legacy contracts at Boungou and Yanfolila
- Award of our AMS' largest ever open pit mining contract at Sandfire Resources Motheo Project
- More than $1.2 billion in contract extensions and new work in Africa and Australia since 30 June 2020
- Ongoing reduction in working capital through asset sales and fleet optimisation

### Future objectives

- Continue to make our projects even safer through the comprehensive management of critical safety risks, improved safety systems and leadership
- Deliver excellent operational performance across the portfolio, including the mobilisation and delivery of the Motheo Project in Botswana
- Extend existing contracts and win profitable new work
- Recruit, engage, train, develop and retain the best people in the industry
- Successfully manage the ongoing impact of COVID-19 on the safety, health and well-being of our people, while ensuring operational continuity for our clients

### AT A GLANCE

**Contract awards**

45%

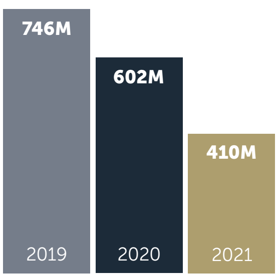
Surface projects represent 45 per cent of the value of contract awards since 30 June 2020

**Current projects**

29

### UNDERLYING REVENUE

$410M



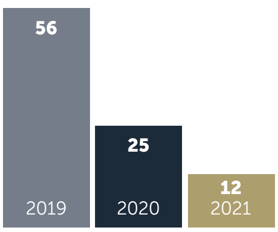

Down 32 per cent on FY20 primarily due to the planned contraction of AMS, in-line with the findings of the AMS strategic review.

Subsequent to FY20, Logistics Direct was reclassified from the Surface ISG and FY20 Surface revenues reduced by $4 million and FY20

Refer to page 28 in the Financial Review for more

### UNDERLYING EBIT(A)

$12M

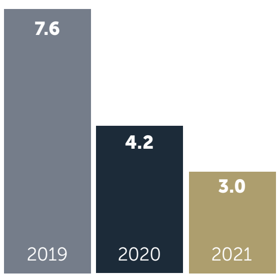



Down 52 per cent on FY20. 2H21 AMS earnings more than doubled vs 1H21 following fleet optimisation, overhead improvements and improved project performance.

Refer to page 28 in the Financial Review for more

### UNDERLYING EBIT(A) MARGIN

3.0%




Down 1.2 per cent points on FY20. 2H21 margins strengthened from 1H21 on stronger EBIT(A). Motheo and Iduapriem contract awards expected to underpin stronger future AMS performance.

Refer to page 28 in the Financial Review for more

## SURFACE AFRICA

African Mining Services delivered a solid operational performance throughout the year, including a strong focus on reducing idle equipment, working capital and finalising the exit from two underperforming legacy projects. In addition, AMS delivered record production at the Sanbrado project in Burkina Faso, exceeding our client's mine plan expectations.

Our new contract for open pit mining services at the Motheo Project in Ghanzi, Botswana is a game-changing opportunity for AMS, marking a significant inflexion point for the business. It is the largest single surface mining contract in our history, and we are proud to be in partnership with Sandfire Resources to develop Botswana's next large-scale, high production, world-class copper mine.

To ensure the local community in Botswana benefits from this project, the contract will be delivered through a joint venture and we are currently working to identify a suitable partner. This is also the case in Ghana where we formed the AMAX joint venture with local company Maxmass as part of a new five-year contract at AngloGold Ashanti's Iduapriem mine that will take our tenure on site to 15 years.

Our African exploration business experienced strong demand from the gold sector – in Ghana at Newmont's Akyem and Ahafo projects, at Tribune Resources' Japa mine, and in Mali at both B2Gold's Fekola and Roscan Gold's Dabia Sud mines.

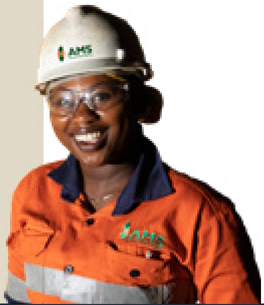
Across our operations we have continued to support local communities throughout the pandemic by donating important materials such as PPE, face masks and sanitiser. Other community initiatives were delivered throughout the year including supporting the reconstruction of a local village following a fire, donating a light vehicle to support child education, investment in a community doctor and selling excess office furniture to raise money for local orphanages and hospitals in Burkina Faso.

**Refer to page 51 in our Sustainability Report for more.**

### INVESTOR QUESTION

**Q: What have been the primary benefits of the Strategic Review of AMS?**

Following the implementation of the Strategic Review of AMS, during the second half of FY21, we have seen a sustainable turnaround in the performance of the business, with earnings more than doubling and margins strengthening. With Sanbrado as the template for success in AMS, we were awarded two new contracts, including AMS' largest ever project, Motheo in Botswana and Iduapriem in Ghana. We expect that these new projects will drive further improvements in the business.



CASE STUDY

### Motheo Copper Project

In FY22, AMS will commence operations at the Motheo Project in Ghanzi, Botswana (Sandfire Resources - Tshukudu Metals). This seven year full-service contract involves site establishment and preparation, mine planning, drill and blast, load and haul, crusher feed, and ore rehandle.

Motheo's 3.2 million tonnes per annum operation is underpinned by a robust resource that is expected to produce copper for more than 12 years, with significant exploration upside and growth potential within the Kalahari Copper Belt.

The project will be Botswana's next large-scale, highly productive copper mine; and provides an opportunity to leverage Perenti's existing in-region operational presence at the Zone 5 Project.

This will include use of Perenti's recently established Maun-based training centre - featuring state-of-the-art training and safety resources - that will support economic growth and diversification within Botswana.

Our commitment to creating a lasting and positive legacy in Botswana will also see AMS entering a local joint venture partnership, which will create a significant number of high-quality employment and local business opportunities.

The Motheo Project partnership also brings with it the capacity to deploy future-focussed mining technology initiatives - delivering productivity and safety benefits, as well as achieving sustainability goals.

## SURFACE AUSTRALIA

Over the course of the year Ausdrill consolidated its position as a leading drilling services business, with strong operational performance and delivery for our clients. This performance was underpinned by organic growth and leveraging long-term client relationships demonstrated through a number of contract extensions, most notably in Western Australia.

Our client of nearly two decades, Gold Fields, signed a three-year contract for exploration drilling services at its St Ives, Granny Smith and Gruyere mines. We agreed a three-year contract extension with Consolidated Minerals, a customer since 2007, at its Woodie Woodie manganese mine. These multi-year extensions are testament to the strength of our client relationships and the fulfillment of our purpose to deliver enduring value and certainty.

In December, we mobilised people and fleet to Idemitsu's Boggabri Coal Operations in New South Wales to commence a three-year contract for production drilling services. As needs dictated, we moved to a more localised workforce business model during the year, improving our local content performance, while reducing risks related to COVID-19 travel restrictions.

During the year we purchased a number of the latest generation drilling assets and technology to improve safety, efficiency and productivity. With new equipment lead times starting to extend, early acquisition of these assets places Ausdrill in a good position to capitalise on the strong demand for drilling services.

Ausdrill's technology focus has also been on the application of robotics and virtual reality, teaming up with the University of Technology Sydney and the Innovative Manufacturing CRC to develop a new system to make rock scaling operations safer.

This builds on the development of the award-winning Grade Control Auto Sampler system that received safety accolades from both BHP and ADIA for its safety performance during the year.

**Multi-year contract extensions are testament to the strength of our client relationships and the fulfillment of our purpose to deliver enduring value and certainty.**

CASE STUDY

### Ausdrill collaboration makes safer rock scaling a virtual reality

The application of robotics and virtual reality technology to the mining industry is taking another step forward under a research collaboration between Ausdrill, the University of Technology Sydney the Innovative Manufacturing CRC.

The three organisations have committed to developing a new system to make rock scaling operations safer. Dubbed Project HALO (High Access Localised Operations), the robotic system with high-level autonomous control will create a safer way to conduct rock scaling operations with the use of virtual reality.

Rock scaling is the process of "cleaning" a rock surface that has been blasted, ahead of mining. The purpose of rock scaling is to remove any loose or unstable rocks from a blasted surface that could fall and potentially injure people working in the area or damage equipment.

The process has traditionally been done by manual means – by specialised teams who abseil along a rock surface to clear away loose rock. The introduction of robotics will have multiple safety benefits.

HALO will solve multiple occupational health and safety problems and also create a range of technology-based value-added opportunities, such as addressing the current shortage of personnel qualified and certified to perform rock scaling activities.

Ausdrill aims to develop a new prototype that can be tested within the field and produced in its Perth manufacturing facility.

# INVESTMENTS


### FY21 highlights and achievements

- Improved final quarter performance for BTP delivered improved sales and earnings generating positive momentum into FY22
- Refreshed approach to BTP's sales pipeline has been successful in growing sales with existing and new clients
- Increased revenue in Q4 for MinAnalytical resulting in record levels of monthly revenue during the quarter
- Demonstrated resilience throughout Supply Direct in the face of the pandemic which resulted in increased market share in FY21
- 100 per cent client retention throughout the year for Logistics Direct under challenging market conditions

### Future objectives

- Continuing our focus to grow BTP rental income; equipment, parts and rebuild sales through focused geographic expansion and commodity diversification
- Productivity Program to improve operational effectiveness and margins
- Productivity Program to improve operational effectiveness and more competitive pricing to ensure sustainable margins
- Continuing our expansion of Supply Direct's Mining Systems and Solutions business
- Continuing to grow Logistics Direct's mining and non-mining client base

### INVESTOR QUESTION

**Q: It's been a tough year for your Investments business, what's your outlook for the coming year?**

BTP had a challenging year in the face of some headwinds, but in response, the revitalised leadership team have increased its market activities including a more targeted sales strategy, which has resulted in increased demand for our hire assets and utilisation rates have increased by 5 per cent since December 2020. We have also focused on productivity programs across BTP and MinAnaytical to improve operational efficiencies and margins recording improved performance in Q4 and positive momentum going into FY22.

## OUR INVESTMENTS BUSINESSES AT A GLANCE

### BTP

BTP is a leading heavy equipment, maintenance and refurbishment service provider to the mining industry. The business sells used equipment; rents a range of heavy mining equipment; refurbishes mining equipment, components, cylinders and engines; and sells parts to its clients.

### SUPPLY DIRECT

Supply Direct provides single source, customised mining supply services to mine operators globally from heavy equipment, engines, components, and vehicles through to everyday parts and consumables.

### MINANALYTICAL

MinAnalytical is an innovative mineral assaying laboratory with bases in Perth and Kalgoorlie, providing a comprehensive range of high quality analytical techniques for most commodities.

### LOGISTICS DIRECT

Logistics Direct provides ground, air and sea freight forwarding services along with customs brokering services for mining companies globally.

### WELL CONTROL SOLUTIONS

Well Control Solutions is a well control equipment supplier providing equipment, maintenance services and parts to oil and gas projects throughout Australia. The company is a local agent for top global OEM brands.

**Perenti's Investments Industry Sector Group (ISG) is comprised of several companies that provide a range of support services to the global mining, supply and logistics and oil and gas industries. These include mining equipment and parts supplier BTP, assaying services company MinAnalytical, mining services and solutions providers Supply Direct and Logistics Direct, and oil and gas equipment supplier Well Control Solutions. The Investments ISG employs more than 400 people and its network of businesses are located across Australia and Africa.**

During the year, our Investment's businesses continued to play a crucial role in providing valuable services to the resources sector in logistics, equipment and parts supply, and in assay services. The business, under the new leadership of Vivienne Powe who was appointed to the position in December 2020, has rebounded strongly in the fourth quarter, after headwinds associated with COVID 19, and falling coal prices impacted BTP's east coast operations.

## BTP

BTP continued to provide enduring value and certainty for its clients during the year, delivering responsive, reliable and cost-competitive equipment, parts and services, despite a challenging market environment.

The east coast equipment rental market was dampened due to weaker coal prices, prompting a shift to redeploying BTP fleet into new and existing markets, while COVID-19 impacts saw a reduction in the ability for sales staff in all states to remain active in the market. In addition, a lucrative contract with a major client on the east coast was disrupted mid-year resulting in an increase in idle fleet while the mine's operatorship changed hands. This adversely impacted revenue for the period.

The leadership team responded to the challenge with a focused effort to target new clients to regenerate earnings from equipment rentals and sales, and revenue from the supply of parts. Truck, dozer and grader rebuild activity increased in the second half of the year as our internal fleet rebuild team successfully generated new client work.

The significant focus on growing our sales pipeline has seen the business expand opportunities with both existing and new clients, particularly in Western Australia and we will look to continue this momentum in FY22.

BTP is working to grow rental and sales income, through focused geographic expansion and commodity diversification, and a key focus in FY22 will be undertaking a productivity program to improve operational effectiveness and margins.

Our focused efforts on improving the financial performance of the business saw a strong final quarter performance, with May and June achieving solid results, with profitability at levels not achieved since late 2019, bringing positive momentum into FY22.

## SUPPLY DIRECT

Supply Direct achieved an outstanding result this year, delivering on budget despite the many restrictions and challenges presented by COVID-19.

During the year, we significantly increased our market share, diversifying and expanding our client base in Africa by 30 per cent and attracting a consistent stream of business. This is a significant achievement given the challenges associated with COVID-19 in the African market and was a direct result of the team's extra efforts to deliver strong results.

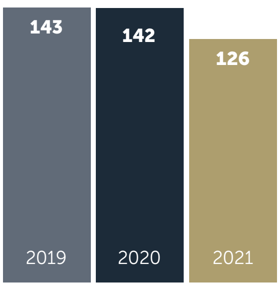
Supply Direct also developed new collaborations and supply chain agreements with strategic OEMs, remanufacturers and master distributors in Europe, USA and South East Asia.

The business is focused on sustainable growth plans including the expansion of the business line, Mining Systems and Solutions - a value-adding division of Supply Direct that focuses on high-end solution selling and client relationship development.

The business will also remain focused on process improvements, enhancing our financial discipline and a strong balance sheet to ensure future momentum to secure our growth potential.

## UNDERLYING REVENUE

$126M



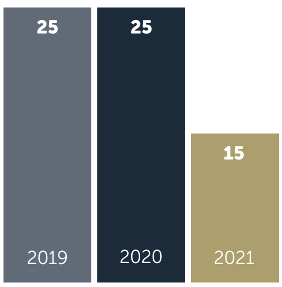

**Down 11 per cent of FY20 primarily related to lower BTP revenue due to softer demand from east coast coal rental market**

**Subsequent to FY20, Logistics Direct was reclassified to the Investments ISG and as a result FY20 Investments revenues increased by $4 million.**

**Refer to page 28 in the Financial Review for more**

## UNDERLYING EBIT(A)

$15M

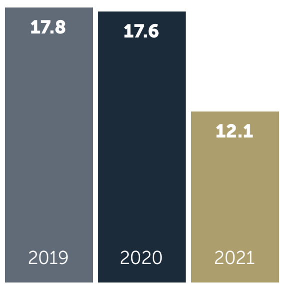



**Down 39 per cent on FY20 on softer BTP revenues. In FY21, the leadership team was revitalised and BTP increased its market activities including implementing a more targeted sales strategy seeing improved fleet demand and utilisation rates.**

**Refer to page 28 in the Financial Review for more**

## UNDERLYING EBIT(A) MARGIN

12.1%




**Down 5.5 per cent points on FY20 primarily due to softer revenue and earnings resulting from the east coast coal rental market.**

**Refer to page 28 in the Financial Review for more**

## MINANALYTICAL

The hallmark of MinAnalytical's year has been servicing our clients in the face of unprecedented demand across the industry. The current gold boom generated high levels of exploration and mining activity, and as a result record levels of samples to process. Increased activity in general across the mining sector in Australia and border restrictions in Western Australia also placed significant pressure on the availability of labour, creating a major challenge for the business.

During the year, we focused on improving our productivity and expanding our capabilities which has now positioned us to be able to process almost three times our pre-boom sample volumes. This resulted in month-on-month increases in revenue – including record months in April, May and June. These positive results are testament to the hard work of our teams in both Perth and Kalgoorlie.

The last quarter of the year saw our sample delivery volumes stabilise, and we now have a sharp focus on continuing to offer a quality service while reducing our sample processing backlogs.

Perenti has also established a dedicated recruitment taskforce for MinAnalytical to explore all avenues of employment to improve our ability to attract, train and retain skilled people in light of the tight labour market in Western Australia.

This year saw the successful installation of a new Photon Assay hub in Kalgoorlie and completion of construction and fit out of a new facility which has enabled the reintroduction of sample preparation for fire assay, giving the site three streams of processing, as well as the Chrysos Photon Assay capability on site.

Our improving operational performance is being further enhanced by an ongoing productivity program to boost operational effectiveness. While costs have increased in line with inflationary pressures across the sector, we have introduced more competitive pricing to ensure sustainable margins, which will continue into FY22 with the demand for assaying services expected to remain strong.

## LOGISTICS DIRECT

Logistics Direct had an excellent year, outperforming targets and delivering reliable and focused logistical support services to its clients. The business' ability to continue to deliver value and certainty to clients during the pandemic has been a key differentiator and we will look to build on this strong platform in the FY22.

The business achieved 100 per cent client retention during the year as well as growing the base of new non-mining clients, despite challenging market conditions. During the year, the business was restructured, reducing overheads while our offices were consolidated into one to realise operational efficiencies.

These achievements are particularly notable given the reduction of imports by some of our key clients, volatile freight pricing, freight capacity constraints and other logistical challenges, largely due to the ongoing pandemic.

Looking ahead, Logistics Direct will continue to leverage the scale of Perenti to grow its business and offer safer and reliable logistics services.

We are also committed to growing both our mining and non-mining client base and maintaining our strong organisational health and safety culture.

## WELL CONTROL SOLUTIONS

Well Control Solutions experienced lower revenue this year, due to the effects of COVID-19 and the resulting low oil and gas prices. This saw onshore drilling slow down to its lowest levels in recent history.

We continued to ramp-up our Blow Out Preventer weld repair service. Our partner, Berg Engineering, became qualified to support recertification and service of Blow Out Preventers, and this added a new line of businesses to our operation.

During the year, Well Control Solutions relaunched its Introduction to Surface Well Control Equipment training course in a COVID-safe environment with great success. Drilling engineers and operational personnel attended from energy operators such as Santos, Origin Energy and QGCS Shell. We also performed a "shear test" on drill pipe for Santos, which was the first of its kind performed successfully under controlled conditions in our workshop.

The business is currently focused on strategic growth and is looking to expand its services regionally. We are also developing diversification opportunities for rig sub-assembly work with a local drilling rig manufacturer to support our growth in the Australian market.


CASE STUDY

### Leveraging the Perenti network to create enduring value

A key differentiator for Perenti is its ability to leverage the Group's diverse network of businesses to support our operations globally.

Nowhere is this more prevalent than in Southern Africa where the Barminco team working at the Zone 5 Mine in Botswana are supported by the Supply Direct team based in South Africa.

The relationship developed between the teams is a demonstration of Perenti's principles of being Smarter together and to Walk in their shoes with deep understanding of each other's capabilities shared between and throughout the two companies.

Supply Direct provides customised mining supply services to Barminco with a focus on manufacturing local content in a more cost effective and efficient manner.

A key part of the service provided by Supply Direct includes the supply of essential products and equipment needed to operate the mine via a 35 ton super-link truck dispatched regularly on the 1,200km journey from Johannesburg, South Africa to Maun in Botswana.

# PERENTI'S TECHNOLOGY DRIVEN FUTURE

The future-ready miner will combine the physical world with the digital world; we need to prepare for this now in order to drive our current business forward.

**In 2019 Perenti launched its 2025 Strategy which included five pillars to support the delivery of our purpose, to create enduring value and certainty. Included in these pillars was a pillar dedicated to a technology driven future.**

At the time of our strategy launch we realised that the mining and mining services industry was in the early stages of a technological and digital inspired transformation, which would only accelerate in time, and that the company need to embrace this transformation to remain at the forefront of innovation and be future ready.

The future of mining will be a very different landscape – one of increased focus on both sustainability and digital technology. The future-ready miner will combine the physical world with the digital world; we need to prepare for this now in order to drive our current business forward.

Over the past 18 months, Perenti has taken decisive and meaningful steps towards creating an additional, profitable service offering that complements its existing operations.

Technology-driven mining is integral to the future of the business, with potential to generate new streams of revenue while future-proofing our current services through improved safety and productivity and delivering value and certainty to our stakeholders.

## INTRODUCING OUR NEW TECHNOLOGY-DRIVEN SERVICE OFFERING

Perenti's technology journey has followed a careful and deliberate path, and we looked at a number of different ways to maximise this opportunity.

Following extensive due diligence, Perenti has undertaken three foundational acquisitions – Sandpit Innovation, ImpRes and Optika Solutions – all established, award-winning businesses with deep and unique skill sets spanning technology and innovation, and with substantial current client bases consisting of top tier mining and resources companies.

The culmination of these acquisitions is the establishment of *idoba* – Perenti's new digital transformation service business, launched just after year end but developed over the past two years to bring together multiple technology offerings, operational expertise and broader energy and resources technical capability.

Through these acquisitions, *idoba's* capabilities span relevant business areas including management consulting, industrial mathematics, product development and commercialisation, data science and artificial intelligence. We expect this capability to incrementally expand over the coming years and position Perenti at the forefront of the technical revolution.

The services offering is underpinned by an *idoba* team that truly embraces diversity and the ability to look at and solve a problem differently.

Drawing on experience from across most of the major global mining firms, as well as research, digital product commercialisation, data analytics and sustainability leaders, the team is grounded in a variety of disciplines including; automation and robotics; applied mathematics in industrial systems; astrophysics; supply chain; systems thinking; renewable energy; and sustainability.

idoba

Pronounced **"eye-DOH-ba"**

space | connection | meaning | knowledge

**DERIVED FROM**

**Eidos** + **ba**

Eidos: meaning "essence"or something that is seen or intuited

ba: a Japanese concept of knowledge-mobilising space, a context which harbours meaning

**ENABLE TOMORROW**

So while *idoba* is a new capability for Perenti, the broad reaching industry and innovative thinking already assembled, shows the business is already well established.

The three companies that form *idoba* have a strong history of delivery and innovation in the resources sector and will continue to service their existing and growing client base, operating under strict confidentiality protocols between the respective entities.

*idoba* will deliver and grow revenue through the individual businesses continuing to work with their clients and the combined capabilities developing new services together through the *idoba* ecosystem.

### OUR ACQUISITIONS – AT A GLANCE

**Sandpit Innovation** is a technology and innovation services consulting firm with more than 10 years' experience and a diverse range of mining clients across top tier miners, contract miners and engineering firms. Sandpit boasts a strong autonomous mining, remote operations and ESG footprint in the market. Its market-leading innovation The Spidler® is a patented, automated robotic machine custom designed to replace faulty conveyor idler rollers in a safe and efficient manner, eliminating production losses.

**ImpRes** is an operational improvement services consulting firm which has delivered billions of dollars in bottom line improvements across mining, oil and gas, manufacturing and health care over an impressive 11-year history.

**Optika Solutions** is an award-winning West Australian software, products and solutions company specialising in data science, artificial intelligence and industrial mathematics. Its digital platform, Akumen, is a cloud-based decision support environment that brings together the best technologies of advanced analytics and simulation modelling within a single platform, allowing clients to create meaningful insights from their data and provide a pathway to artificial intelligence. This platform is a SaaS model and forms the basis of a scalable digital platform for *idoba* and Perenti.

By launching this considered and innovative technology-driven mining division, we are combining the operational intelligence of Perenti with the digital intelligence of *idoba*. In time, this new service offering will increase productivity, reduce risk, improve sustainability and drive performance for Perenti, as well as creating new capabilities for *idoba* to offer to the broader resources sector. With this foundation, *idoba* co-creates a better future – for Perenti, the mining industry and beyond.

**We see the future as one of connectivity, between human, machine and data. We see the miner of the future as a decision data scientist who uses technology, mining expertise and collaboration to make faster, smarter, safer and more sustainable decisions.**

### OUR PATHWAY TO A TECHNOLOGY DRIVEN FUTURE

**2019** Perenti Strategy

**EARLY 2020** Due diligence for M&A

**JULY 2020** Acquisitions of Sandpit and ImpRes

**APRIL 2021** Acquisition of Optika

**INVESTING TO CREATE VALUE**

CASE STUDY

### *idoba* in action

*idoba* is working with a global mining firm on its autonomy program – from business case development through to implementation and now supporting the optimisation of one of the largest autonomous rollouts in Australia.

We are also working with a global mining giant, supporting the development of one of the first net zero carbon roadmaps, which has helped set the standard for the industry.

Using operating data from a Perenti project, and an algorithm from an adjacent industry, we are now able to visualise seemingly "random" data that we would otherwise struggle to analyse, to determine patterns or changes in performance. This allows us to identify and apply corrective measures, make more informed decisions faster to optimise performance, and use forecasting features to test if corrective measures are having the right impact.

# FINANCIAL REVIEW

## OVERVIEW AND HIGHLIGHTS

**Perenti's results for the 2021 Financial Year demonstrate robust underlying performance across the business as we delivered excellence and continuity of service for our clients against a backdrop of significant external headwinds.**

During the year, Perenti reported underlying revenue of $2.02 billion, in line with the prior year, and underlying Net Profit After Tax (excluding Amortisation) of $77 million. This was down 30 per cent, due in part to a challenging operating environment, including the persistent and worsening COVID-19 pandemic and a tightening labour market as well as the strengthening Australian dollar, which increased in value by circa 14 per cent, relative to the US dollar. Other factors experienced throughout the year which impacted our performance include the planned contraction of the Surface Africa business and a greater investment in our people and systems required to ensure we can continue our growth trajectory. During the year, and in line with our significant focus on working capital management, the business made excellent progress achieving an EBITDA to cash conversion rate of 105 per cent. This cash conversion provides the business with additional liquidity that will support our FY22 investment in growth projects, to underpin future earnings growth.

During FY21, Perenti did incur some non-underlying items that impacted the financial results. These items include the non-cash impairment and provision for inventory obsolescence of BTP and the one-off costs associated with the implementation of the findings of the AMS strategic review, which included the successful transition out of two underperforming West African projects, Yanfolila and Boungou.

The impact of these one-off events resulted in a $106 million charge to the consolidated statement of profit or loss.

Very pleasingly, during the second half Perenti successfully completed the transition out of Yanfolila and Boungou and finalised the sale of associated assets and received settlement of outstanding claims, generating $88 million of cash.

In-line with previous year's financial reporting, the Group has presented underlying results for FY21 and FY20 and proforma results for FY19, which remove the impact of amortisation and one-off items and assumes the Group had owned Barminco from 1 July 2018 to provide a more accurate like-for-like comparison of performance. The statutory results are audited and prepared in accordance with the relevant accounting standards and other regulatory requirements.

## FY21 RECONCILIATION OF STATUTORY TO UNDERLYING RESULTS

| $MILLION | | REVENUE | EBITDA | EBIT(A) | NPAT(A) |
|---|---|---|---|---|---|
| **Underlying Results** | | **2,021.8** | **380.0** | **170.8** | **77.0** |
| Margin | (%) | | 18.8 | 8.4 | 3.8 |
| *Less non-recurring items below:* | | | | | |
| Transaction and other one-off costs | | - | (3.5) | (3.5) | (4.2) |
| Foreign exchange loss/gain | | - | (7.1) | (7.1) | (7.1) |
| Redemption premium | | - | - | - | (8.1) |
| Implementation of AMS Strategic Review and other write-downs | | 65.7 | (93.1) | (106.1) | (106.1) |
| Net tax effect | | - | - | - | 32.8 |
| Minority profits | | - | - | - | 2.8 |
| **Statutory Results after amortisation add back** | | **2,087.5** | **276.3** | **54.1** | **(13.0)** |
| Non-cash amortisation of intangibles | | - | - | (39.3) | (39.3) |
| **Statutory Results** | | **2,087.5** | **276.3** | **14.8** | **(52.3)** |

**Slight differences in total values may occur due to rounding.**

## FY21 UNDERLYING RESULTS

In FY21, Perenti generated revenue of $2.02 billion, broadly in-line with the record revenue achieved in FY20, which we consider to be a strong result given the challenges faced during the year. The result demonstrates the business' continued ability to consistently deliver high quality services for our clients.

Perenti's strategy is centred around the formation of long lasting, life of mine relationships with clients who operate multiple high-quality mines that sit comfortably within the lower end of their respective commodity cost curve to ensure a long-term and sustainable earnings stream.

We operate 58 surface and underground projects across 12 countries and multiple commodities. During FY21, we continued to diversify into more stable jurisdictions, resulting in 56 per cent of Group revenue being derived from projects in Australia, North America and Botswana, up from 49 per cent in FY20.

The Group's service offering is largely commodity agnostic across surface and underground hard rock mining, although, given our heritage, we have a strong exposure to gold mining. In FY21, revenue from gold related projects accounted for the largest portion of revenue at 67 per cent, followed by nickel (10 per cent) and copper (six per cent).

Although all projects and contracts, irrespective of their size, are extremely important to Perenti, the Group is not reliant on any one project to deliver the desired returns to our shareholders. In FY21 the single largest project in the portfolio contributed seven per cent of the Group's revenue and the top 10 projects collectively contributed 50 per cent of revenue.

### INVESTOR QUESTION

**Q: You have announced a number of new projects, do you have capacity to fund these projects?**

Since 30 June 2020, we announced $2.8 billion of new contracts and contract extensions, including AMS's largest ever project, Motheo. At 30 June 2021, we generated nearly $300 million of operating cash flows and available liquidity was nearly $570 million. We are very confident that together, our operating cash flows and available liquidity will be sufficient to continue to fund our current and recently announced growth projects.

As forecast, FY21 Group earnings were softer when compared to FY20, primarily because of the headwinds experienced throughout the year. FY21 underlying EBIT(A) was $171 million, down 19 per cent when compared to FY20 underlying EBIT(A) of $212 million. In particular, the continued impact of COVID-19 hindered the ramp up of key international growth projects, which when combined with a strengthening Australian dollar and a tightening labour market, resulted in a contraction in Group earnings margins.

## SEGMENT PERFORMANCE

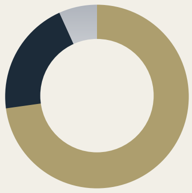
Our Underground business continued to perform strongly, achieving revenue of approximately $1.5 billion in FY21 up an impressive 14.0 per cent from $1.3 billion in FY20. FY21 EBIT(A) of $200 million was up two per cent from $196 million in FY20. This increased EBIT(A) is a result of revenue growth from the ramp up of recently awarded work, in particular at the Zone 5 Mine in Botswana and the Hemlo Mine in Canada, the expansion of works awarded during the year as well as an increase in our raiseboring activity. Whilst our key growth projects Zone 5 and Hemlo are progressing, the pace of ramp up has been slower than anticipated, primarily due to COVID-19 related productivity constraints which impacted earnings margins. At Zone 5, we have optimised the scheduling of our workforce which we expect will improve productivity rates and drive stronger margins throughout FY22.

The Surface business, comprising AMS in Africa and Ausdrill in Australia, generated $410 million in revenue and $12 million EBIT(A) in FY21. These results reflect the planned contraction of the African Surface business following the successful transition out of two underperforming legacy contracts (Yanfolila and Boungou) in line with our AMS strategic review. During the second half of FY21, the AMS business showed a sustainable improvement in earnings as a result of fleet optimisation initiatives, overhead cost rationalisation and improved project performance, in particular at the Sanbrado Mine in Burkina Faso. Further improvement is expected in FY22 and beyond given the recent award of more than $1.2 billion in new contracts including Motheo in Botswana and Iduapriem in Ghana. In FY21, the Surface ISG represented 20 per cent of Group revenue for the year, with 45 per cent of its revenue generated from Australia and 55 per cent from Africa.

## GROUP PERFORMANCE UNDERLYING RESULTS

### REVENUE

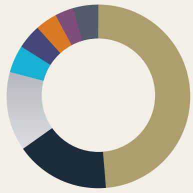
#### By ISG (%)



| | |
|---|---|
| Underground | 73 |
| Surface | 21 |
| Investments | 6 |

**In FY21 Perenti generated revenue of $2.02 billion, broadly in-line with the record revenue achieved in FY20.**

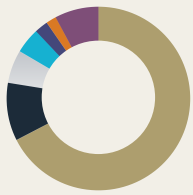
#### By country (%)



| | |
|---|---|
| Australia | 49 |
| Ghana | 16 |
| Burkina Faso | 14 |
| Tanzania | 5 |
| Egypt | 4 |
| Botswana | 4 |
| Canada | 3 |
| Other | 5 |

**We continued to diversify into more stable jurisdictions, resulting in 56 per cent of Group revenue being derived from projects in Australia, North America and Botswana, up from 49 per cent in FY20.**

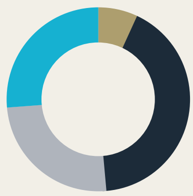
#### By commodity (%)



| | |
|---|---|
| Gold | 67 |
| Nickel | 10 |
| Copper | 6 |
| Zinc | 5 |
| Iron Ore | 2 |
| Mixed Coal | 2 |
| Other | 8 |

**In FY21 revenue from gold related projects accounted for the largest portion of revenue at 67 per cent, followed by nickel at 10 per cent and copper at six per cent.**

#### By project (%)



| | |
|---|---|
| Top Project | 7 |
| Top 2 - 10 Projects | 43 |
| Top 11 - 20 Projects | 24 |
| All others | 26 |

**In FY21 the single largest project in the portfolio contributed seven per cent of the Group's revenue and the top 10 projects collectively contributed 50 per cent of revenue.**

In FY21, the Investments business generated revenue of $126 million, down 11.3 per cent from FY20 as a result of softer demand for BTP's fleet within the east coast coal rental market. FY21 EBIT(A) was $15 million at an EBIT(A) margin of 12.1 per cent, down from 17.6 per cent as a result of this reduced market demand. Additionally, MinAnalytical's margins compressed as a result of industry wide resourcing constraints and productivity issues from the sample backlog and reliability issues with its automated sample preparation system. Management has been focused on redeploying idle fleet into the West Australian gold and iron ore markets, resulting in the stabilisation of BTP earnings in 2H21. Investments contributed six per cent of Perenti revenue in FY21, with BTP representing 65 per cent of Investment's revenue.

## CASH AND BALANCE SHEET

The services we offer in the Underground, Surface and Investment ISGs are capital intensive and therefore it is imperative that we manage and allocate capital efficiently while ensuring we convert earnings into cash. We are focused and disciplined on efficient capital and working capital management to further enhance returns to our shareholders while providing excellent operational performance for our clients.

The Group's return on average capital employed (ROACE), based on underlying EBIT(A), for the year was 14.3 per cent, slightly softer when compared to FY20. The FY21 ROACE reflects not only a softer EBIT(A) result, but also the foreign exchange impact of the strengthening Australian dollar by 14 per cent in FY21 as well as the capital investment in both Zone 5 and Hemlo. When in full production, these projects are expected to generate significantly better earnings and margins, however during FY21 they remained in ramp-up, due primarily to the impacts of COVID-19. While projects are in this phase, they are not typically expected to generate meaningful returns and therefore had a negative impact on FY21 ROACE.

Cash flow conversion, or conversion of EBITDA to cash inflow to the Group, was 105 per cent for the year, driven by a significant improvement in cash collection from clients in H2 FY21. The strong result reflects management's continued focus on cash-backed earnings and working capital management under our 2025 Strategy. This involves ensuring we get paid on time, inventory levels are carefully managed, and creditors are paid on appropriate terms. Perenti will continue to focus on both the management of receivables and inventory levels across the Group.

In FY21, despite the headwinds, Perenti strengthened its balance sheet position, with net debt (Total debt less cash) reducing to $503 million and net leverage (Net Debt to EBITDA) at 1.3x, from $556 million and 1.3x respectively on 30 June 2020. The improvement in net debt was underpinned by the release of more than $88 million of cash from the transition out of the Boungou and Yanfolila projects as well as a favourable foreign exchange benefit largely driven by the US bonds.

This additional liquidity was partially offset by the payment of $64 million in dividends, or the equivalent of 10.5 cents per share in dividends in FY21 as the Company paid the delayed 1H20 interim dividend, slightly higher growth capital and the payment of a redemption premium and borrowing costs associated with the successful refinance of our high yield bonds.

Perenti's business is underpinned by high quality tangible assets and at the end of FY21 had a total asset position, including cash and working capital of $1.4 billion. This is down from $1.6 billion in 30 June 2020. Perenti's tangible assets include dozers, drills, loaders, trucks, excavators and other ancillary equipment, which throughout FY21 held an average utilisation of 79 per cent due to the roll off of Iduapriem and GMC contracts in 1H21.

Capital and liquidity management remained a primary focus during FY21, Perenti reduced the size of its revolving credit facility (RCF) back to pre-COVID-19 levels. During FY20 and in response to the emerging COVID-19 pandemic, Perenti took the prudent step to secure $130 million of additional RCF capacity, however as announced on 24 September 2021, due to greater certainty around the impacts of COVID-19 paired with the successful refinance of the US bonds, Perenti retired the additional $130 million, reducing the RCF back to $400 million.

Cash flow conversion, or conversion of EBITDA to cash inflow to the Group, was 105 per cent for the year

## NON-UNDERLYING ADJUSTMENTS

FY21 statutory results include the impact of several one-off adjustments totalling $90 million. The one-off adjustments, have been fully disclosed in the financial statements and the following commentary provides a high-level explanation of the rationale and drivers for the adjustments.

### Transaction and other one-off costs

$4.2 million which relates to transaction and other one-off costs incurred throughout FY21.

### Redemption premium

$8.1 million which relates to the amortisation of the USD bond redemption premium.

### Implementation of AMS strategic review and asset impairment

During FY21, the Company has normalised for $88 million one-off costs primarily incurred in relation to the successful transition out of the underperforming Boungou and Yanfolila projects.

Additionally, at the end of FY21, BTP carrying value was subject to a non-cash impairment and an inventory obsolescence provision for a total of $18 million.

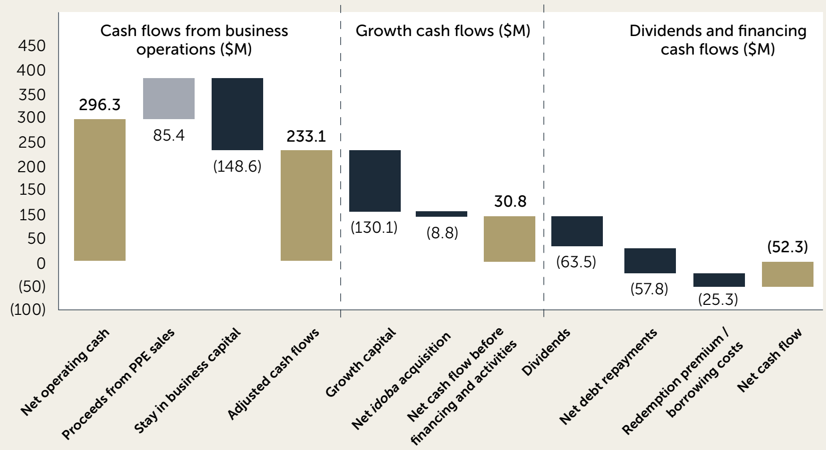
### Net foreign exchange loss

The Company booked a foreign exchange loss on the translation of certain balance sheet items and have excluded these movements to provide a more accurate comparison of the underlying financial results for the year ending 30 June 2021.

### Taxation benefit

The net tax effect of all the one-off adjustments noted above.

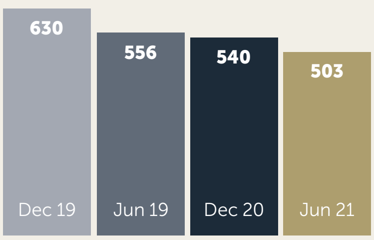
## CASH FLOW WATERFALL




Generated strong cash flows from business operations, supporting growth projects, additional dividend payment, paydown of net debt and additional strategic growth.

## NET DEBT PROFILE ($M)

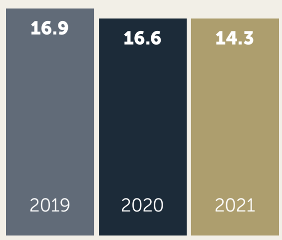
$503M




**Perenti continues to focus on capital management, reducing the net debt position by 10 per cent since FY20 and an impressive 20 per cent since December 2019.**

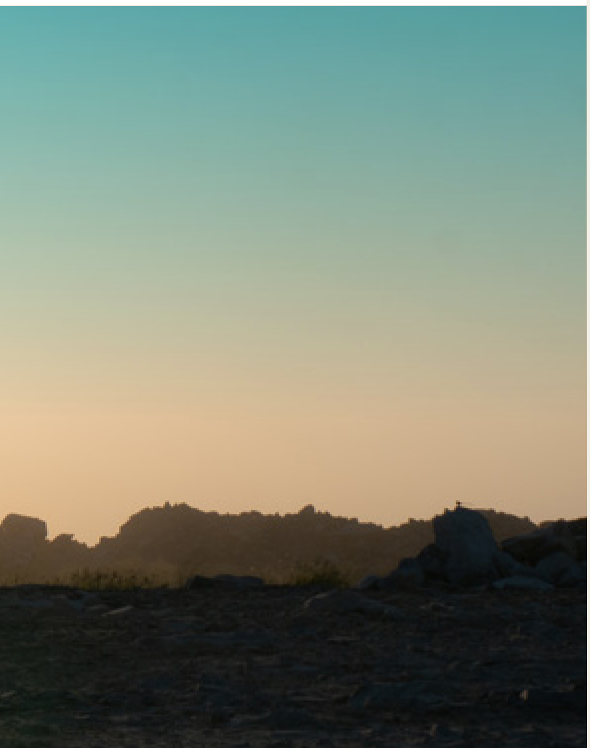
## ROACE

14.3%




**Perenti's focus on capital discipline generated a Return on Average Capital Employed (ROACE) of 14.3 per cent while holding sufficient liquidity to continue funding current operations as well as its recently announced growth projects.**

2019 figures are proforma underlying figures which include 100 per cent of Barminco and AUMS for a full 12 months and exclude amortisation and any non-underlying items.

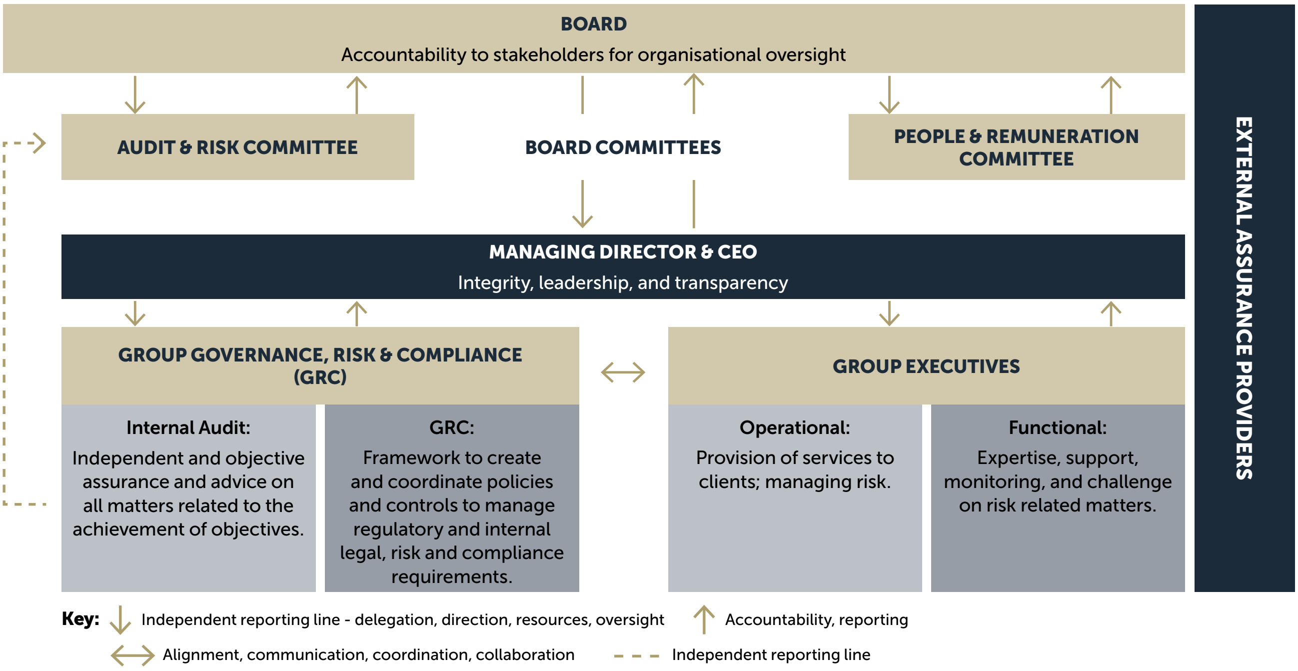


# GOVERNANCE AND RISK

**The Board of Directors is committed to achieving the highest standards of corporate governance and business conduct, fostering a culture of compliance which values integrity, ethical behaviour, accountability, transparency and respect. We believe that this is essential for the long-term performance and sustainability of the business, and to protect and enhance the interests of all our stakeholders.**

The Company's Governance Framework plays a critical role in helping the business deliver on its strategy and objectives. It provides the structure through which business objectives are set, performance is monitored, and risks are managed. It includes a framework for decision making across the business and provides guidance on the standards of behaviour expected of our people across our business.

## ORGANISATIONAL STRUCTURE MAP AND LINES OF RESPONSIBILITY AND ACCOUNTABILITY




## EMERGING RISKS

Economic, technological, socio-political, regulatory or environmental trends are changing the risk landscape for many organisations. This complex landscape highlights the importance of comprehensive risk management, including detection and investigation of emerging risks - developing and changing risks that are not well understood.
In order to best manage the level of inherent uncertainty posed by emerging risks, Perenti proactively analyses the impact of these risks to our strategic and tactical objectives so we can react and respond effectively. Some emerging risk themes faced by Perenti are described:

**COVID-19 impacts:**
The emergence of new strains with increased transmissibility could result in changing and ongoing mobility restrictions, which may cause increased logistical complexity for our operations, especially internationally. The direct cost of travel management is often recoverable from clients, however there is the risk of productivity impacts as a result of operational interruptions and travel constraints.

**Changing ESG expectations:**
There are increased expectations and focus on sustainability considerations from major stakeholders, including investors, financial institutions and wider society. While these changing expectations are likely to impact the mining industry, there remains opportunity for Perenti as we adapt quickly to the changing environment.

**Capital allocation and execution of growth options:**
In a rapidly changing environment it is important to evaluate investments in terms of strategy and risk appetite. Effective capital allocation needs to allow for the impact of digital technologies, a changing workplace and evolving business models. Effective execution of capital projects is becoming more important to manage the growing risk and ensure effective return on capital.

**Climate change and carbon emissions:**
The regulation of greenhouse gasses is increasing globally. As a result, there is growing market pressure for companies to disclose their measures for identifying and managing physical and transitional climate related risks.

**Evolving mining services market:**
The rate of technological improvements in the mining industry is increasing, as is the potential for the introduction of new competing technologies by competitors or other third parties. The Group's focus is to stay ahead of technological advancement in the mining industry to remain responsive to the technological expectations and needs of clients and maintain its competitiveness.

## RISK MANAGEMENT APPROACH

The risks identified describe certain factors and trends that have the potential to have a material adverse impact on our operations. The factors are not necessarily listed in order of importance and are not intended as an exhaustive list. Additional risks and uncertainties not presently known to management, or that management consider to be immaterial or manageable, may adversely affect the Group's business.

The Group has a consistent, proactive approach to risk management across operations globally aligned with ISO 31000, as well as the ASX Principles and Recommendations.

For further information on the Group's Risk Management Framework, refer to our Corporate Governance Statement at perentigroup.com.

## BUSINESS RISKS

### Communicable disease outbreaks, including COVID-19

#### THREATS

A large-scale outbreak in one of our operating jurisdictions may lead to interruptions in operations, closures at mine sites, inability to source supplies or consumables, higher volatility in the global capital and commodity markets, adverse impacts on investment sentiment and economies. Ongoing restrictions on travel could significantly impair the Group's ability to manage its businesses effectively.

#### OPPORTUNITIES

Perenti's proactive and collaborative approach to deal with changing COVID-19 protocols means our workforce can trust our ability to respond, creating a competitive advantage in a tight labour market.

#### MANAGEMENT RESPONSE

The Group undertakes extensive planning to facilitate the mobility of its international and regional expatriate workforce as the Company manages international flight cancellations and COVID-19 travel restrictions.

The Group's key priorities on COVID-19 are:

- protecting our people with a focus on their wellbeing
- to play our role in limiting the spread of the virus
- delivering value for our clients and stakeholders
- maintaining the strongest possible financial position

#### POTENTIAL IMPACTS

- Health and safety of our people
- Group reputation
- Financial performance
- Operational interruptions

### Winning work and market risk

#### THREATS

Contracts can be terminated for convenience by the client at short notice and without penalty, although this is not a common occurrence. In addition it's important that the Group maintains its project pipeline and win rate.

Disruption due to changing technology landscape and mining service market.

#### OPPORTUNITIES

Potential to continue winning profitable work and maintaining quality projects underpinned by robust financial and commercial disciplines to enable organic growth objectives.

Strategic investments in technology capability to expand and diversify mining services revenue sources.

A focus on building technological capability and work with equipment suppliers and innovation specialists to adopt and implement new technologies.

#### MANAGEMENT RESPONSE

The Group has historically had a strong record of completing contracts to term and securing contract extensions.

The Group is selective in the contracts that it enters into to allow for options to extend where possible to maximise the contract period and the return on capital.

The Group focuses on ensuring execution of work to a high standard and improving its operation to increase its value proposition to clients.

Application of the Group tender work procurement and approval processes maximises the likelihood of securing quality work with commensurate returns for the risks taken.

The Group maintains a work portfolio diversified by geography, market, activity and client to mitigate the impact of emerging trends and market volatility.

#### POTENTIAL IMPACTS

- Group reputation
- Financial performance
- Growth constraints

### Project delivery and margins

#### THREATS

The Group's activity levels and results are dependent on production levels at clients' mines while revenues are linked to the production volumes and not to the short-term price of the underlying commodity.

Ineffective project execution can put pressure on earnings, cashflow and ability to fund growth.

#### OPPORTUNITIES

An ability to execute projects safely and productively enhances our cash flow and investor confidence and can result in higher returns earlier.

#### MANAGEMENT RESPONSE

The Group derives most revenues from mines which are already in production.

The Group has limited its exposure to the exploration activities market which has greater volatility.

The Group focuses on providing services to large lower-cost producers which are not subject to the same production risk as higher-cost operations.

The Group focuses on ensuring execution of work to a high standard and improving its operation to increase its value proposition to clients.

Application of the Group tender work procurement and approval processes maximises the likelihood of achieving margins and earnings.

#### POTENTIAL IMPACTS

- Group reputation
- Financial performance
- Growth constraints

### Sovereign and security risks in some jurisdictions we operate in

#### THREATS

Some of the jurisdictions within which the Group operates are subject to sovereign and security risks.

Changes in regulation in overseas jurisdictions have the potential to impact the Group's performance.

#### OPPORTUNITIES

The Group is able to achieve higher returns through effective risk management practices and international experience associated with working in some jurisdictions.

#### MANAGEMENT RESPONSE

Board approval is required to enter a new jurisdiction.

The Company ensures that it has a comprehensive understanding of the overseas jurisdiction before entering it.

Management monitors the Group's current and potential geographies, industries, activities and competitors on an ongoing basis.

The Company employs internal security expertise to manage the Group Security framework.

There is ongoing communication with the businesses and reporting on operations and developments in all jurisdictions in which the Group operates.

The Group limits its risks contractually.

#### POTENTIAL IMPACTS

- Health and safety of our people
- Group reputation
- Financial performance
- Growth constraints
- Operational interruptions

### Access to capital and foreign exchange risk

**THREATS**

Inability to raise sufficient capital to fund growth.

Exposure to fluctuations in the value of the Australian dollar against other currencies, as the Group's consolidated financial results are reported in Australian dollars.

The translation of sales or earnings into Australian dollars for financial reporting purposes can result in a decrease in the amount of those sales or earnings.

**OPPORTUNITIES**

Favourable market conditions and strong financial discipline could provide a more effective basis by which to fund growth.

**MANAGEMENT RESPONSE**

Ensuring compliance with our Treasury Policy and Standard, which outlines the key controls that govern our financial risk management practices.

Cashflow forecasting, revolving credit facility and a capital structure to enable growth.

The Group uses a natural hedge through its U.S. dollar denominated overseas contracts.

The Group ensures that the net exposure is kept to an acceptable level by matching foreign denominated financial assets with financial liabilities and vice versa.

Contracts generally have adjustment mechanisms for rise and fall on critical items.

**POTENTIAL IMPACTS**

- Group reputation
- Financial performance
- Growth constraints
- Liquidity

### Labour costs and availability of skilled people

**THREATS**

The Group is exposed to increased labour costs and retention constraints in markets where the demand for labour is strong.

Changes to labour laws and regulations may limit productivity and increase costs of labour. If implemented and enforced, these types of changes to labour laws and regulations could adversely impact revenues and, if costs increase or productivity declines, operating margins.

**OPPORTUNITIES**

Building resilience through more effective local employment and development programs.

**MANAGEMENT RESPONSE**

The Group's labour costs are typically protected by rise and fall mechanisms within client contracts, which mitigate the impact of rising labour costs.

In Australia, wage labour costs are typically governed by agreed enterprise agreements, which set out agreed wage increases within defined periods of time.

The Group has an apprenticeship program and focuses on training and development of its employees.

Group wide reward approach including bi-annual salary benchmarking.

**POTENTIAL IMPACTS**

- Group reputation
- Financial performance
- Growth constraints
- Sustainability

### Health or safety incident

**THREATS**

It is possible that the Group may experience accidents, including life-changing events.

**OPPORTUNITIES**

Exceeding our health and safety commitments.

**MANAGEMENT RESPONSE**

The Group has an established HSE management systems consistent with international standards to manage health and safety risks. Key aspects include:

- Provision of appropriate training, supervision and resources
- Critical Risk Standards and verification processes provide the framework for managing serious injury and fatality risk
- Leadership training and development to support a mature culture which includes specific programs in relation to safety
- Regular review and audit of HSE processes and controls
- Monitoring of periodic HSE reporting and Significant Potential Incidents (SPI) at Group level

**POTENTIAL IMPACTS**

- Health and safety of our people
- Compliance
- Group reputation

### Cyber security and data protection

**THREATS**

The growing volume and complexity of cyber-attacks is increasing the risk to Perenti networks.

**OPPORTUNITIES**

Effective cyber security and data engagement practices give our clients confidence in our service delivery, while building organisational resilience.

**MANAGEMENT RESPONSE**

The Group continues to invest in people, process and technology to protect our information systems and assets. This includes:

- Information and security management system
- Segregation and segmentation of networks
- Anti malware / endpoint detection and response detection software
- Multi-factor Authentication
- Security education and awareness materials

**POTENTIAL IMPACTS**

- Health and safety of our people
- Group reputation
- Financial performance
- Growth constraints
- Operational interruptions

### Fraud, bribery and corruption

**THREATS**

Perenti is exposed to fraud, bribery and corruption risk in some jurisdictions which could result in fines, reputation impacts and the loss of growth opportunities.

**OPPORTUNITIES**

By aligning processes for reducing and mitigating the impact of integrity risks, the Group can strengthen our broader compliance culture and, ultimately, build stakeholder confidence in our approach to compliance matters.

**MANAGEMENT RESPONSE**

Our Code of Conduct sets out the standards of behaviour expected of our directors, employees, consultants, contractors and suppliers and is supplemented by the following:

- Anti Bribery and Corruption Standard
- Risk and Opportunity Management Policy
- Securities Trading Policy
- Speak Up policy and Standard (whistleblowing)
- Periodic Group compliance reporting
- Governance and assurance activities

**Refer online at perentigroup.com for our Policies**

**POTENTIAL IMPACTS**

- Compliance
- Group reputation
- Financial performance
- Growth constraints

Perenti

ABN 95 009 211 474

# SUSTAINABILITY REPORT 2021

Expect More

# SUSTAINABILITY REPORT

### OUR APPROACH TO SUSTAINABILITY

**At Perenti, we believe that considering sustainability in everything we do is critical to deliver our purpose to create enduring value and certainty for all our stakeholders – namely our people, clients, investors, suppliers and the communities in which we operate.**

In practice, this means living our five principles, which underpin our approach to management including environment, social and governance considerations and matters. The link between our purpose, principles and sustainability issues is summarised in the figure.

During the past year, the Board endorsed our Strategic Sustainability Plan (2022-2025). The plan outlines the strategic imperatives, focus areas and key actions to help us to deliver our purpose and achieve our aspiration to become the indispensable mining services company.


### STRUCTURE AND SCOPE OF THE REPORT

This is our second Sustainability report and is for the 2021 Financial Year. The Report covers Perenti and its subsidiaries:

- **Surface Mining** – African Mining Services (AMS), Ausdrill
- **Underground Mining** – Barminco, African Underground Mining Services (AUMS)
- **Investments** – BTP, MinAnalytical, Supply Direct, Logistics Direct, Well Control Solutions (WCS)
- ***idoba*** – Technology driven service business

The report is structured around Perenti's Sustainability Framework, with the associated performance metrics aligned with the Global Reporting Initiative (GRI) and other recognised industry and international reporting standards. The intention is to report against additional relevant performance metrics over the coming years, with performance data being disclosed on local procurement and community donations for the first time in this year's report.

Case examples from across our businesses and our geographic footprint are used to illustrate our sustainability approach in practice. A scorecard outlining the extent of completion of FY21 public sustainability commitments is also detailed within each section of the report.


**ON THE COVER**

In April this year AMS raised more than 700,000 CFA francs (nearly AU$2,000) by selling excess office furniture and equipment to support local orphanages and hospitals in Burkina Faso.

## MATERIAL ISSUES

To inform the development of our Strategic Sustainability Plan, Perenti undertook a materiality assessment involving internal and external stakeholders. In total, 18 internal and 13 external stakeholders completed the materiality survey. Internal stakeholders included members of the Board and Group Executive as well as employees from across the business. External stakeholders comprised of representatives from our clients, industry associations, suppliers, investors and financiers.

Overall, there was a high degree of alignment between the internal and external perspective on priority sustainability related issues for the business as shown in the figure below. Issues rated as most relevant and important to Perenti are denoted with a gold marker (●) and largely fall within the perforated box.

Safety remains our most material issue. This was reinforced when in May 2021, we tragically lost an employee of our Underground Mining Alliance joint venture at the Obuasi Mine in Ghana to a fall of ground incident. Further details on our safety performance and approach is detailed on page 44 of this report.

External stakeholders did rate Indigenous engagement as a notably higher priority than internal stakeholders. This difference in rating is likely due to the outfall of recent incidents within the industry and the perception that service providers perform a greater role in cultural heritage approvals and land access agreements than is the reality compared to our clients. Regardless, we have prioritised Indigenous engagement to reflect the increasing relevance to our business, with plans to develop an Indigenous Engagement Strategy in FY22. We have also prioritised action for climate change and supply chain due diligence in the coming year. Existing work plans already exist and are underway for the other issues rated as most material for Perenti.

Results of the materiality assessment and the associated planned response were discussed at the Board and Group Executive levels.


● Denotes the issues that are material to Perenti.

## SUMMARY OF OUR PERFORMANCE

| | METRIC | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **NO SHORTCUTS** | | | | |
| **Ethics and Governance** | | | | |
| Compliance with Code of Conduct | # breaches | 0 | 0 | 1 |
| Compliance with Continuous Disclosure | # breaches | 0 | 0 | 0 |
| **Safety and Health** | | | | |
| Total Fatalities | # | 1 | 1 | 0 |
| Lost Time Injury Frequency Rate (LTIFR) | # incidents per million hrs worked | 0.4 (0.35) | 0.3 (0.30) | 0.3 (0.25) |
| Total Recordable Injury Frequency Rate (TRIFR) | # incidents per million hrs worked | 5.1 | 4.9 | 4.5 |
| All Injury Frequency Rate (AIFR) | # incidents per million hrs worked | 26.5 | 26.2 | 27.0 |
| Serious Potential Injury Frequency Rate (SPIFR) | # incidents per million hrs worked | 2.9 | 4.1 | - |
| Fines and Prosecutions | # | 0 | 0 | 0 |
| **NEVER WASTEFUL** | | | | |
| **Environment** | | | | |
| Greenhouse gas emissions – scope 1 | tonnes $CO_2$-e | 3,462 | 6,456* | - |
| Greenhouse gas emissions – scope 2 | tonnes $CO_2$-e | 5,193 | 5,546 | - |
| Energy consumed | gigajoules | 99,865 | 125,424 | - |
| Total significant environmental incidents | # | 0 | 0 | 0 |
| Fines and prosecutions | # | 0 | 0 | 0 |
| **SMARTER TOGETHER** | | | | |
| **Our People** | | | | |
| Total Workforce | # | 7,881 | 7,729 | 8,270 |
| **Employees by Region:** | | | | |
| • Australia | % | 40.8 | 37.1 | 32.4 |
| • Africa | % | 53.2 | 62.7 | 65.8 |
| • United Kingdom | % | <1.0 | <1.0 | <1.0 |
| • Asia | % | 0 | 0 | 1.8 |
| • North America | % | 4.6 | <1.00 | 0 |
| Total Voluntary Turnover Rate | % | 17.0 | 14.7 | 20.3 |
| Females on the Board[1] | # / % | 2/31 | 2/29 | 1/14 |
| Females in senior management | % | 18.2 | 16.2 | 11.1 |
| Females in the workforce | % | 10.0 | 8.6 | 7.4 |
| Local participation in international workforce[2] | % | 86.8 | 88.2 | 90.0 |
| Australian workforce employed as an Apprentice | % | 4.4 | 5.0 | 4.4 |
| **WALK IN THEIR SHOES** | | | | |
| Local procurement expenditure[3] | AUD$ | 786.5M | - | - |
| Community investment and donations | AUD$ | 244,500 | - | - |

* Includes emissions associated from exploration activities which is outside of our operational control.
1 Females on the Board = 2/31 Based on average of days worked in FY21.
2 Local participation is country Nationals (Locals) only, does not include Third Country Nationals.
3 Local procurement expenditure = AUD$ 786.5 million = Local procurement refers to the purchasing of goods or services from a supplier registered or based within the same country as the operation.

### FY21 SUSTAINABILITY COMMITMENTS

**To progress our management of sustainability related issues, 23 public commitments were outlined within our FY21 Sustainability Report. In total, 61 per cent of commitments (14 of 23 commitments) were completed during FY21 with the remainder being either half (six commitments) or three quarters (three commitments) completed. Plans are in place to close out the outstanding commitments in FY22.**

Each individual commitment, their completion status and other details are covered within the relevant section of this report. Commitments for FY22 are also outlined within each section.

**COMPLETION STATUS**

50% 75% 100%

# NO SHORTCUTS

## ETHICS AND GOVERNANCE

**Perenti made the following FY21 commitments:**

| Commitment | Status | Reference |
|---|---|---|
| Launch a revised training module covering the Code of Conduct for all employees with expectations that refresher training is completed every two years at a minimum | 100% | Code of conduct, page 40 |
| Customise the Speak Up Policy and Speak Up Standard across all overseas jurisdictions in which Perenti operates | 100% | Supporting a culture of 'Speak Up', page 40 |
| Deliver tailored anti-corruption and anti-bribery training to high-risk roles across the Group | 100% | Anti-bribery and anti-corruption, page 40 |
| Cyber and information security:<br>• Finalise an Information Management Security Framework and a three-year Cybersecurity Plan<br>• Develop and roll-out a Data Protection Standard for the Group<br>• Undertake a cybersecurity incident training response exercise | 75% | Cyber and information security, page 40 |
| Human rights:<br>• Identify significant human rights related risks across the business<br>• Ensure human rights related provisions within contracts and service agreements are applied consistently across the Group | 50% | Human rights, page 41 |
| Publicly disclose our policy commitment to human rights including publishing our Modern Slavery Statement online | 100% | Human rights, page 41 |
| Further strengthen the security, emergency, and crisis management capability for the Group through the development and review of Emergency Management Plans and the roll out of associated training | 75% | Security, page 41 |

### Board structure

The composition of the Perenti Board brings skill, diversity and experience to ensure ethical and responsible delivery of value to shareholders.

As at 30 June, the Board comprised five Directors, four of whom are Non-Executive Directors. Details of each Board member, including their skills, experience and term of office are set out in Perenti's 2021 Annual Report and are also available on Perenti's website.

The Board Charter requires a majority of Directors to be independent, with an assessment of the independence of each Non-Executive Director being undertaken in August 2021 in accordance with ASX Recommendations and Principles.

The Board currently has two committees to assist in carrying out the role of guiding the Company's strategic direction – the Audit & Risk Committee and the People & Remuneration Committee. The Charters for these committees are available on Perenti's website. The members of the committees are all Independent Directors.

Sustainability related issues are discussed collectively by the Board. During FY21, the issues discussed by the Board included sustainability materiality assessment, climate change, modern slavery and Perenti's sustainability strategy.

**In FY22 we will:**

- Review the coverage of sustainability matters within the Board structure and meeting program. Further, the Board will undergo climate change training to ensure their understanding of climate related developments is current.

### Risk and internal audit

Perenti faces a broad array of risks, including operational, economic, technological, socio-political, regulatory, environmental and reputational risks – see page 32 of the Annual Report for further information. Our consistent and proactive approach to risk management is aligned with ISO 31000:2018 and the ASX Principles and Recommendations.

The approach also utilises an enterprise-wide process to identify and assess material risks to the Group and seeks to apply appropriate controls. As part of our Risk Framework, we conduct an annual risk review with the Group Executive and Board to review and update risks periodically during the year, including detection and investigation of emerging risks.

The Internal Audit function was established in August 2020 and is a critical part of the Perenti Assurance Framework. The purpose, role and authority of Internal Audit is governed by a Charter approved by the Audit and Risk Committee. In November 2020, the Audit and Risk Committee, approved the rolling three-year Internal Audit Plan, including the FY21 program of work.

Six internal audits were completed during the year. The immediate priority for Internal Audit is to protect shareholder value by supporting business improvement through strengthening the Governance, Risk and Control Framework. In FY22, the Internal Audit Program has been prioritised to focus on safety, and key financial and business processes.

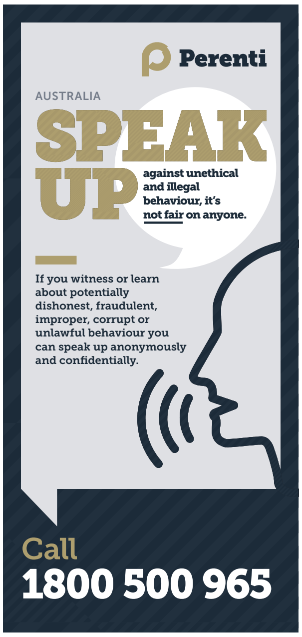
### Code of Conduct

Our Code of Conduct sets out the standards of behaviour expected of our directors, employees, consultants, contractors and suppliers. It embodies a commitment to good corporate governance and responsible business practice and reflects the expectations of all the Company's stakeholders. In FY21 we rolled out a revised mandatory learning module for the Code of Conduct, with all employees required to complete refresher training at least every two years.

### Supporting a culture to Speak Up

Perenti and its businesses are committed to achieving and demonstrating the highest standards of corporate governance. The Company has a range of policies and standards that provide guidance to directors, executives and employees in the management and running of the Company's operations. In FY21, Perenti launched a Speak Up campaign across the business. The Speak Up Program gives employees, and other stakeholders, a range of options to report misconduct while providing anonymity and protection to the person reporting the misconduct. It is supported by a Speak Up Policy and Standards specific to the countries in which we operate.

A Code of Conduct breach update is provided to the Board on a monthly basis. There have been four disclosures made since the inception of the Speak Up Program. Two of these relate to alleged breaches of the Code of Conduct, the remainder are employee relations matters. Following investigation by either a member of the Legal team or an external investigator, neither of the alleged Code of Conduct breaches were substantiated.




### Anti-bribery and anti-corruption

The Company has an Anti-bribery and Anti-corruption (ABAC) Policy which sets out the Company's zero tolerance for any bribery or corruption in its business dealings and operations anywhere in the world. The Company also has a related ABAC Standard which sets out the specific requirements of Group personnel and agents related to the policy. Consistent with this standard, no political donations or facilitation payments were made during FY21. Any material breaches of the ABAC Policy are reported to the Board and Audit & Risk Committee.

In FY21, we launched the online training module for ABAC for all new employees as part of their induction as well as a tailored module for employees working in 'high-risk' roles. These roles include all supervisor positions and above, as well as those involved in commercial interactions such as procurement.

In accordance with ABAC Policy and Standard, all businesses have a Gift and Hospitality Register in place, maintained by nominated personnel within each business and reported and consolidated at a Group level quarterly.

### Timely and consistent disclosure

Our Market Disclosure and Communications Policy outlines Perenti's commitment to providing our shareholders and the market with full and timely information about our activities. In the last financial year, we made 86 announcements and disclosures via the ASX with no breaches of continuous disclosure.

### Cyber and information security

During the last financial year, significant progress was made in the implementation of our Group Cybersecurity Program. This progress has included the development and roll out of an Information Security Management Framework and accompanying standards in line with the guidance described by the International Organisation for Standardisation (ISO) and their family of Standards for Information Security. A number of critical incident response exercises relating to cyber threats were also undertaken in recognition of the importance of preparedness through real-life incident simulation.

A Data Protection Standard for the Group, originally scheduled for launch in FY21, is currently being finalised for roll-out in FY22. To date, the program has delivered extensive capability to better protect our employees globally by enabling new and more secure ways to authenticate to our systems in support of a proliferating external work environment. Importantly, a Security Awareness Program is underway to help address human risk factors, developing and distributing supporting materials to uplift our collective understanding of contemporary cyber threats and how to combat them.

### Industry association memberships

Perenti, or its operating businesses, are members of peak bodies and organisations including:

- Australia-Africa Minerals and Energy Group (AAMEG)
- Association of Mining and Exploration Companies (AMEC)
- Australian Resources and Energy Group (AMMA)
- Austmine
- Chamber of Minerals and Energy Western Australia (CMEWA)
- Ghana Chamber of Mines
- Gold Industry Group

Our participation in these organisations provides Perenti with a means to share and learn with our peers as well as to influence sustainability related policies and practices of the industry. Engagement with these organisations is consistent with the Perenti Code of Conduct.

### Human rights and modern slavery

Respect for human rights is a fundamental responsibility for all businesses. We are committed to respecting human rights, cultures and customs of employees, communities and suppliers by implementing practices consistent with recognised international standards including the Voluntary Principles on Security and Human Rights. This commitment is included within our Code of Conduct and associated training module for employees, which sets out employee expectations, and is referenced within our Sustainability Policy published in October 2020.

In FY21, Perenti conducted a robust high-level risk assessment of its business to understand where human rights risks, including modern slavery risks, may exist. A key part of this assessment was understanding the existing controls in place and identifying any potential gaps. The assessment was undertaken by an expert independent group and was guided by the United Nations Guiding Principles on Business and Human Rights. The assessment involved key personnel from across the Company to ensure a cross-functional understanding and perspective of potential risks.

The functions involved included - Legal, Supply/Procurement, Human Resources, Security, Safety, Environment, Risk and Sustainability. The assessment found that the risks were largely dependent on location, with higher risks linked to complex operating environments, where there are greater safety and security issues, political unrest, and corruption.

Following the assessment, Perenti has developed a three-year program of works which sets out specific actions to further respond to and manage human rights risks, including modern slavery risks. We also published on our website and submitted to the Australian Border Force our first public Modern Slavery Statement in accordance with the Commonwealth Modern Slavery Act 2018. The Statement was authorised and approved by the Board on 28 January 2021.

Our FY21 commitment to ensure human rights related provisions within contracts and service agreements are applied consistently across the Group commenced during FY21, with the intention to complete this commitment during FY22.

### Security

Perenti is committed to ensuring we maintain a state of security, emergency and crisis preparedness to enable us to prevent, respond and recover from security and other events which may impact our people, the environment, assets, business operations or reputation.

The Group has adopted a holistic approach to the management of security, emergency and crisis related risks which is supported by a suite of standards and associated plans and guidelines. During the reporting period, the combined Mining Emergency Management Plan, along with associated guidelines and tools were finalised. To enable emergency management employees to be proficient in their respective roles, an online Emergency Management Team Training Package was developed and is scheduled to be rolled out this year. Concurrent to this has been the development and facilitation of several crisis and emergency management exercises.

# NEVER WASTEFUL

## ENVIRONMENT

**Perenti made the following FY21 commitments:**

| Commitment | Status | Reference |
|---|---|---|
| Develop an overarching Group wide plan for the environment that identifies priority actions to continuously improve our environmental performance | ● | Environment, page 42 |
| Climate change:<br>• Include climate change as an agenda item for discussion in senior executive leadership meetings and workshops<br>• Identify options to improve energy efficiency and reduce greenhouse gas emissions within the business<br>• Assess climate change related risks and opportunities over different time horizons | ◑ | Climate change, page 42 |
| Water:<br>• Undertake an assessment of water risk across all Perenti operations to identify areas of high-water risk<br>• For high-water risk sites identify opportunities for water savings | ◑ | Water, page 43 |

We are committed to minimising the environmental impact of our operations and offices through the education of our employees, utilising best practice procedures, complying with legislative requirements and conforming to any specific environmental requirements of individual sites and clients.

During the reporting period, a strong focus was placed on the development of a baseline understanding of current performance, education and awareness. This focus culminated in the development of a three-year Environmental Business Plan, which was approved by the Group Executive and outlines priority actions to be undertaken to continuously improve our environmental performance.

### Environment Management System

Our environmental management practices are directed by our Health, Safety and Environment Policy and our Sustainability Policy. The Health, Safety and Environment Management System described in the health and safety section of this report is consistent with the requirements of ISO 14001 and forms the framework for how environmental management is planned, executed and governed.

Site environmental reviews were conducted at our workshops and warehouses in Hazelmere and Kambalda, Western Australia, during the reporting period resulting in improvement action plans. During FY22 work will be undertaken to review and update site environmental risk registers into the new HSE system. Further, second line environmental compliance audits will be conducted across our businesses.

### Climate change

Perenti remains committed to playing a key role in industry efforts to support the transition to a low carbon economy. This is the second year of publicly reporting scope 1 and scope 2 greenhouse gas emissions and energy usage. A detailed review of our reporting boundaries has resulted in reduction in scope 1 emissions reported from FY20, as emissions not under our operational control (associated with diesel use from exploration activities) have been omitted. Diesel use remains the primary contributor of our scope 1 greenhouse gas emissions, whilst purchased electricity is the main source of our scope 2 emissions.

Key climate change related actions undertaken during FY21 include:

- Climate change being discussed during senior leadership meetings and forums including at the Board level.
- Delivering climate change awareness training to 17 senior leaders with further sessions scheduled for FY22.
- Completed a climate change risk assessment of the business using bowtie methodology. The risks identified as part of the assessment related to physical impacts, financial planning and decision-making, climate regulation, climate disclosure and decarbonisation. The risk assessment, including the control actions identified, will be an input to the Climate Change Position Statement and Plan to be developed in FY22. Risks associated over different time horizons and market scenarios are also to be investigated.
- Formalised our approach to capturing and reporting on greenhouse gas emissions and energy usage through the development of an associated manual for the Group.
- Active member of the Electric Mine Consortium – One of our operating businesses (Barminco) is leading the battery electric light vehicle and auxiliary vehicle stream. We are also very active in the heavy vehicle stream.
- Initiated a number of other carbon reduction initiatives (see case study on page 43).

**In FY22 we will:**

- Publish a Climate Change Position Statement consistent with the Taskforce on Climate Related Financial Disclosure Framework.
- Further formalise and progress our decarbonisation efforts.
- Deliver climate change training to the Board.
- Establish an internal water and energy efficiency initiative platform to record, track and improve collaboration on water and energy initiatives throughout the business.


CASE STUDY

## Electric Mine Consortium and Electric Vehicles

As the only mining contractor involved in the Electric Mine Consortium Perenti subsidiary Barminco is aiming to lead a path towards zero emissions mining. Leading Miners, OEMs, technology providers and Barminco are taking real steps towards the decarbonisation of the underground mining process.

These companies have joined forces and are sharing resources to create the Electric Mine Consortium with the ambition to accelerate progress towards the fully electrified zero $CO_2$ and zero particulates mine.

As part of this consortium each major member is championing a key working group, with Barminco leading the Light and Auxiliary Battery Electric Vehicles group. Within this group Barminco is undertaking multiple trials across different sites, such as the recently completed Normet Electric Charmec Trial and at the Nova Mine site.

This group and these trials are aiming to accelerate the adoption of electric vehicles by integrating light and auxiliary battery electric fleet onto its sites.

Barminco is also involved in the trial of a BEV L120 Integrated Tool Carrier, the first of its kind underground, at the Agnew Mine in Western Australia. The Battery Electric Volvo L120 will operate on a daily basis performing a range of duties including:

- General mine servicing required from the man basket
- Vent installation and maintenance
- Air/water services installation and maintenance
- Electrical services installation and maintenance
- Use of basket for paste pipe installation.

### Water

Perenti recognises that water is a shared natural resource that has environmental, social, cultural and economic value. Access to and monitoring of water use is typically provided by Perenti's clients. Nonetheless, in recognition of water being a shared and precious resource, in FY21 we undertook a water risk assessment of Perenti's operations using World Resource Institute's Aqueduct tool.

Overall, five sites (four underground and one surface) were located in regions classified with extremely high-water risk, with 15 sites being in regions rated as experiencing high water risk. The results are in the process of being validated with relevant local representatives. Plans to identify opportunities for water saving at high-risk sites during FY21 are now scheduled for FY22.

### Environmental Incidents

Environmental incidents are classified on a scale of one to five with four and five resulting in serious impact to the environment and regulatory action. Over the past three years we have not had any level four or five incidents.

# SMARTER TOGETHER

## SAFETY & HEALTH

### Perenti made the following FY21 commitments:

| Commitment | Status | Reference |
|---|---|---|
| Establish and commence the implementation of an Assurance Framework | ● | Health, Safety, Environment Management System, page 44 |
| Develop a safety leadership program structured to support the culture and behaviours critical to achieving our safety related goals | ● | Safety Leadership, page 45 |
| Improve the tools for frontline and senior leaders as well as operator and maintenance personnel to verify the presence and effectiveness of critical controls | ◐ | Critical Risk Management, page 45 |
| Establish targets for All Injury Frequency Rates | ● | Safety Performance, page 45 |
| Develop appropriate lead indicators to measure across the business | ● | Safety Performance, page 46 |

At Perenti, the health and safety of our people is central to everything we do. We believe that every person should be able to work and go home safe and healthy, and that no one should be harmed in any way while undertaking work for the Group. Our five year strategic plan for health and safety further defines the areas of focus including: management system implementation and assurance; critical risk management; developing a leader-led culture for safety; health and wellness, and; health, safety and environment data systems and reporting

### Health, Safety and Environment (HSE) Management System

During FY21, there was significant focus on implementing the Group wide HSE Management System that was launched the previous year. The HSE System aligns with recognised national and international standards and supports our business' existing certification to ISO4801, ISO 14001 and ISO 45001 standards. Comprised of 14 elements, the management system outlines a consistent approach for the management of HSE across all Perenti locations and operations.

In FY21, a self-assessment of compliance against the requirements of the new management system was conducted across the business. Findings of the self-assessment were used to standardise the leading risk management practices for common activities across the Group and simplify a number of operational processes to make it easier for our workforce to work safely.

**In FY22 we will:**

- Undertake an independent audit of a selection of our operations to assess compliance with our system and HSE standards and capture and share good practice.

### HSE Information System – HSE Central

As a result of bringing together two large businesses, Perenti has been using two different HSE information systems for the collection, analysis, and reporting of HSE related data. The use of multiple systems added inefficiencies and complexity to the collation and interpretation of our HSE information. During FY20, a project was initiated to design and implement a single HSE information system across Perenti. The new system, branded internally as HSE Central, was developed and tested during FY21 and rolled out across the Group in early FY22. The new system will enable enhanced understanding and reporting of HSE data and performance and provide subject experts and line leaders easier access to information that enables informed decision making around the management of HSE risks.


### Smarter together, Safer together

To ensure safety remains a priority focus of all of our employees regardless of where they operate, we launched a safety tagline and awareness campaign during the year. The Smarter together Safer together tagline was developed following extensive consultation across the Group and links directly to our principle of Smarter together. The tagline will be used to visualise and communicate our approach and dedication to improving our safety performance. More specifically, for our people in the field, Smarter together Safer together signifies that:

- We look out for our workmates and show we care by speaking up when something doesn't look or feel right
- No one person has the best solution. Together we can identify better ways to make it easy for people to work safely
- Ultimately, we can only ever achieve our objective of nil life-changing events by working together

SMARTER TOGETHER SAFER TOGETHER

### Critical Risk Management

Launched in FY20, our Critical Risk Management (CRM) Program is aimed at ensuring controls that are most critical to prevent fatal and catastrophic events are understood, in place and working effectively. The CRM Program has three tiers:

**Level 1 - Critical Control Operator Verifications:** these verifications are designed to assist frontline operator and maintenance personnel to verify that critical controls for high-risk tasks are in place and working effectively prior to them beginning the task. The development of these verifications began in Q4 of the reporting period with implementation originally scheduled for FY21 to now occur during FY22.

**Level 2 - Critical Control Field Verifications:** developed in collaboration with operational leaders and implemented during the reporting period, these verifications are conducted by frontline supervisor roles and above. A total of 597 people were trained in conducting Critical Control Field Verifications during the reporting period, with more than 2,000 verifications being completed each month across the Group.

**Level 3 - Critical Control System Verifications:** these verifications are to be completed by managers and above and are designed to verify that the systems for specifying and maintaining critical controls are established and healthy. Verification checklists will be developed this year and implemented in FY23.

### Safety leadership

A key focus of our Safety Strategy is the development of the safety leadership capability of our operational leaders. During the year, Perenti's Safety Leadership Framework was developed, with the initial phase of the program consisting of a one-day workshop being rolled out to leaders across the business. Further initial phase training will be completed in FY22. The second phase of the program will also be finalised and commence in FY22, which will include a coaching element to further develop leader capability.

Our safety leadership and critical risk management programs are vital to improving how we manage safety and achieve our objective of nil life changing events. Positive changes are already being seen throughout the business where leaders are engaging with the workforce in different ways, spending time being curious about how people are working, questioning to understand the safety of work, and collaborating on better ways to do the job safely. With the high calibre of people we have throughout Perenti and our operations, harnessing the collective experience and knowledge of people who do the work is vital for us to achieve successful outcomes.

### Assurance of ground condition controls

Analysis in FY21 identified an increase in incidents relating to the control of ground conditions. As a result, a program of auditing was developed to provide assurance of controls for the prevention of fall of ground and slope stability. In close collaboration with our clients, independent audits were conducted across four projects; the Sukari underground mine in Egypt, the Mako open pit mine in Senegal, Dugald River underground mine in Queensland and the Mungari open pit mine in Western Australia. Outcomes of these audits have informed a number of improvements both locally at site and at the systems level across the organisation, including how we partner with our clients to ensure robust quality assurance and quality control processes are in place and effective. This auditing process will continue and form part of our ongoing Assurance Program.

**In FY22 we will:**

- Continue to embed the Management System and improve downstream HSE processes, further standardising good practice across the Group
- Complete a third line audit against the requirements of the Management System
- Complete the rollout of phase 1 of the Safety Leadership Program to all senior leaders and initiate the implementation of the phase two of the program
- Complete the development of and implement Critical Control Operator Verifications, as well as develop Critical Control System Verifications.

### Safety performance

Despite the progress we have achieved in implementing our Safety Strategy and CRM Program, FY21 has proven to be a challenging year in terms of safety performance.

During the year, we tragically lost an employee of our Underground Mining Alliance joint venture at the Obuasi Mine in Ghana to a fall of ground incident. We are still working with our clients to investigate the nature of this tragic event, and we will ensure these findings inform our strategy and ongoing focus on preventing life-changing events, including our critical risk management and safety leadership and culture programs.

Over the past 12 months a focus on implementing our Critical Risk Controls has seen a decline in our Serious Potential Injury Frequency Rate (SPIFR) from 4.1 to 2.9 while there has been a rise in the Total Recordable Injury Frequency Rate (TRIFR) and All Injury Frequency Rate (AIFR). The TRIFR was 5.1, up from 4.9 in June 2020, and the AIFR was 26.5 against a target of 23.5. These numbers are aggregated at the Perenti level. Historically, Surface mining has had lower frequency rates across LTIFR, TRIFR and AIFR which has contributed to lower overall aggregate frequency rates across Perenti. During FY21, due to strategic transformation decisions, Surface has seen a number of projects reduced, particularly in AMS, which has seen numbers increase slightly on FY20, whilst the Underground Mining business frequency rates have decreased. Our continued focus on eliminating life changing events has seen a move away from AIFR targets in FY22.

Whilst almost all of these injuries are not life-changing, such as slips, trips, strains and short-term injuries to hands and fingers, we have implemented a number of programs aimed at minimising these impacts on our people.

As well as focused campaigns to reduce the risk of injuries to hands and fingers through increased awareness, tool selection and availability and improvements to PPE, we partnered with an external party to develop a comprehensive and customised program to transition people into the physically demanding work in the diamond drill division. This is achieved through individual conditioning and strengthening programs, to physically prepare people for the roles they are in training for. This musculoskeletal support program will initially be trialled with a selection of Underground roles and pending results will be tailored and extended to Surface exploration roles.

Encouragingly, the Serious Potential Incident Frequency Rate (SPIFR) has reduced from 4.1 to 2.9. This improvement has been influenced by a number of factors, including the implementation of improved Critical Risk Controls and field leadership. Breaking down the Serious Potential Incidents (SPIs) by critical risk category shows that almost a quarter (24 per cent) of SPIs relate to mobile equipment operation and interaction. This is followed closely with 21 per cent of SPIs relating to the control of ground conditions and 15 per cent of incidents involving the risk of falls and dropped objects.

Analysis of these incidents continues to inform our improvement initiatives, in particular our ongoing focus to dramatically reduce the risk to people of an interaction with mobile equipment or a fall of ground, as is detailed in this report.

Looking forward, we have developed a number of safety related lead indicators and associated targets to assess performance across the business. These indicators relate to the completion of Critical Control Field Verifications for leadership roles and in reference to the hierarchy of control, engineering controls or better for SPIs.

Furthermore, our Group target for reducing Total Recordable Injury Frequency Rate for FY22 is 4.56.

## HEALTH

### Mental health and wellbeing

Mental health and wellbeing is a significant issue for the mining industry and the broader community. Perenti has provided peer support programs, with specially trained employees playing a pivotal role in supporting their colleagues at the local level.

During FY21, the business began completion of mental health risk assessments, with the outcomes of this informing ongoing improvement plans as part of our Mental Health Framework to better support the wellbeing of our employees.

We built on our existing mental health and wellbeing resources to ensure our people were able to access the tools and support to help them cope with the increased stress and uncertainty brought about by the pandemic. We developed employee support programs to assist with mental health management. In particular, the COVID-19 pandemic saw additional focus being placed on our expatriate workforce given the long duration of rosters and the repeated periods of mandatory quarantine. A quarantine support program was developed to provide additional psychological as well as physical support to employees and their families during these periods.

In addition, working with our mental health provider, Perenti provided free counselling by mental health professionals for all employees in Perenti, both online and over the phone. This service provided easily accessible information and advice around coping with COVID-19, isolation and connection, workplace and financial hardship, and how best to support the mental health of loved ones, workmates and friends.

Over the past two years, we have extended mental health training for leaders and employees, including raising awareness about psychosocial hazards to improve proactive discussions prior to the onset of serious illness. In the lead up to RUOK Day in September 2020, anxiety awareness programs were developed with participation of our frontline employees. These programs were rolled out throughout the Underground and Surface businesses.

### COVID-19

As with every organisation operating in the mining sector, the impact of COVID-19 on the way we operate remains a significant and ongoing challenge. We have taken numerous steps to ensure the ongoing safety and health of our workforce, families, clients and communities are protected and any impact is minimised.

As a result of dedicated teamwork and careful planning, throughout the pandemic we have successfully maintained a highly effective Australian and International workforce, including the ongoing movement of essential expatriate employees between Australia, Africa and Canada and other countries.

Our COVID-19 Management Plan outlines the mechanisms through which we keep our people and communities safe and healthy whilst undertaking normal operations.

CASE STUDY

### Underground acoustics study

During an investigation into some incidents which occurred at underground projects around the world involving reversing vehicles, it was noted that some workers did not appear to realise how close a vehicle was to them despite an audible alarm and the machine noise.

Owing to a lack of data relating to the audible effectiveness of warning alarms in underground mines, a specific study was commissioned – a first in an underground mining environment.

Measurements recorded during the study identified a marked difference in how noise travels in an underground environment. Whereas in a "normal" surface environment there exists a 6dB change in noise by doubling the distance from the noise source, in an underground mine the study found only a 3dB change occurred. The importance of this is better understood when considering that a 3dB change will not be perceived by the human ear, as such in an underground mine a person may not hear that equipment is approaching until it is twice as close as it would be on the surface.

Further investigation is now being undertaken to determine what additional measures may be required to increase the efficacy of warning systems for reversing machinery underground.

Control measures that have been implemented to minimise the various health risks, including the direct and indirect impacts on mental health and wellbeing include:

- Implementing support programs for expatriate employees and their families during extended international rosters and during the multiple rounds of quarantine required
- Establishing hardship programs for affected employees (as detailed in the section on Mental health and Wellbeing on page 46)
- Establishing a redeployment and retraining program for displaced employees

The progression of vaccination programs globally is one that Perenti is fully supportive of and we actively encourage all our workforce to participate in. A position statement on COVID-19 vaccinations was developed, and additional support has been provided, particularly for our travelling expatriate workforce, to receive their vaccinations.

We maintain an active dialogue and strong participation with industry and multilateral working groups to support the advancement of vaccination throughout our workforce and the broader community.

As the pandemic and rollout of vaccination programs has progressed in Australia, Perenti maintains an active participation in industry COVID-19 working groups. We recognise that protection against infection through vaccination is vital to the performance of the business, the broader industry, safety of our communities and especially our employees and their families. For these reasons Perenti has developed a promotional campaign in support of the Australian Government's vaccination campaign.

### Hygiene monitoring

In FY21, Perenti initiated an occupational hygiene monitoring program with our workforce at sites where Perenti has overall operational control and responsibility. An initial risk assessment was conducted involving employees from all relevant areas and operational functions which helped identify potential occupational hygiene risks and groups of employees with similar general exposure to these risks. A comprehensive monitoring program was then initiated to build a baseline understanding of employees occupational health risks and identify opportunities to improve associated controls. In total, 79 assessments were undertaken involving 53 people during the past year. This work has provided valuable information for improving engineering controls and improved education and awareness of the workforce. The monitoring program will now continue as a feature of our health program, with further improvements in FY22 to address areas with insufficient data or where the task may present a higher risk to employees.

## OUR PEOPLE

### Perenti made the following FY21 commitments:

| Commitment | Status | Reference |
|---|---|---|
| Publish and support the implementation of a Paid Parental Leave Policy | | Inclusion and Diversity, page 47 |
| Roll out a Flexible Work Practice Standard across the Group | | Inclusion and Diversity, page 47 |
| Roll out a bespoke Leadership Development Program across the Group | | Leadership and capability development, page 48 |
| Launch the Leader's Essential Portal which is a technology enabled platform that gives our global leadership team access to both industry leading and Perenti specific leadership tools, frameworks, and support | | Leadership and capability development, page 48 |
| Expand our leadership pipeline assessment process to focus on identification of high potential employees and their unique development opportunities | | Leadership and capability development, page 48 |
| Introduce a People Management System for the group to improve collection and collation of people related information and data | | Human Resources System, page 49 |

### Inclusion and diversity

Perenti recognises the value of an inclusive and diverse workforce. Our local participation in the international workforce remains high at 86.8 per cent despite representing a slight decrease from FY20. Further, our percentage of females in senior management (18.2 per cent) has increased by 7.1 per cent since 2019. Female employees in the workforce have also increased over this same period from 7.4 per cent in FY19 to 10 per cent in FY21.

During FY21, we had two female Board members .As part of our commitment to inclusion and diversity a Culture and Inclusion Steering Group was established during FY21. This steering group, chaired by the Chief People Officer, with representatives from across the business, is tasked with providing strategic direction, input, and guidance across the areas of inclusion, diversity and cultural development.

In FY21, a number of other measures were taken to support an inclusive and diverse workforce including:

- Development of an Inclusion and Diversity Strategy
- Published and supported the implementation of Paid Parental Leave Policy
- Rolled out a flexible work standard across the Group

**In FY22 we will:**

- In FY22 we plan to conduct self-assessment of a sample of our sites to identify opportunities to make them more amenable to all genders.

CASE STUDY

## Investing in our future generation of miners

Attracting, growing and retaining our people to ensure we can continue to deliver value and certainty to our clients remains critical to the business especially in light of the current skills shortage across Australia.

Last year, Perenti was one of the largest private sector employers of apprentices and trainees in Western Australia totalling more than 400 across our Ausdrill, Barminco and BTP businesses. Our apprenticeships include: heavy diesel mechanic, light vehicle mechanic, auto electrician, boilermaker, fabrication, plant technology and mechanical technology while traineeships span various levels of drilling operations, underground metalliferous mining and warehousing operations. A key part of our offering includes two specialised underground training facilities in Perth and Botswana that recreate what it's like to work underground. This supports training people before they are on site, which leads to better safety outcomes and helps ensure those people are well prepared for work in an underground environment.

Recruiting and developing graduates was also a key focus for our underground operations during the year as we look to invest and train our future leaders.

### Leadership and capability development

In FY21, we finalised the core design of the Leading@Perenti Program. The intention of this program is to enhance the capability of our most senior leaders across the business. The program aligns to the behavioural expectations articulated in the Perenti principles, as well as the key competencies in the Leadership Competency Framework. Originally planned for FY21, the roll out of Leading@Perenti will commence in FY22.

Content for the Leaders Essentials Portal has been reviewed and enhanced throughout FY21. Launched in FY21 to specifically assist with managing through the COVID-19 pandemic, the site will be refreshed during FY22 to complement and supplement other leadership development activities.

Our inaugural Senior Leaders Forum was also held in FY21. This involved 70 of our most senior leaders and high potential employees to align, amongst other items, around business strategy, strategic direction, culture and leadership expectations.

### Cultural Engagement

In FY21, the Group Executive held several workshops dedicated to better understanding and defining the cultural aspirations of the organisation. In addition to this, a comprehensive assessment of our culture was undertaken by an independent expert partner.

This assessment included one to one interviews with more than 60 employees, focus groups with more than 80 participants and a survey completed by 550 employees. The feedback from this culture assessment has provided important insight into the areas of focus for culture development.

**In FY22 we will:**

- Define the key cultural priorities to action and commence embedding these as needed across the business.

### Remuneration

In FY21, Perenti's People and Remuneration Committee completed a review of the company's Remuneration Framework. The focus of this review was to ensure we continue to align to our Remuneration Framework to attract, motivate, and retain talented and high performing individuals with market competitive remuneration that enables the delivery of the company's strategy. The outcomes of this review will be implemented throughout FY22.

As a consequence of the ongoing COVID-19 pandemic, Perenti experienced challenges to attract and retain employees in a tightening labour market. Whilst we continued to support a sustainable "pay for performance" philosophy, Perenti undertook a comprehensive review of various mechanisms to ensure we attracted and retained core talent.

Moving into FY22, we expect that similar labour pressures will remain therefore we will continue to monitor and respond accordingly to ensure seamless project delivery for our clients.

In addition, the health, wellbeing and retention of our expatriates who work internationally was a significant priority in FY21 due to the ongoing challenges with the pandemic. Our expatriates experienced extended rosters and multiple stays in quarantine throughout this year, and as such compensation was provided for the disruption to their lives to retain these essential workers.

**In FY22 we will:**

- As part of the annual remuneration cycle review, implement leader training for the annual gender pay gap review and provide detailed reporting to monitor progress from the newly implemented HR system. Perenti remains committed to removing any gender pay gap issues.

### Human Resource (HR) System

In FY21, we successfully deployed a companywide HR information system. The core HR module was implemented which resulted in aligned HR processes and reporting on people related data across the business.

### Labor Relations and Management

Perenti is committed to ensuring all employees and contractors are treated in a fair, equitable and ethical manner. Across our varied employment jurisdictions, we work closely with the relevant governments, union representatives and employee groups to ensure adherence and compliance to the required labour laws, HR regulations and labour rights policies.

In addition to maintaining the required minimum labour regulations across the Group, we hold ourselves to a high standard of business policies related to Code of Conduct, Anti-bribery and Anti-Corruption and Speak Up. These policies ensure all employees and contractors are aware of and adhere to practices that are ethical, fair and create an environment free from harassment, discrimination or victimisation.

Perenti is proud of its reputation and processes on workplace relations matters, evidenced by the lack of industrial disputes across the varied employment jurisdictions. Should any company be subject to labour controversy, based on the nature of the interaction and/or union agreement, these are managed by our experienced Operations Manager, supported by the local Human Resources team, who are well versed in the relevant laws and regulations of the host country, and where necessary our internal legal advisors.

# WALK IN THEIR SHOES

### Perenti made the following FY21 commitments:

| Commitment | Status | Reference |
|---|---|---|
| Disclose our:<br>• Local spend (goods & services)<br>• Community donations and investments. | ● | Our local communities, page 49. |

### Our local communities

Perenti is committed to establishing open and trusting relationships with the communities across the 12 countries and four continents we operate within. Further, we strive to purchase local goods and services, support local businesses and employ and train local people.

In line with this commitment, in FY21 we have developed joint ventures partnerships at a number of our projects in Africa that will see the local communities we operate in benefit from our world leading surface and underground mining expertise. This includes AMAX, a joint venture between AMS and local Ghanaian mining services company Maxmass at the Iduapriem Mine in Ghana and BG Umoja, a joint venture between Barminco and local Tanzanian contractor Geofields at the Geita Hill Mine in Tanzania. These joint ventures will see us build capability and capacity in the local community while ensuring we maximise the use of local suppliers where possible.

Our state-of-the-art training centre in Botswana, that services our Zone 5 project and will be used to support training and development of our people for our Motheo contract, is an example of our commitment to train local people to be part of our operations. Our entry into North America has seen us partner with First Nations groups to ensure we maximise local participation.

Other examples of our commitment to our local communities during FY21 include:

- 87 per cent of our workforce outside of Australia being comprised of local employees
- Perenti's Community Investment program provided a total investment of $244,500 to local, regional and national programs supporting social outcomes
- $786.5 million of goods and services being procured locally.
- Opening of the Botswana Training centre located in Maun in September 2020. The state-of-the-art facility is purpose built to train employees in all the core competencies required in the mining induction process. Some key achievements to date include:
  - 376 employees completed the cultural awareness training
  - 188 employees completed induction training
  - 25 contractors have been inducted
  - trained 45 trades people through the Engineering School
- Development of AMAX and BG Umoja joint ventures to services African contracts
- Support of local communities during the pandemic with the provision of important medical and PPE supplies including COVID-19 testing equipment and ventilators.

**In recognition of the fact that mining often takes place on Indigenous land, in FY21 we plan to develop a group-wide Indigenous Engagement Strategy. This strategy will further help guide our approach to creating genuine, respectful and productive relationships with local groups.**

CASE STUDY

## Creating value for our communities

As a global mining services business, Perenti's operations and offices span four continents and 12 countries. While we remain focused on continued growth, it is part of our DNA to ensure the communities we operate in benefit from our presence and we make a lasting economic and social impact through developing local people and businesses. As a leader in surface and underground mining we export our Australian mining expertise helping build local capability and create enduring value and certainty for those communities.

An important part of our localisation strategy has been the development of joint venture partnerships at a number of our projects in Africa that will see these local communities benefit from our world leading expertise. This year we have entered into a number of new partnerships including AMAX, a joint venture between AMS and local Ghanaian mining services company Maxmass at the Iduapriem Mine in Ghana, and BG Umoja, a joint venture between Barminco and local Tanzanian contractor Geofields at the Geita Hill Mine in Tanzania. These joint ventures will see us build capability and capacity in the local community while ensuring we maximise the use of local suppliers where possible.

In FY21, we recorded an 87 per cent local participation rate in our national workforce, demonstrating our solid commitment to employing local people to our operations. In many instances, we forged strong partnerships to achieve these goals. In British Columbia at Red Chris Project our subsidiary Barminco provides mining services in partnership with the Tahltan Nation Development Corporation while we also look to work with local Tahltan-operated businesses to provide local employment, education, training and development initiatives. This partnership is not limited to this operation and we hope that through its initial success there will be scope to grow in the future.

Another example of delivering value to the communities we operate in is the state-of-the-art training centre we built in Botswana, that services our Zone 5 Project, and will be used to support training and development of our people for our Motheo contract. To date we have trained more than 200 people through the centre, helping members of the local community become part of our operations, providing value and certainty to our employees and their families while also supporting the local economy.

Perenti's ongoing success will be based upon its ability to deliver safe, reliable and highly efficient development and production mining services. It will be critical for the company to continue to build long and lasting relationships with a variety of different stakeholders to ensure we can deliver on our purpose of creating enduring value and certainty.

CASE STUDY

## Supporting Ronald McDonald House Up All Night Walk and Home For Dinner events

Barminco has been a proud event sponsor of the Ronald McDonald House Charities WA Up All Night Walk since 2019. Barminco employees have relished the volunteering and philanthropic opportunities associated with the partnership, with key highlights including:

- 15 employees completing the Up All Night 42km charity walk, raising funds $43,500 over the past two years for the House to support the families with seriously ill children.
- 30 employees volunteering their time at the Barminco pit stop, providing food, hydration and encouragement to the walkers.
- 32 employees participating in the Home for Dinner events at Ronald McDonald House, Nedlands, cooking meals for families and touring the facility.


CASE STUDY

## Kambalda Amateur Swimming Club – Goldfields, Western Australia

Ausdrill were proud to sponsor the Kambalda Amateur Swimming Club to attend the 2021 Country Pennants Swimming tournament. The impacts of COVID-19 heavily affected the fundraising required to underwrite the travel costs associated with attending the tournament, however the financial contribution made by Ausdrill allowed all 12 swimmers and coaches to attend the two-day event in Mount Barker.

A further donation made to the Swimming Club will be used to upgrade the shed at the swimming pool, used to store the newly acquired diving blocks, marquees and swimming equipment.

CASE STUDY

## AMS supports child education in Ghana

AMS donated a Toyota Hilux double cabin pickup to the Save The Girl Child Foundation to support female child education in Ghana. The charity organisation is committed to supporting and promoting vulnerable girls and childrens' rights to education in rural communities. The donation was to help the foundation to facilitate its daily activities.

AMS has also trained more than 95 young Ghanaians through its sponsorship of apprentice programs for the sector.

# BOARD OF DIRECTORS

**ROBERT COLE**
CHAIRMAN

**MARK NORWELL**
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

**ALEXANDRA ATKINS**
NON-EXECUTIVE DIRECTOR

**ANDREA HALL**
NON-EXECUTIVE DIRECTOR

**MARK HINE**
NON-EXECUTIVE DIRECTOR

**THE LATE IAN COCHRANE**
CHAIRMAN

Timothy Longstaff commenced as a Non-Executive Director on 16 August 2021.

# CORPORATE DIRECTORY

### DIRECTORS

**Robert Cole**
Chairman

**Mark Norwell**
Managing Director and Chief Executive Officer

**Alexandra Atkins**

**Mark Hine**

**Andrea Hall**

**Timothy Longstaff**

### SECRETARIES

**Justine Passaportis**

**Raj Ratneser**

### CHIEF FINANCIAL OFFICER

**Peter Bryant**

### PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 202 Pier Street
Perth Western Australia 6000

### SHARE REGISTER

**Link Market Services Limited**
Level 12, QV1 Building, 250 St Georges Terrace
Perth Western Australia 6000

### AUDITOR

**PwC**
Level 15, 125 St Georges Terrace
Perth Western Australia 6000

### SOLICITORS

**Johnson Winter & Slattery**
Level 4, 167 St Georges Terrace
Perth Western Australia 6000

### STOCK EXCHANGE LISTINGS

Perenti Global Limited shares are listed on the Australian Stock Exchange.
ASX CODE: **PRN**
Perenti Global Limited's subsidiary USD notes are listed on the Singapore Exchange (SGX).

### WEBSITE

perentigroup.com

FINANCIAL REPORT

# 30 JUNE 2021

Expect More

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### ABOUT THIS REPORT

These financial statements are consolidated financial statements for the Group consisting of Perenti Global Limited and its subsidiaries. A list of major subsidiaries is included in note 14.

- The financial statements are presented in Australian currency, Australian Dollars.
- Perenti Global Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 2, 202 Pier Street, Perth, Western Australia, 6000.
- The financial statements were authorised for issue by the directors on 24 August 2021. The directors have the power to amend and reissue the financial statements.
- All press releases, financial reports and other information are available on our website: **perentigroup.com**

# DIRECTORS' REPORT

Your directors present their report on the consolidated entity (the "Group") consisting of Perenti Global Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2021.

## DIRECTORS AND COMPANY SECRETARY

The following persons were directors of the Company during the financial year and up to the date of this report (unless indicated otherwise):

- Robert James Cole (Chairman, appointed 8 May 2021)
- Ian Howard Cochrane (Chairman, resigned 8 May 2021)
- Mark Alexander John Norwell (Managing Director and Chief Executive Officer)
- Terrence John Strapp (resigned 31 December 2020)
- Mark Andrew Hine
- Alexandra Clare Atkins
- Andrea Hall
- Timothy Longstaff (appointed 16 August 2021)

The Company Secretary Efstratios Gregoriadis resigned as Company Secretary on 4 December 2020 and Justine Passaportis was appointed as Company Secretary on 4 December 2020. Raj Ratneser was appointed as the Chief Legal & Risk Officer and Joint Company Secretary on 7 April 2021.

Mr Ratneser BCom, LLB, was appointed as the Chief Legal & Risk Officer and Joint Company Secretary in April 2021. Mr Ratneser is a senior executive and qualified lawyer with more than 20 years' national and international experience across legal, commercial, governance, risk and internal audit primarily in the resources, engineering and construction industries. Mr Ratneser has served in a number of senior leadership and executive roles for a variety of businesses and his experience spans Australia, Africa, UK and North America.

Ms Passaportis BCom, LLB, joined the Company in January 2020 as a Senior Legal Counsel and was appointed as the Company Secretary in December 2020. Prior to joining the Company Ms Passaportis was a Senior Associate at the global law firm, Clifford Chance, and prior to that at Clayton Utz. Ms Passaportis has held various other positions as an in-house legal counsel.

## DIVIDENDS - PERENTI GLOBAL LIMITED

The following table outlines dividends paid/payable to members during the financial year. On 24 August 2021, the directors determined a final ordinary dividend of 2.0 cents per share for the year ended 30 June 2021 (2020: 3.5 cents).

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| Final ordinary unfranked dividend for the year ended 30 June 2020 of 3.5 cents (2019: 3.5) per fully paid ordinary share paid on 3 November 2020 (23 October 2019). | **24,563** | 24,019 |
| Interim ordinary unfranked dividend for the year ended 30 June 2021 of 3.5 cents (2020: 3.5 cents) per fully paid share paid on 7 April 2021 (25 March 2020). | **24,707** | 24,024 |
| | **49,270** | 48,043 |

* The Company's Dividend Reinvestment Plan (DRP) was suspended with effect from, 16 March 2021 until further notice. While the DRP was suspended, participants in the DRP received cash dividends including the dividend paid on 7 April 2021. Please refer to ASX announcement dated 22 February 2021 for further details. A copy of the DRP rules was attached to Perenti's ASX announcement released on 6 April 2020.

## PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The principal activities for the Group during the year were the provision of surface and underground mining and mining support services. Additional information on the principal activities, operations and financial position of the Group and its business strategies and prospects is set out in the operating and financial review on pages 2 to 34 of this annual report.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2021.

# DIRECTORS' REPORT

## EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 7 July 2021, the Group announced that Sandfire Resources had received its mining licence for the Motheo project in Botswana. The licence is one of the two primary conditions required for the finalisation of the Motheo Project. This contract was announced by the Group on 9 June 2021 with an estimated contract value of $648 million (at 100% basis) over a 7 year and 3-month term which will likely be structured through a joint venture. The Group continues to work collaboratively toward the finalisation of the contract with Sandfire which is expected in the near term.

On 9 July 2021, the Group announced the finalisation of its contract with Panoramic Resources Limited for development and production works at their Savannah Nickel Project in Western Australia. The finalised contract represents a value of approximately $280 million over a four-year contract term which was initially announced on 6 April 2021.

On 19 July 2021, the Group announced the award of a five year contract to its AMS JV AMAX Ltd at AngloGold Ashanti's Iduapriem gold mine in the Western Region of Ghana. The contract value was $470 million (100% share) and is structured through a 60/40 joint venture with MAXMASS Limited.

On 23 July 2021, the Group announced the appointment of experienced Sydney-based executive, Mr Timothy Longstaff, as Non-Executive Director. Mr Longstaff joined the Board with effect from 16 August 2021.

On 26 July 2021, the Group launched *idoba*, a new capital light technology-driven service offering available to the mining and resources industry. Perenti acquired Sandpit Innovation, Improvement Resources and Optika Solutions to form *idoba* in accordance with its 2025 Strategy.

On 24 August 2021, the directors determined the payment of a final ordinary dividend of 2.0 cents (unfranked) per fully paid share to be paid on 20 October 2021 out of retained earnings at 30 June 2021. The financial effect of this transaction has not been brought to account at 30 June 2021.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in subsequent financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Additional comments on expected results of certain operations of the Group are included in this annual report in the operating and financial review on pages 2 to 34.

## ENVIRONMENTAL REGULATION

The Group is subject to environmental regulations at its owned and operated facilities (for example our workshops and laboratories). Our clients have obligations under environmental regulations and the Group complies with its contractual obligations in this regard. The Group is committed to reducing the impact of its operations on the environment and meeting its environmental regulation obligations.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

**Mr Robert James Cole**
BSc, LLB (Hons)

*Non-executive Chairman.*
*Age 59*

**Experience and expertise**

Mr Robert Cole was appointed as a non-executive director on 14 July 2018 and was recently appointed as Chairman on 8 May 2021.

Mr Cole has over 35 years experience in the energy and resources industry. He was a former executive director on the board of Woodside Petroleum Limited and a former managing director of Beach Energy Limited. He was also a former Chairman of the Australian Petroleum Production and Exploration Association. Prior to joining the oil and gas industry, Rob was a partner in the law firm now known as King & Wood Mallesons.

Mr Cole is currently Chairman of Synergy and Chairman of the Western Australian Land Information Authority (Landgate).

Mr Cole holds Bachelor of Science and Bachelor of Laws degrees from the Australian National University in Canberra and is also a graduate of the Harvard Business School Advanced Management Program.

**Other current directorships**

Non-executive director of Iluka Resources Ltd since March 2018.

**Former directorships in last 3 years**

None.

**Special responsibilities**

Member of the People and Remuneration Committee since 25 October 2018.
Member of the Audit and Risk Committee since 31 May 2019.
Deputy Chair of the Board from 17 June 2020 to 8 May 2021.
Chairman of the Board since 8 May 2021.

**Interests in shares and options**

99,831 ordinary shares.

# DIRECTORS' REPORT

**Mr Ian Howard Cochrane**
BCom, LLB.

*Non-executive director.*
*Age 67*

**Experience and expertise**

Mr Ian Howard Cochrane was appointed as a non-executive director and Deputy Chair on 23 November 2015. Subsequently, on 5 December 2017, Mr Cochrane was appointed as Chair of the Board. Mr Cochrane retired from his position as Chairman and non-executive director of the Company on 8 May 2021.

Mr Cochrane held degrees in Commerce and Law. He was educated in South Africa and immigrated to Australia in 1986. He practised law, specialising in Mergers and Acquisitions, in national law firms Corrs Chambers Westgarth and Mallesons Stephen Jaques until 2006 when he established (with Mr Michael Lishman) the boutique law firm, Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance in early 2011.

Mr Cochrane had a long association with Perenti having provided legal services when the Company first floated in 1994. He was regularly voted by his peers as being one of the leading M&A lawyers in Australia and retired from the practise of law in December 2013. He did not provide legal services to Perenti or any other entities since then.

In July 2021, our business and the wider WA business community were left deeply saddened by the loss of our former chairman and stalwart Ian Cochrane following a battle with cancer.

**Other current directorships**

None.

**Former directorships in last 3 years**

Non-executive director of Dacian Gold Limited from 2016 to May 2021.

**Special responsibilities**

Chairman of the Board - until 8 May 2021.

Member of the Audit and Risk Committee.

Member of the People and Remuneration Committee.

**Interests in shares and options**

1,086,203 ordinary shares.

---

**Mr Mark Alexander John Norwell**
BE(Hons), MBA, MAICD

*Managing Director and*
*Chief Executive Officer*.
*Age 45*

**Experience and expertise**

Mr Norwell was appointed as Managing Director and Chief Executive Officer on 17 September 2018.

Mr Norwell is a highly experienced mining services executive. Prior to joining Perenti, he was the Executive General Manager, Strategy & Growth at Thiess Pty Ltd, and a member of Thiess' executive leadership team. Over a 20-year career in the mining services sector he has held senior roles with Leighton Contractors, HWE Mining and Macmahon Holdings.

Mr Norwell holds a Bachelor of Civil Engineering (Hons) degree from the University of Western Australia and an Executive MBA from the University of New South Wales. He is also a member of the Australian Institute of Company Directors.

**Other current directorships**

Australia-Africa Minerals & Energy Group

**Former directorships in last 3 years**

None.

**Special responsibilities**

Managing Director and Chief Executive Officer.

**Interests in shares and options**

262,058 ordinary shares.

2,068,496 LTI rights over ordinary shares, issued.

68,566 STI rights over ordinary shares issued.

Up to a maximum of 271,246 STI rights over ordinary shares granted, not yet issued at 30 June 2021.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS (CONTINUED)

**Mr Terrence John Strapp**
CPA, SF Fin., MAICD.

*Non-executive director*.
*Age 77*

**Experience and expertise**

Mr Terry Strapp was appointed as a non-executive director on 21 July 2005. Mr Strapp retired from his position as non-executive director of the Company on 31 December 2020.

Mr Strapp has extensive experience in banking, finance and corporate risk management and has been actively involved in the mining industry for over 30 years. He is a Certified Practising Accountant (CPA), a Senior Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.

**Other current directorships**

None.

**Former directorships in last 3 years**

Non-executive director of GR Engineering Limited from 2011 to November 2018.

**Special responsibilities**

Member of the Audit and Risk Committee.

**Interests in shares and options**

579,375 ordinary shares.

---

**Mr Mark Andrew Hine**
MAICD, MAusIMM.

*Non-executive director*.
*Age 63*

**Experience and expertise**

Mr Mark Hine was appointed as a non-executive director on 24 February 2015.

Mr Hine is a mining engineer. He graduated from the Western Australia School of Mines and is a member of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy. He has extensive mining experience with over 25 years of senior management roles in both surface and underground mining operations.

Mr Hine previously held senior positions in the mining industry as Chief Operating Officer at Griffin Mining Ltd, Chief Operating Officer at Focus Minerals Ltd, Chief Operating Officer at Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd, Chief Executive Officer at Queensland Industrial Minerals Ltd, General Manager at Consolidated Rutile Ltd and General Manager Pasminco, Broken Hill / Elura Mines.

**Other current directorships**

None.

**Former directorships in last 3 years**

None.

**Special responsibilities**

Chairman of the People and Remuneration Committee.

**Interests in shares and options**

121,771 ordinary shares.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS (CONTINUED)

**Ms Alexandra Clare Atkins**
BE (Mineral Exploration & Mining Geology) Hon BE(Mining)
MBA (Finance) FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus) FAusIMM(CP) GAICD

*Non-executive director*.
*Age 53*

**Experience and expertise**

Ms Alex Atkins was appointed as a non-executive director on 14 July 2018.

Ms Atkins is also a non-executive director of International Women in Mining (based in London), Strandline Resources Limited, Aquirian Limited and a former director of The Australasian Institute of Mining and Metallurgy. Alex has over 25 years' multi-disciplinary, multi-commodity experience through the full mining value chain across Australia and PNG in roles that find, design and run mines, regulate mines and in the Big Four professional services networks.

Ms Atkins's mine operations roles include: Geologist for Australian Consolidated Minerals (Wirralie and Pajingo); Mining Engineer for Mt Isa Mines Ltd (Newlands); Underground Miner/Airleg Miner for Plutonic Resources (Mt Morgans); Underground Miner, Mining Engineer/Deputy Mine Manager and Geotechnical Engineer for Placer Dome Asia Pacific (Porgera JV, Kidston and Osborne); and Mining Engineer for Murchison United (Renison). Alex's career then pivoted to professional services and regulation, including: Senior Mining Engineer for AMC Consultants; District Inspector of Mines for the WA Department of Mines and Petroleum; Principal Mining Consultant for Optiro and Alternate Futures; Chief Advisor at Sustainability; Risk Manager at Deloitte; COO at PETRA Data Science; and MD and Principal at Alex Atkins and Associates, which is focused on conformance (board assurance of technical and operational risk, mine approvals and compliance) and performance (digital transformation of mining).

Ms Atkins holds two Bachelor of Engineering Degrees, from the University of Queensland and WA School of Mines, qualifying her as a Mining Engineer, Geotechnical Engineer and Geologist. She holds First Class Mine Manager's Certificates for Western Australia and Queensland and has an MBA (Finance) from the Australian Institute of Business. Alex is a Graduate Member of the Australian Institute of Company Directors, Chartered Professional Fellow of The AusIMM and Engineers Australia. She was one of 2018's 100 Global Inspirational Women In Mining (WIMUK) and was inducted into the Western Australia Women's Hall of Fame in 2019.

**Other current directorships**

Non-executive director of Strandline Resources Limited since May 2021.

Non-executive director of Aquirian Limited since April 2021.

**Former directorships in last 3 years**

None.

**Special responsibilities**

Member of the People and Remuneration Committee.

**Interests in shares and options**

40,774 ordinary shares.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS (CONTINUED)

**Ms Andrea Hall**
FCA, GAICD, BCom

*Non-executive director*.
*Age 54*

**Experience and expertise**

Ms Andrea Hall was appointed as a non-executive director on 15 December 2019.

Ms Hall is a Chartered Accountant with more than 30 years' experience in the financial services industry in roles involved in internal audit, risk management, corporate and operational governance, external audit, financial management and strategic planning. Ms Hall commenced her career at KPMG in 1987, before retiring from the firm in 2012 as a Risk Consulting Partner where she serviced industries including mining, mining services, transport, healthcare, insurance, property and government.

Ms Hall currently serves as a non-executive director on the boards of several listed and non-listed entities, including Evolution Mining, the AFL Fremantle Dockers, Pioneer Credit, and the Insurance Commission of Western Australia.

Ms Hall holds a Bachelor of Commerce degree from the University of Western Australia and is also a Fellow of Chartered Accountants Australia New Zealand. She served on the WA Council for Chartered Accountants Australia New Zealand for seven years until 2011, the last year as the Chair. Ms Hall has also completed a Masters in Applied Finance (Corporate Finance).

**Other current directorships**

Non-executive director of Evolution Mining Limited since October 2017.

Non-executive director of Pioneer Credit Limited since November 2016.

**Former directorships in last 3 years**

Non-executive director of Automotive Holdings Group Limited from May 2018 to September 2019.

Non-executive director of Tap Oil Limited from October 2016 to February 2018.

**Special responsibilities**

Chair of the Audit and Risk Committee since 17 June 2020.

**Interests in ordinary shares**

90,000 ordinary shares.

---

**Mr Timothy Longstaff**
BEc, FCA, MAICD, F FIN.

*Non-executive Director*
*Age 51*

**Experience and expertise**

Mr Timothy Longstaff was appointed as a non-executive director with effect from 16 August 2021.

Mr Longstaff started his career in the audit division of PriceWaterhouse (now PricewaterhouseCoopers). He holds a Bachelor of Economics, is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Member of the Australian Institute of Company Directors, and a Fellow of the Financial Services Institute of Australia.

Mr Longstaff had a 25-year career in investment banking, with many years in Managing Director and senior executive roles at top-tier global firms. He has been a strategic partner and advisor to Boards and CEOs of leading Australian and international companies on numerous transformational transactions.

Through his career in Australia and overseas, Mr Longstaff brings a depth of experience in strategy formulation, acquisitions and divestments, debt and equity capital markets, and investor engagement to asset-intensive industrial companies.

More recently, Mr Longstaff has served as Senior Advisor to the Federal Minister for Finance and Leader of the Government in the Senate, and the Federal Minister for Trade, Tourism and Investment. Through this experience Mr Longstaff brings valuable global geo-political perspectives and insights into the workings of Government.

**Other current directorships**

None.

**Former directorships in last 3 years**

None.

**Special responsibilities**

Member of the Audit and Risk Committee since 16 August 2021.

**Interests in ordinary shares**

Nil.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS (CONTINUED)

### MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2021 and the numbers of meetings attended by each director were:

| | FULL MEETINGS OF DIRECTORS | | MEETINGS OF COMMITTEES AUDIT & RISK | | MEETINGS OF COMMITTEES REMUNERATION | |
|---|---|---|---|---|---|---|
| | **A** | **B** | **A** | **B** | **A** | **B** |
| Robert James Cole - Chairman | 16 | 16 | 4 | 4 | 4 | 4 |
| Ian Howard Cochrane | 13 | 13 | 3 | 3 | 3 | 3 |
| Mark Andrew Hine | 16 | 16 | * | * | 4 | 4 |
| Terrence John Strapp | 8 | 9 | 2 | 2 | * | * |
| Alexandra Clare Atkins | 16 | 16 | * | * | 4 | 4 |
| Mark Alexander Norwell | 16 | 16 | * | * | * | * |
| Andrea Hall | 16 | 16 | 4 | 4 | * | * |

**A** = Number of meetings attended
**B** = Number of meetings held during the time the director held office or was a member of the committee during the year
***** = Not a member of the relevant committee

# DIRECTORS' REPORT

## REMUNERATION REPORT

Dear Shareholders,

On behalf of the Board, I am pleased to present Perenti Global Limited's (Perenti or Group) Remuneration Report for the financial year to 30 June 2021.

The report details our Remuneration Framework for key management personnel (KMP), including how this framework is linked to our business strategy and the remuneration outcomes that were provided to KMP during the 2021 financial year.

### FY21 performance

The company continued to perform solidly through significant external headwinds in FY21, which included the COVID-19 global pandemic where we continued to operate internationally with challenges and impost on our people, immigration restrictions, a tightening labour market due to increased commodity prices and foreign exchange impacts. The Board and Management are grateful for the efforts of our employees who have had to spend multiple periods in quarantine in accordance with government requirements. Like FY20, the company did not access Job Keeper support although some businesses within the Group would have been eligible.

Despite these significant external headwinds Management have continued to position the company for long term value. This is evidenced by our financial performance remaining solid and continued execution of the 2025 Strategy, including addressing legacy loss making contracts and winning and mobilising new work in quality mining jurisdictions. Some strong outcomes in FY21 include:

- Tender pipeline remains very healthy including continued expansion in North America and our recent announcement of Motheo in Botswana.
- Successfully exited the Yanfolila project and, combined with exiting the Boungou project, delivered $88 million in cash back to the business.
- Positive progress on critical risk management which includes the next level of critical control verifications aimed at supporting frontline workers in managing critical controls at the task level.
- Operating model alignment to a consolidated mining organisation plus reduction in the size of the Group Executive team by two FTE.

However, the Board recognises the following:

- the shareholder experience has been negatively impacted by the combined operational challenges due to COVID-19, tight labour market and strengthening Australian dollar, particularly in the second half of FY21; and
- tragically, a fall of ground incident at the Obuasi Mine in Ghana on the 18 of May resulted in the tragic loss of life of Daniel Nuertey-Kwao Quaynortey who was employed through our joint venture, Underground Mining Alliance Limited.

### FY21 remuneration outcomes overview

The Board continues to be very proud of the capacity and resilience of the Executive Team to weather significant events which are exacerbated by our global complexity. The Board is aware of the significant demand in the resource industry with high commodity prices driving new external opportunities at all levels. As such the Board has taken a decisive approach in applying the Remuneration Framework to remunerate, retain and engage our executives to deliver on Perenti's strategic vision and plan, while being cognisant of FY21 business performance.

### Executive KMP fixed remuneration outcomes

When the Managing Director and Chief Executive Officer (Managing Director) commenced in September 2018 his remuneration was set at the size and complexity of the Ausdrill business, with an agreement that if he grew into the role and met expectations, his remuneration would be adjusted to be commensurate with the complexity of the business and peers in the mining services industry. The changes in complexity have included the acquisition of Barminco which included the consolidation of the AUMS joint venture and the portfolio expansion into Botswana and North America. Following an extensive review of the Managing Director's remuneration utilising external and peer market data, including an independent remuneration consultants review, the Board has approved an increase in Mark Norwell's fixed remuneration to $1,110,000 effective from 1 October 2020.

The Board viewed this level of increase to be necessary to ensure the Managing Director's remuneration remained competitive, reviewing the benchmarking of remuneration packages of organisations that have similar size and complexity to Perenti. The Board recognises that the high degree of complexity of Perenti operating 58 projects in 12 countries across four continents with a workforce of 7,881, is unique compared to peer mining services and owner operator companies, many who only focus on Australian based projects. Additionally, whilst the Board considered market capitalisation and revenue when determining peers for benchmarking purposes, it is appropriate to consider a broader potential peer group, including other mining services companies and senior executives of major global mining companies who could compete with Perenti for the services of its Managing Director. Therefore, the Board considers it has appropriately used its judgement to remunerate the Managing Director.

In addition, following the combination of the CEO Surface and CEO Underground roles during the financial year, and reviewing external and peer market data, the CEO Mining's fixed remuneration was increased to $962,800 to similarly compensate for the expanded size and complexity of the CEO Mining role (an overall saving of $577,400 based on the fixed remuneration of the previous two roles combined).

It is not anticipated that the Managing Director's fixed remuneration or incentive opportunity will be amended until a reasonable and sustained improvement in share price performance is experienced.

To confirm, there were no adjustments for the Executive KMP's FY21 incentive opportunities.

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### Short term incentive (STI) remuneration outcomes

The FY21 STI scorecard was reviewed by the Board and, following that review, a separation of the business and individual outcomes was approved. The implication of this is that the individual performance of each Executive KMP, as assessed by the Board in line with Perenti's Remuneration Strategy and principles ensuring a link between pay and performance and shareholder alignment, will now act as a modifier to the business outcomes. This separation has provided the Board with an improved ability to consider the Executive KMP's individual performance and is in step with market leading companies approach to STI outcomes.

The Board has reviewed the FY21 scorecard outcomes in line with the Remuneration Framework principles and aligned remuneration outcomes to business performance and stakeholder experience.

More detail on the outcomes applicable to the FY21 STI are outlined below:

- Due to the tragic fatality of our Underground Mining Alliance (UMA), employee the work-related fatality gateway for the safety metrics were not met for the Underground scorecard.
- The overall Group Financial EBIT(A) metric, which was introduced in FY21 over NPAT to ensure that there was a focus on the matters that management can control that lead to long term success for Perenti, did not meet the threshold performance requirements set at the beginning of the financial year. This removed the business outcome opportunity of 40 per cent for the Managing Director and CFO, and 20 per cent for the CEO Mining.

At a high level, recognising the shareholder experience over FY21, the Board has taken three clear and decisive actions with respect to STI outcomes:

1. The fatality resulted in the safety gateway for the Underground scorecards not being met. However, the Board has used its discretion to apply the safety gateway across the Group. This resulted in a 20 per cent reduction in STI opportunity.
2. The Board considered the overall STI outcomes for Executive KMP in the context of company performance and shareholder experience and has decided to apply an additional 10 per cent downward discretion to the final calculated STI award outcome. The Board believes the downward discretion represents a fair and balanced approach.
3. As a one-off response and to strengthen shareholder alignment, the Board has required Executive KMP to accept half of the STI award as Rights in FY21, compared to the usual practice of STI awards delivered 1/3 as STI Rights. STI Rights will continue to be deferred for 12 months.

The application of the Boards actions led to a final outcome for the Managing Director of 33 per cent of maximum STI opportunity, 31 per cent for the Chief Financial Officer and 52 per cent for the CEO Mining. From a maximum opportunity perspective, the Executive KMP's have forfeited on average 61 per cent of their STI award.

The changes made and FY21 STI outcomes are provided in detail in the accompanying report.

### Long term incentive (LTI) remuneration outcomes

There was no LTI due to vest in FY21. The first Perenti LTI award will be tested for performance for the period to 30 June 2021.

### Board remuneration outcomes

Fee levels for the Board roles were not adjusted for FY21 and will not be adjusted for FY22.

### Looking forward

The Board understands the need to continue maturing the Remuneration Framework to ensure we attract, retain and appropriately reward our executives. As such, it has engaged an external remuneration consultancy to support the review of the current STI and LTI plans to ensure alignment with current market practice and shareholder expectations. This review will delay the Executive KMP FY22 LTI invitation process, and as such there is no resolution at the AGM for the Managing Director's FY22 Performance Rights.
The Managing Director's FY21 STI Rights will be awarded as per current process.

The Board has engaged extensively to understand the feedback provided with respect to the 17.59 per cent vote 'against' the Remuneration Report at the FY20 Annual General Meeting. The actions taken in FY21 have been in response to that feedback as well as ensuring a balanced approach to remuneration that seeks to protect long term shareholder value

We thank you for your support and we look forward to welcoming you to our AGM.

Mark Hine

**Mark Hine**
Chairperson, People and Remuneration Committee

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### 1. Introduction

The Directors present the Perenti FY21 Remuneration Report, outlining key aspects of our remuneration principles, framework, and remuneration awarded this year.

The Remuneration Report is structured as follows:

1. Introduction
2. KMP for FY21
3. Remuneration Strategy and Principles
4. Remuneration Framework
5. FY21 Executive KMP Remuneration Framework
6. Outcomes in FY21
7. Remuneration Governance
8. Contractual Arrangements with Executive KMP
9. Non-executive Director Remuneration
10. Additional Statutory Information

### 2. KMP for FY21

The tables below confirm all the KMP covered by the FY21 Remuneration Report:

| Non-executive Directors (NEDs) | | Term |
|---|---|---|
| **Robert Cole** | Non-executive Director<br>Chairperson<br>Deputy Chair of the Board<br>Audit and Risk Committee – Member<br>People and Remuneration Committee – Member | Full year<br>Part year (appointed on 8 May 2021)<br>Part year (until 8 May 2021)<br>Full year<br>Full year |
| **Mark Hine** | Non-executive Director<br>People and Remuneration Committee – Chair | Full year |
| **Alexandra Atkins** | Non-executive Director<br>People and Remuneration Committee – Member | Full year |
| **Andrea Hall** | Non-executive Director<br>Audit and Risk Committee – Chair | Full year |

| Executive Key Management Personnel (KMP) | | Term |
|---|---|---|
| **Mark Norwell** | Managing Director (MD) | Full year |
| **Peter Bryant** | Chief Financial Officer (CFO) | Full year |
| **Paul Muller** | Chief Executive Officer – Underground ISG<br>Acting Chief Executive Officer – Surface ISG<br>Chief Executive Officer – Mining ISG | Part year (until 26 November 2020)<br>Part year (from 21 September 2020 to 26 November 2020)<br>Part year (from 26 November 2020) |

| Former KMP | | Term |
|---|---|---|
| **Ian Cochrane** | Chairperson<br>Audit and Risk Committee – Member<br>People and Remuneration Committee – Member | Part year (retired on 8 May 2021) |
| **Terence Strapp** | Non-executive Director<br>Audit and Risk Committee – Member | Part year (retired on 31 December 2020) |
| **Scott Winter** | Chief Executive Officer – Surface ISG | Part year (ceased to be considered a KMP from 21 September 2020) |

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### 3. Remuneration Strategy and Principles

Outlined below is Perenti's Remuneration approach.

**Remuneration Strategy**

Perenti's remuneration strategy aims to enable the achievement of the Company's business objectives, and reward Executive KMP where its company strategy is achieved. To achieve the Company's business objectives, the framework is guided by the following principles in the table below.

**Remuneration Principles**

| Attract and Retain | Shareholder Alignment | Pay-For-Performance | Market Competitive | Simple and Transparent |
|---|---|---|---|---|
| Enable Perenti to attract, motivate and retain talented and high performing employees that can execute and deliver its business objectives. | Align remuneration with the shareholder experience and long-term value generation. | Linking remuneration to the performance of the Company and the individual. | Provide remuneration, which is competitive, relative to the market it is operating within. | Can be easily explained and understood by internal and external stakeholders. |

**EXECUTIVE KMP REMUNERATION FRAMEWORK**

| Element | Total Fixed Remuneration (TFR) | Short-term Incentive (STI) | Long-term Incentive (LTI) |
|---|---|---|---|
| **How is it delivered** | Cash | Cash and equity | Equity |
| **How it works** | Provided as cash and statutory superannuation contributions | For FY21, Award payment is provided as one half in cash and one half as STI Rights deferred for 12 months<br>Award outcome is calculated as business outcomes x individual STI modifier<br>STI Rights are subject to malus and clawback | Provided as Performance Rights subject to a three-year performance period<br>Measured against two equally weighted performance measures<br>Subject to malus and clawback |
| **How is it positioned** | Positioned at the 50th percentile of comparative benchmarking data | Target Total Reward including TFR, STI and LTI at target outcomes is positioned at the 62.5th percentile of comparative market data | |
| **What it achieves** | Allows us to attract and retain key talent to deliver on business objectives | Incentivises strong performance to deliver on the key business priorities through variable, at-risk payments | Align reward with the shareholder experience and long-term value generation |

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### 4. Remuneration Framework

With a continuing maturity of the application of the Remuneration Framework and in response to the organisational changes during the year, the following updates to the remuneration approach were made as they related to FY21 outcomes.

| ADJUSTMENTS WITHIN THE REMUNERATION FRAMEWORK | FY20 APPROACH | CHANGE IN FY21 | ALIGNMENT TO REMUNERATION PRINCIPLES AND RATIONALE |
|---|---|---|---|
| FY21 TOTAL FIXED REMUNERATION | 2019 Remuneration Review adjustments as reported in the 2020 annual report | 2020 Remuneration Review adjustments to Executive KMP were made effective 1 October 2020.<br>The adjustment to the MD's TFR was as follows:<br>• MD TFR increased from $925,000 to $1,110,000.<br>Adjustments to other Executive KMP included:<br>• CFO TFR increased from $550,000 to $560,000; and<br>• CEO Underground TFR increased from $810,000 to $850,200.<br>The following TFR increase was provided to the CEO Underground on promotion to the CEO Mining role effective 26 November 2020:<br>• TFR increased from $850,200 to $962,800.<br>There was no change to the incentive opportunities as a percentage of TFR for the Executive KMP. | **ATTRACT AND RETAIN, MARKET COMPETITIVE**<br>Further to the Chairperson's letter, external benchmarking was undertaken to determine the MD's TFR adjustment, reviewing the median of a comparator group comprised of organisations that have similar size and complexity to Perenti and Mining Services peers. The TFR adjustment gives regard to the size, geographic reach (over 50% of Perenti's revenue comes from international sources) and complexity of the Company, as well as the need to keep the MD's remuneration competitive for retention purposes.<br>It is not expected that the MD's TFR will be increased in FY22 unless there is a sustained improvement in share price and stakeholder experience.<br>Following Scott Winter stepping down as CEO Surface, this role was combined with the CEO Underground role to form one CEO Mining role. The TFR adjustment gives regard to the increased size and complexity of the combined role. As mentioned in the People and Remuneration Committee Chairperson's letter, this resulted in an overall reduction of $577,400 based on the fixed remuneration of the previous two roles combined. |
| STI SCORECARD | The STI was measured against a balanced scorecard made up of business and individual KPIs | The FY21 STI scorecard has been updated to include a separate business outcome scorecard which is then modified by individual performance. | **PAY-FOR-PERFORMANCE, SIMPLE AND TRANSPARENT, MARKET COMPETITIVE**<br>The update provides the Board with an improved ability to consider the Executive KMP's individual performance regarding 'what' the individual achieved through their Individual KPI's and 'how' the individual achieved in regard to their behaviours as aligned to the Perenti Principles. |
| SAFETY MEASURES | No second leading safety metric | Introduction of a critical control verification completion KPI as a second leading safety metric. | **PAY-FOR-PERFORMANCE**<br>The safety metric update relates to the continued focus on our 2025 objectives of nil life changing events, which is supported by the introduction and considerable focus on managing critical risks. |
| FINANCIAL MEASURES | NPAT | EBIT(A) | **PAY-FOR-PERFORMANCE, SHAREHOLDER ALIGNMENT, SIMPLE AND TRANSPARENT, MARKET COMPETITIVE**<br>EBIT(A) measures our core financial performance as delivered by management irrespective of tax policy and enterprise capital structure.<br>The use of EBIT(A) is the most appropriate measure of financial performance for all Executive KMP as it ensures focus only on what they are responsible for and in control of delivering.<br>Further, as a business with an inorganic growth strategy, the removal of amortisation is important to encourage delivering on that growth strategy.<br>We continue to use EBIT(A) as a measure of organisational success in our investor communications and it is appropriate that our STI plan is aligned with that. |

***See section 5 for more detail.***

Perenti has engaged an external remuneration consultancy group to provide an all-encompassing review on the design and implementation of the Remuneration Framework's variable remuneration plans (STI and LTI) with reference to current practices of the Company and practices evident in the market.

The review will seek to improve the current variable Remuneration Framework regarding attracting and retaining key Executives and Senior Managers. Any outcomes from the review will have full details disclosed in next year's remuneration report.

# DIRECTORS' REPORT

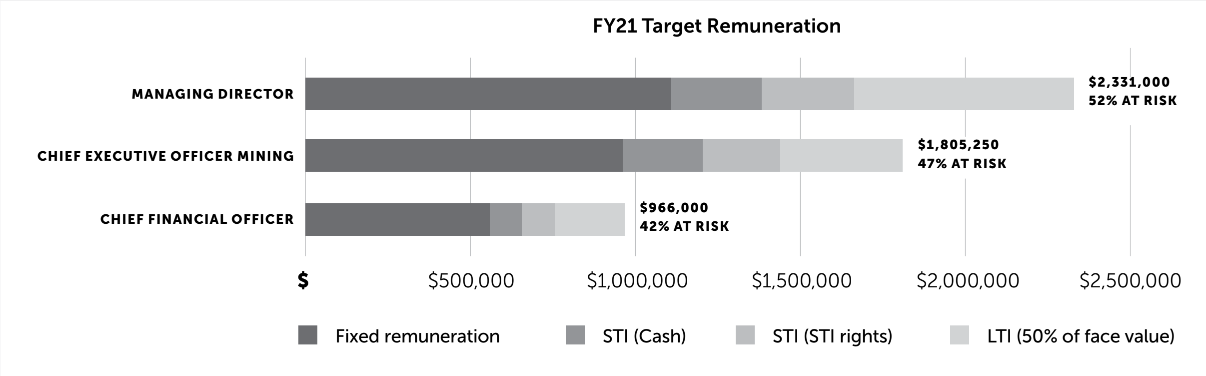
## REMUNERATION REPORT (CONTINUED)

### 5. FY21 Executive KMP Remuneration Framework

The remuneration packages of Executive KMP are comprised of fixed remuneration and variable 'at-risk' remuneration in the form of short-term incentive (STI) and long-term incentive (LTI) as presented in the remuneration strategy and principles section of this report.

#### a. Remuneration mix

The remuneration mix for Perenti's Executive KMP at target opportunity levels as at the end of FY21 is represented below:

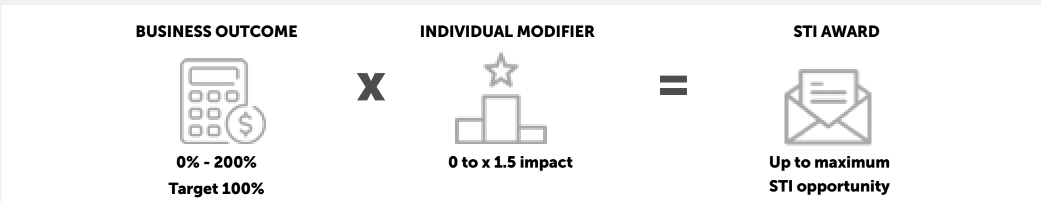



#### b. Executive KMP remuneration components

**Total Fixed Remuneration (TFR)**

| | |
|---|---|
| DESCRIPTION | A competitive level of TFR is offered to attract and retain high quality and experienced Executive KMP. TFR comprises of all fixed remuneration including statutory superannuation contributions. |
| APPROACH | TFR is reviewed annually and on promotion to ensure that it is competitive. The Company targets the median of the relevant market. The relevant market peer group will take into consideration one or more of the following:<br>• Peer mining services companies; and/or<br>• Companies with market capitalisation and/or annual revenue in a range comparable to Perenti. |

**FY21 Short-term Incentive (STI)**

| | |
|---|---|
| DESCRIPTION | Executive KMPs are eligible to participate in the annual STI plan, which comprises a portion of their variable remuneration and is subject to performance measures. The STI performance outcome is based on a business outcome scorecard, which includes a mix of safety, financial and growth measures, that is multiplied by an individual modifier. |
| STI AWARD OPERATION | The Executive KMPs business outcomes scorecard comprise of a mix of financial and non-financial measures. All measures have a threshold, target and stretch level of achievement. The weighting of each business outcome metric is then applied to its performance, with the total equalling the business outcome.<br>The business outcome is then multiplied by an individual modifier (with a range from zero to 1.5 times but not exceeding maximum STI opportunity) which reflects what the individual achieved through their Individual KPI's and how the individual achieved these KPI's in terms of their behaviours as aligned to the Perenti Principles.<br>The operation of the STI award is demonstrated through the below graphic:<br><br>The Board retains absolute discretion with respect to the targets and outcomes assessed under the STI plan. |
| GATEWAYS | Should a workplace related fatality occur the relevant safety portion of the scorecard is foregone by the relevant scorecard. It will be at Board discretion if applied to other scorecards. |
| PERFORMANCE PERIOD | Financial year |
| MAXIMUM STI OPPORTUNITY | MD: 100% of TFR<br>CFO: 70% of TFR<br>CEO Mining: 100% of TFR |
| STI AWARD DELIVERY | For FY21, one half is delivered in cash and one half is delivered in STI Rights at the end of the performance period. The STI Rights vest 12 months after their grant date.<br>Any STI Rights that are provided to the Managing Director are subject to shareholder approval as per ASX Listing Rule 10.14 |
| ALLOCATION METHODOLOGY (STI RIGHTS ONLY) | The deferred STI Rights will be allocated on a face value basis. This is calculated as the STI Rights opportunity ($) divided by the 10-day volume weighted average price (VWAP) of the Company's shares up to and including the end of the performance period, which is the 30th June 2021. |

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### b. Executive KMP remuneration components (continued)

| | |
|---|---|
| **CESSATION OF EMPLOYMENT** | Typically, if employment ceases before the end of the performance period, the Executive KMP foregoes any STI award for the current performance period which they would have otherwise been entitled.<br>STI Rights that have been awarded will become unrestricted in the usual course unless the participant is deemed to be a bad leaver as defined by the Plan Rules.<br>Notwithstanding the above, the Board retains absolute discretion to treat STI awards and vesting as it sees fit on cessation of employment. |
| **MALUS/CLAWBACK** | In circumstances of fraud, dishonesty or gross misconduct by the participant, or breach of duties or obligations by the participant, the Board has the ability to:<br>• lapse all unvested STI awards (malus); and<br>• require the individual to repay a portion of any STI awards which have vested (clawback). |

### c. FY21 Long-term Incentive (LTI)

| | |
|---|---|
| **DESCRIPTION** | The Company continue the Performance Rights plan that was introduced in FY19. Under this scheme annual grants will be made to eligible employees (including all Executive KMP) as part of their variable remuneration and are subject to performance measures.<br>As discussed, Perenti has engaged an external remuneration consultancy group to review the LTI plan for FY22. The ROACE performance measure is under review at this time. Any additional outcomes from the review will be disclosed in next year's remuneration report. |
| **PERFORMANCE PERIOD** | Three (3) years, commencing on 1 July 2020. |
| **MAXIMUM LTI OPPORTUNITY** | MD: 120% of TFR<br>CFO: 75% of TFR<br>CEO Mining: 75% of TFR |
| **LTI DELIVERY** | The LTI will be wholly delivered in Performance Rights.<br>Any Performance Rights that are provided to the Managing Director are subject to shareholder approval as per ASX Listing Rule 10.14 |
| **ALLOCATION METHODOLOGY** | The LTI will be granted on a face value basis. This is calculated as the LTI opportunity ($) divided by the 10 day volume weighted average price (VWAP) of the company's shares prior to the commencement date of the performance period. |

**PERFORMANCE MEASURES**

The performance measures are aligned to shareholder returns and the 2025 business strategy.

**Relative Total Shareholder Return (TSR) (50%)**

The vesting metrics are as follows:

| TSR GROWTH AS AGAINST THE TSR BENCHMARK | % OF PERFORMANCE RIGHTS THAT WILL VEST |
|---|---|
| Below Median | 0% |
| Median | 50% |
| Median to 75th percentile | Straight-line vesting between 50% and 100% |
| 75th percentile and above | 100% |

The peer group for the relative TSR measure includes AJ Lucas Group Limited; Austin Engineering Limited, Boart Longyear Limited, CIMIC Group Limited, Decmil Group Limited, Downer EDI Limited, Emeco Holdings Limited, GR Engineering Services Limited, Imdex Limited, Lycopodium Limited, MACA Limited, Macmahon Holdings Limited, Monadelphous Group Limited, NRW Holdings Limited, SRG Global Limited and Swick Mining Services Limited.

**Return on average capital employed (ROACE) (50%)**

The vesting metrics are as follows (noting that EBIT will be normalised to exclude non-recurring items):

| ROACE PERFORMANCE OVER PERFORMANCE PERIOD | % OF PERFORMANCE RIGHTS THAT WILL VEST |
|---|---|
| Less than 14.5% ROACE over Performance Period | 0% |
| 14.5% ROACE over Performance Period. | 30% |
| Between 14.5% and 19% ROACE over Performance Period | Straight-line vesting between 30% and 100% |
| Greater than 19% ROACE over Performance Period | 100% |

The Board retains absolute discretion with respect to the targets and outcomes assessed under the LTI plan.

| | |
|---|---|
| **CESSATION OF EMPLOYMENT** | Typically, if employment ceases before the end of any LTI performance periods, the KMP foregoes any Performance Rights for the performance periods which they would have otherwise been entitled.<br>Notwithstanding the above, the Board retains absolute discretion to treat LTI awards and vesting as it sees fit on cessation of employment. |
| **MALUS/CLAWBACK** | In circumstances of fraud, dishonesty or gross misconduct by the participant, or breach of duties or obligations by the participant, the Board has the ability to:<br>• lapse all unvested LTI awards (malus); and<br>• require the individual to repay a portion of any LTI awards which have vested (clawback). This may occur via a sale of shares allocated under the LTI plan. |

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### 6. Outcomes in FY21

#### a. Company performance

The Company is conscious of the need to link remuneration to performance. The table below sets out a summary of information which provides details of performance measures used for the Executive KMP which are all measures used in the STI or LTI plan.

***Table 1 – Company Performance FY17 – FY21***

| | 21 | 20 | 19 | 18 | 17 |
|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 |
| Sales revenue | **2,087,542** | 2,046,058 | 1,638,392 | 866,281 | 762,566 |
| Underlying EBIT (A) ^ | **170,787** | 211,708 | 180,707 | 86,823 | 68,872 |
| Operating profit before income tax * | **22,369** | 107,146 | 268,554 | 74,079 | 44,622 |
| (Loss)/Profit after tax attributable to equity holders | **(55,140)** | 23,837 | 181,326 | 61,050 | 31,201 |
| (Loss)/Profit after tax | **(52,303)** | 27,555 | 182,281 | 61,050 | 31,201 |
| Share price at start of year ($ per share) | **1.16** | 1.83 | 1.84 | 1.84 | 0.72 |
| Share price at end of year ($ per share) | **0.67** | 1.16 | 1.83 | 1.84 | 1.84 |
| Dividends paid / payable | **49,270** | 48,043 | 42,602 | 19,855 | 6,246 |
| Basic (loss)/earnings (cents per share) from continuing operations | **(7.8)** | 3.5 | 30.0 | 16.9 | 10.1 |
| Diluted (loss)/earnings (cents per share) from continuing operations | **(7.8)** | 3.5 | 29.8 | 16.6 | 9.8 |
| Total recordable Injury Frequency Rate (TRIFR) | **5.1** | 4.9 | 4.5 | 3.5 | 6.0 |

^ Non IFRS Measure | * Does not include impairment expense

#### b. FY21 STI business outcomes

The STI award incentivises Executive and Senior Leaders performance to deliver on the key business priorities to ensure success in the current financial year and future years. These business outcomes are a balance of financial and non-financial performance measures that are within the control of the Executive KMP. *Table 2* summarises the performance versus target for the FY21 STI scorecard business outcomes for the Executive KMP, with additional details on the performance measures described below.

***Table 2 – FY21 STI business outcomes for the Executive KMP***

| CATEGORY | PERFORMANCE MEASURE | WEIGHTING - MD AND CFO | WEIGHTING CEO MINING | THRESHOLD | TARGET | STRETCH | FURTHER DETAIL |
|---|---|---|---|---|---|---|---|
| SAFETY | TRIFR | 5% | 5% | ● | | | Fatality gateway was not met<br>TRIFR was performing under threshold performance |
| | % of 'above the line' actions from SPI investigations | 5% | 5% | ● | | | Fatality gateway was not met<br>Metric did perform at stretch performance |
| | Group Critical Control Verification completion | 10% | 10% | ● | | | Fatality gateway was not met.<br>Completion rate was at target performance. |
| FINANCIAL PERFORMANCE | Underlying Group EBIT(A) | 40% | 20% | ● | | | Did not met threshold.<br>Underlying EBIT(A) $166.3M based on Perenti's net interest in subsidiaries achieved against a $188.6M target. |
| | Underlying Underground ISG EBIT(A) | 0% | 20% | | ● | | Above target to stretch performance. Underlying EBIT(A) $196.9M based on Perenti's net interest in subsidiaries achieved against a $173.7M target. |
| FINANCIAL STABILITY | Group EBITDA Cash Conversion | 20% | 20% | | | ● | Achieved 105% providing above stretch performance. |
| GROWTH | Group work in hand ratio | 20% | 20% | ● | | | Achieved above threshold performance with a 2.09 ratio against a 2.16 target. |

● FY21 Outcome

The measures used for the STI differ between the Managing Director and CFO and the CEO Mining in respect to the operational focus of the CEO Mining. The CEO Mining was assessed on his role as CEO Underground for FY21. This is to appropriately align the performance of each participant in their role with the overall success of the Company.

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### b. FY21 STI outcomes (continued)

**Additional Descriptions of FY21 STI business outcome measures**

| MEASURE | WEIGHTING | FURTHER DETAIL |
|---|---|---|
| TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)* | 5% | A TRIFR metric ensures a strong safety culture is enforced. This measure aims to ensure there is a substantial improvement in safety outcomes, compared to the prior year.<br>In addition, this component is subject to a 'fatality' gateway. Where a work-related fatality occurs during the performance period, no payment will be made under this component. |
| GROUP % OF 'ABOVE THE LINE' ACTIONS FROM SERIOUS POTENTIAL INCIDENT (SPI) INVESTIGATIONS* | 5% | This is a leading safety metric, to reinforce the importance of learning and implementing robust controls to prevent recurrence of incidents and improve safety.<br>An above the line action refers to engineering, substitution, isolation or elimination control actions under the hierarchy of control.<br>In addition, this component is subject to a 'fatality' gateway. Where a work-related fatality occurs during the performance period, no payment will be made under this component. |
| GROUP CRITICAL CONTROL VERIFICATION COMPLETION* | 10% | A metric to ensure a strong program and culture of managing critical risks is developed and embedded. This measure aims to ensure that operational leaders are actively verifying critical controls in the field with workgroups whilst they are undertaking critical risk activities.<br>In addition, this component is subject to a 'fatality' gateway. Where a work-related fatality occurs during the performance period, no payment will be made under this component. |
| UNDERLYING GROUP EARNINGS BEFORE INTEREST AND DEPRECIATION, BUT AFTER AMORTISATION (EBIT(A)) * | 40% | The use of EBIT(A) ensures that the majority of the individual's STI is aligned to the Company's financial performance that is within the control of the executive.<br>It aims to build a pay-for-performance culture and ensure executive accountability for the Company's performance. |
| EBITDA CASH CONVERSION | 20% | The percentage of EBITDA converted to cash.<br>This metric evaluates the efficiency of the company's operations and management. |
| WORK IN HAND RATIO OF SECURED REVENUE AT THE END OF FY21 TO FY21 BUDGET REVENUE | 20% | This component measures the portion contractually remaining on executed contracts against revenue to ensure a strong and robust growth pipeline.<br>A qualitative assessment will be made on the quality of the contract terms as well as the quantitative assessment. |

* For the CEO Mining, this is based on the performance of Underground against the certain metric rather than Group outcomes. For the EBIT(A) measure, half of the 40% of the EBIT(A) measure is based on Group outcomes and half is based on Underground outcomes.

### c. FY21 individual modifier outcome for Executive KMP

In addition to the business outcome scorecard, Executive KMP have their individual performance assessed by the Board based on:

- Individual performance measures for their area of responsibility that are set at the start of the year and reviewed on a regular basis, including the outcomes discussed in the People and Remuneration Committee Chairperson's letter.
- How they delivered against their performance measures, which takes into consideration demonstrated leadership attributes and behaviours as aligned with our principles and 2025 business strategy.

This approach ensures that safeguards are in place to protect against the risk of unintended and unjustified STI award outcomes.

The FY21 individual outcomes for Executive KMP ranged from 125% to 135% as per *Table 3*.

As discussed in the Chairperson's letter, the Board has applied a further 10% downward discretion to the calculated FY21 STI outcomes.

### d. FY21 overall FY21 STI outcomes

The overall FY21 STI outcome as determined through the Board's assessment of the business outcomes and application of the individual modifier is represented in *Table 3*.

***Table 3 – overall FY21 STI award outcomes for the Executive KMP***

| EXECUTIVE KMP | MAXIMUM STI OPPORTUNITY | BUSINESS OUTCOME (A) | INDIVIDUAL MODIFIER (B) | OVERALL STI OUTCOME OF TARGET (A X B) (1) | CALCULATED STI AWARDED | FINAL STI AWARD AFTER BOARD DISCRETION | STI CASH PORTION | DEFERRED STI RIGHTS PORTION (2) | PERCENT OF MAXIMUM STI AWARDED | PERCENT OF MAXIMUM STI FORFEITED |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | % | % | % | $ | $ | $ | $ | % | % |
| Mark Norwell (MD) | 1,110,000 | 54.4 | 135 | 73.4 | 407,592 | 366,833 | 183,416 | 183,416 | 33 | 67 |
| Peter Bryant (CFO) | 392,000 | 54.4 | 125 | 68.0 | 133,280 | 119,952 | 59,976 | 59,976 | 31 | 69 |
| Paul Muller (CEO Mining) | 962,800 | 89.5 | 130 | 116.4 | 560,109 | 504,098 | 252,049 | 252,049 | 52 | 48 |

(1) Target is 50% of maximum opportunity.

(2) For FY21, one half of the STI award is deferred into STI Rights that will be granted around October 2021 and will be eligible to vest into Perenti shares 12 months later subject to Board approval.

### e. FY21 LTI outcomes

No LTI was due to vest in FY21. The Performance Rights issued for the FY19 LTIP are eligible to vest following their associated Performance Period ending 30 June 2021.

### f. Statutory disclosure of FY21 Executive KMP remuneration

The table has been prepared in accordance with relevant accounting standards reflecting the remuneration for each Executive KMP that relates to their services in FY21. Where applicable, remuneration for Executive KMP has been pro-rated for the period they served as a KMP.

*Table 4 – Executive KMP remuneration*

| NAME | YEAR | FIXED REMUNERATION | | | | | VARIABLE REMUNERATION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | CASH SALARY | NON-MONETARY BENEFITS | LEAVE ENTITLEMENTS [1] | POST EMPLOYMENT BENEFITS (SUPER) | OTHER [2] | STI CASH PAYMENT | STI RIGHTS | PERFORMANCE RIGHTS [3] | RETENTION RIGHTS [4] | TOTAL |
| **Executive KMP** | | | | | | | | | | | |
| M NORWELL | **2021** | **1,042,056** | **32,911** | **26,772** | **21,694** | - | **183,416** | **183,416** | **488,618** | - | **1,978,883** |
| | 2020 | 870,116 | 25,487 | 83,326 | 21,003 | - | 178,820 | 89,410 | 527,418 | - | 1,795,580 |
| P BRYANT | **2021** | **535,806** | **-** | **17,146** | **21,694** | - | **59,976** | **59,976** | **200,760** | - | **895,358** |
| | 2020 | 524,497 | - | 35,810 | 21,003 | - | 93,042 | 46,521 | 219,208 | - | 940,081 |
| P MULLER | **2021** | **885,707** | **-** | **23,094** | **21,694** | - | **252,049** | **252,049** | **292,773** | **143,227** | **1,870,593** |
| | 2020 | 780,251 | - | 31,699 | 21,003 | - | 156,588 | 78,294 | 319,336 | 429,682 | 1,816,853 |
| **Former Executive KMP** | | | | | | | | | | | |
| S WINTER | **2021** | **163,326** | - | - | **5,424** | - | - | - | - | - | **168,750** |
| | 2020 | 614,685 | - | 54,866 | 21,003 | 100,000 | 97,868 | 48,934 | 128,155 | - | 1,065,511 |
| TOTAL EXECUTIVE DIRECTORS AND OTHER KMPS | **2021** | **2,626,895** | **32,911** | **67,012** | **70,506** | - | **495,441** | **495,441** | **982,151** | **143,227** | **4,913,584** |
| | 2020 | 2,789,549 | 25,487 | 205,701 | 84,012 | 100,000 | 526,318 | 263,159 | 1,194,117 | 429,682 | 5,618,025 |
| TOTAL NON-EXECUTIVE DIRECTORS | **2021** | **738,625** | - | - | **70,169** | **9,670** | - | - | - | - | **818,464** |
| | 2020 | 731,272 | - | - | 69,471 | - | - | - | - | - | 800,743 |
| TOTAL KMP REMUNERATION EXPENSE | **2021** | **3,365,520** | **32,911** | **67,012** | **140,675** | **9,670** | **495,441** | **495,441** | **982,151** | **143,227** | **5,732,048** |
| | 2020 | 3,520,821 | 25,487 | 205,701 | 153,483 | 100,000 | 526,318 | 263,159 | 1,194,117 | 429,682 | 6,418,768 |

## Notes

[1] This includes annual leave and long service leave. In FY21, the probabilities in relation to long service leave have been updated to align with group policy. The prior year comparative has been updated to include movements in annual leave balances.

[2] This relates to a FY20 payment to S Winter on the commencement of his role.

[3] The 2020 figure includes Performance Rights granted (for accounting purposes) by the Company in FY19, and FY20 and the 2021 figure also includes rights granted in FY21.

[4] Includes Retention Rights granted (for accounting purposes) by the Company in FY19 with a two year retention period.

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### 7. Remuneration Governance

**Board**
Approves the overall Executive KMP remuneration framework, Executive KMP remuneration levels and Non-executive Director remuneration, having regard to the People and Remuneration Committee's recommendations.

**External Stakeholder Engagement**
Consultation with proxy advisors and institutional investors to ensure external feedback is received.

**People and Remuneration Committee**
The Committee reviews and determines our Remuneration Framework annually to ensure it remains aligned to business needs and meets our remuneration principles.

**External Remuneration Consultants**
From time to time, the People and Remuneration Committee may engage external remuneration consultants to inform its views.

**Management**
Provides the People and Remuneration Committee with the required information to assist with remuneration decisions and recommendations. Communicates with external remuneration consultants to ensure the People and Remuneration Committee has all the necessary information.

SW Corporate and Godfrey Remuneration Group were engaged by the People and Remuneration Committee as external remuneration advisors. However, neither were required to provide any remuneration recommendations during FY21.

### 8. Contractual Arrangements with Executive KMP

Remuneration and other terms of employment for Executive KMP are formalised in service agreements. A summary of the terms of employment as of the end of FY21 are presented below.

*Table 5 – Employment contracts*

| NAME | TFR | DURATION OF SERVICE AGREEMENT | NOTICE PERIOD BY EXECUTIVE | NOTICE PERIOD BY COMPANY | SEVERANCE PAYMENT ENTITLEMENT |
|---|---|---|---|---|---|
| **Mark Norwell** (MD) | $1,110,000 | Ongoing | 6 months | 6 months | No entitlement |
| **Peter Bryant** (CFO) | $560,000 | Ongoing | 3 months | 3 months | No entitlement |
| **Paul Muller** (CEO Mining) | $962,800 | Ongoing | 3 months | 3 months | No entitlement |

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### 9. Non-executive Director Remuneration

#### a. Non-executive Director fees

Non-executive Directors' fees are set at a level which enables the attraction and retention of experienced and skilled Board members to ensure an effective oversight role over the Company's operations. Fee levels aim to reflect the demands which are made on, and the responsibilities of, the Directors.

Non-executive Directors' fees are reviewed annually by the Board to ensure fee levels are appropriate and in-line with the market. The Board fees were increased effective from 1 January 2020 and no further review was provided for FY21. The current Perenti Board fees are as follow:

| POSITION | FY21 FEES* | FY20 FEES* |
|---|---|---|
| Board Chair ** | $225,000 | $225,000 |
| Board Members | $114,975 | $114,975 |
| Committee Chair | $20,000 | $20,000 |
| Committee Members | $11,000 | $11,000 |

* All fees are inclusive of superannuation with any legislated increases in superannuation leading to a reduction in base salary if required. An individual Non-executive Director may seek Australian Tax Office approval to be exempt from Superannuation payment as per relevant legislation.

** The Board Chair's fee is inclusive of all Board and Committee responsibilities.

#### b. Statutory disclosure of FY21 Non-executive Director remuneration

*Table 6 – FY21 Non-executive Director remuneration*

| | YEAR | BASE FEE | AUDIT AND RISK COMMITTEE | PEOPLE AND REMUNERATION COMMITTEE | OTHER | SUPERANNUATION | TOTAL |
|---|---|---|---|---|---|---|---|
| R COLE CHAIR [1] | **2021** | **119,862** | **15,512** | **8,531** | **-** | **13,671** | **157,576** |
| | 2020 | 105,000 | 11,632 | 5,023 | - | 11,557 | 133,212 |
| M A HINE | **2021** | **105,000** | **-** | **18,265** | **-** | **11,710** | **134,975** |
| | 2020 | 105,000 | - | 16,632 | - | 11,555 | 133,187 |
| A C ATKINS | **2021** | **105,000** | **-** | **10,046** | **-** | **10,929** | **125,975** |
| | 2020 | 105,000 | - | 5,023 | - | 10,452 | 120,475 |
| A HALL [2] | **2021** | **105,311** | **18,265** | **-** | **-** | **11,740** | **135,316** |
| | 2020 | 56,875 | 5,420 | - | - | 5,918 | 68,213 |
| I H COCHRANE FORMER CHAIR [3] | **2021** | **175,310** | **-** | **-** | **-** | **16,654** | **191,964** |
| | 2020 | 182,740 | - | - | - | 17,360 | 200,100 |
| T J STRAPP FORMER NED [4] | **2021** | **52,459** | **5,064** | **-** | **9,670** | **5,465** | **72,658** |
| | 2020 | 105,000 | 10,023 | - | - | 10,927 | 125,950 |
| K D GORDON FORMER NED [5] | **2021** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2020 | 17,904 | - | - | - | 1,701 | 19,605 |
| TOTAL NON-EXECUTIVE DIRECTORS | **2021** | **662,942** | **38,841** | **36,842** | **9,670** | **70,169** | **818,464** |
| | 2020 | 677,519 | 27,075 | 26,678 | - | 69,471 | 800,743 |

**Notes**

[1] Mr Cole was appointed as Chair of the Board on 8 May 2021 and prior to this as Deputy Chair of the Board continued to receive Committee fees for the Audit and Risk and People and Remuneration Committees

[2] Ms Hall served as the Chair of the Audit and Risk Committee for the full year following her appointment on 17 June 2020. Ms Hall was appointed as director in the prior year on 15 December 2019.

[3] Mr Cochrane served as Chairman of the Board until he resigned on 8 May 2021.

[4] Mr Strapp retired from the Board on 31 December 2020. Prior to this he was a member of the Audit and Risk Committee until his retirement, and was Chair of the Audit and Risk Committee in FY20 from 01 July 2019 to 31 October 2019. Mr Strapp received a gift on retirement (other) and was paid as a contractor with the above fees recorded exclusive of GST.

[5] Pursuant to Barminco acquisition in October 2018, Mr Gordon was appointed as a representative of certain Barminco vendors and was therefore not considered to be an independent director. Mr Gordon resigned from the office of director on 01 September 2020.

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### 10. Additional Statutory Information

This section provides details of any additional statutory disclosures that have not been included in the previous sections of the Remuneration Report. There have been no alterations to the terms and conditions of the prior year Rights grants during the financial year.

#### a. Executive KMP equity awards

***Reconciliation of rights held by KMP***

The table below shows a reconciliation of rights held by each KMP from the beginning to the end of 30 June 2021.

***Table 7 – KMP Rights holdings***

| NAME & GRANT DATES | INSTRUMENT | HOLDING AT 01 JULY 2020 | RIGHTS ISSUED IN FY21 | VESTED | | FORFEITED | | HOLDING AT 30 JUNE 2021 | ANTICIPATED VESTING DATE | FAIR VALUE PER RIGHT AT GRANT DATE |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | NUMBER | % | NUMBER | % | | | |
| **M Norwell** | | | | | | | | | | |
| 28 February 2019 | Performance Right - TSR | 324,543 | - | - | - | - | - | 324,543 | August 2021 | $1.22 |
| 28 February 2019 | Performance Right - ROACE | 324,544 | - | - | - | - | - | 324,544 | August 2021 | $1.60 |
| 28 November 2019 | Performance Right - TSR | 284,091 | - | - | - | - | - | 284,091 | August 2022 | $1.33 |
| 28 November 2019 | Performance Right - ROACE | 284,091 | - | - | - | - | - | 284,091 | August 2022 | $1.78 |
| 24 October 2019 | Short Term Incentive Rights | 112,058 | - | 112,058 | 100 | - | - | - | - | $1.77 |
| 10 November 2020 | Short Term Incentive Rights | - | 68,566 | - | - | - | - | 68,566 | October 2021 | $1.06 |
| 28 May 2021 | Performance Right - TSR | - | 425,614 | - | - | - | - | 425,614 | August 2023 | $0.21 |
| 28 May 2021 | Performance Right - ROACE | - | 425,613 | - | - | - | - | 425,613 | August 2023 | $0.54 |
| **P Bryant** | | | | | | | | | | |
| 28 February 2019 | Performance Right - TSR | 134,888 | - | - | - | - | - | 134,888 | August 2021 | $1.22 |
| 28 February 2019 | Performance Right - ROACE | 134,889 | - | - | - | - | - | 134,889 | August 2021 | $1.60 |
| 28 November 2019 | Performance Right - TSR | 118,075 | - | - | - | - | - | 118,075 | August 2022 | $1.33 |
| 28 November 2019 | Performance Right - ROACE | 118,076 | - | - | - | - | - | 118,076 | August 2022 | $1.78 |
| 24 October 2019 | Short Term Incentive Rights | 61,530 | - | 61,530 | 100 | - | - | - | - | $1.77 |
| 10 November 2020 | Short Term Incentive Rights | - | 35,675 | - | - | - | - | 35,675 | October 2021 | $1.06 |
| 28 May 2021 | Performance Right - TSR | - | 158,167 | - | - | - | - | 158,167 | August 2023 | $0.21 |
| 28 May 2021 | Performance Right - ROACE | - | 158,167 | - | - | - | - | 158,167 | August 2023 | $0.54 |
| **P Muller** | | | | | | | | | | |
| 28 February 2019 | Performance Right - TSR | 196,501 | - | - | - | - | - | 196,501 | August 2021 | $1.22 |
| 28 February 2019 | Performance Right - ROACE | 196,501 | - | - | - | - | - | 196,501 | August 2021 | $1.60 |
| 28 February 2019 | Retention Right | 524,003 | - | 524,003 | 100 | - | - | - | - | $1.64 |
| 28 November 2019 | Performance Right - TSR | 172,008 | - | - | - | - | - | 172,008 | August 2022 | $1.33 |
| 28 November 2019 | Performance Right - ROACE | 172,008 | - | - | - | - | - | 172,008 | August 2022 | $1.78 |
| 10 November 2020 | Short Term Incentive Rights | - | 60,042 | - | - | - | - | 60,042 | October 2021 | $1.06 |
| 28 May 2021 | Performance Right - TSR | - | 232,937 | - | - | - | - | 232,937 | August 2023 | $0.21 |
| 28 May 2021 | Performance Right - ROACE | - | 232,937 | - | - | - | - | 232,937 | August 2023 | $0.54 |

732,685 STI Rights to be granted to current KMP's post 30 June 2021 have not been included in the above table.

Details of rights over ordinary shares in the Company provided as remuneration to key management personnel of the Group are set out above. On vesting, each right is convertible into one ordinary share of Perenti Global Limited. Further information on the rights is set out in note 19 to the financial statements.

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

### b. Shareholdings of KMP

The number of ordinary shares in Perenti held directly, indirectly or beneficially by each individual (including shares held in the name of the spouse, superannuation fund, nominee and/or other controlled entities) as at 30 June 2021 are shown in *Table 8* below.

*Table 8 – Shareholdings of KMP*

| | | | | OTHER CHANGES DURING THE YEAR | | |
|---|---|---|---|---|---|---|
| NAME | BALANCE AT START OF YEAR | RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS | RECEIVED ON VESTING OF RIGHTS | PURCHASE OF SHARES | DRP SHARES | BALANCE AT END OF YEAR |
| **Non-Executive Directors** | | | | | | |
| IC Cochrane | 1,086,203 | - | - | - | - | 1,086,203 |
| TJ Strapp | 579,375 | - | - | - | - | 579,375 |
| MA Hine | 121,771 | - | - | - | - | 121,771 |
| RJ Cole | 60,000 | - | - | 39,831 | - | 99,831 |
| AC Atkins | 32,300 | - | - | 8,474 | - | 40,774 |
| A Hall | 52,000 | - | - | 38,000 | - | 90,000 |
| **Executive KMP** | | | | | | |
| MA Norwell | 50,000 | - | 112,058 | 100,000 | - | 262,058 |
| P Bryant * | 149,650 | - | 61,530 | 69,930 | - | 281,110 |
| P Muller | 147,120 | - | 524,003 | - | - | 671,123 |
| S Winter | 6,500 | - | - | - | - | 6,500 |
| | | | 61,530 | 69,930 | | |
| * Shares held in name of: | | | A Bryant | P & A Bryant | | |

None of the shares above are held nominally by the directors or any of the other key management personnel.

### c. Prohibition on hedging of Perenti shares and unvested equity awards

The Company's Securities Trading Policy imposes trading restrictions on all employees of the Company and its related companies with "inside information" or with respect to derivative products and on trading securities during trading prohibition periods.

### d. Loans to KMP

Loans to key management personnel were made on normal terms and conditions. The loans on acquisition of the Barminco group are repayable by 22 October 2022. Interest was payable at the rate of 4.80% and 4.52% on loans advanced. Outstanding balances are unsecured and are repayable in cash.

| | 21<br>$ | 20<br>$ |
|---|---|---|
| *Loans to key management personnel* | | |
| Beginning of the period | **187,512** | 190,409 |
| Loans on acquisition of Barminco | **-** | - |
| Loan repayments made | **-** | (2,327) |
| Interest charged | **8,964** | 9,867 |
| Interest received | **(10,437)** | (10,437) |
| **End of period** | **186,039** | 187,512 |

# DIRECTORS' REPORT

## REMUNERATION REPORT (CONTINUED)

**e. Other transactions with entities associated with KMP**

A director, Mr Robert Cole, is currently the Chairman of Synergy. A number of Australian Perenti Global Limited subsidiaries have been provided with electricity services from Synergy. All contracts and services are based on normal commercial terms and conditions and Mr Cole is not party to any contract negotiations for either party.

A director, Ms Andrea Hall, is a non-executive director of Evolution Mining Limited. Evolution Mining has been provided with mining services and mineral analysis services by a Perenti Global Limited subsidiary. All contracts and services are based on normal commercial terms and conditions and Ms Hall is not party to any contract negotiations for either party

A previous director, Mr Ian Cochrane, was a non-executive director of Dacian Gold Limited up to 10 May 2021. Dacian Gold has been provided with mining services by Perenti Global Limited. These services have been provided on arm's length commercial terms and conditions. Mr Cochrane was not party to any contract negotiations for either party.

Aggregate amounts of each of the above types of other transactions with entities associated with key management personnel of Perenti Global Limited:

| | 21<br>$ | 20<br>$ |
|---|---|---|
| *(i) Amounts recognised as revenue* | | |
| Drilling and mining services* | **15,697,482** | 3,233,476 |
| *(ii) Amounts recognised as expense* | | |
| Electricity services* | **296,700** | 261,381 |
| *(iii) Amounts recognised as assets and liabilities* | | |
| At the end of the reporting period, the following aggregate amounts were recognised in relation to the above transactions: | | |
| Receivables | **497,775** | 6,792 |
| Payables | **5,218** | 18,785 |

* The current year balance includes amounts up to the date Mr Cochrane resigned as a director on 8 May 2021. The prior year balance includes amounts from the date Ms Hall was appointed director on 15 December 2019.

This Remuneration Report was approved by the Board on 24 August 2021 and has been signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

# DIRECTORS' REPORT

## SHARE RIGHTS

Unissued share rights over ordinary shares of Perenti Global Limited at the date of this report are:

| DATE RIGHTS GRANTED | EXPIRY DATE | FAIR VALUE PER RIGHT ($) | NUMBER |
|---|---|---|---|
| 28 February 2019 | 30 June 2021 | 1.60 | 865,871 |
| 28 February 2019 | 30 June 2021 | 1.22 | 865,874 |
| 10 June 2019 | 30 June 2021 | 1.23 | 1,063,623 |
| 10 June 2019 | 30 June 2021 | 0.82 | 1,063,638 |
| 10 November 2020 | 30 June 2022 | 1.06 | 284,641 |
| 28 November 2019 | 30 June 2022 | 1.78 | 1,650,750 |
| 28 November 2019 | 30 June 2022 | 1.33 | 1,650,738 |
| 9 April 2021 | 30 June 2023 | 0.62 | 1,701,723 |
| 9 April 2021 | 30 June 2023 | 0.99 | 1,701,701 |
| 28 May 2021 | 30 June 2023 | 0.21 | 1,101,802 |
| 28 May 2021 | 30 June 2023 | 0.54 | 1,101,801 |
| | | | **13,052,162** |

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Perenti Global Limited were issued during the year ended 30 June 2021 on the exercise of options granted under the Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

| DATE SHARES ISSUED | ISSUE PRICE OF SHARES ($) | NUMBER OF SHARES ISSUED |
|---|---|---|
| 21 September 2020 | 1.28 | 333,334 |
| 22 October 2020 | 1.14 | 133,334 |
| 16 November 2020 | 1.25 | 28,616 |
| 16 November 2020 | 1.25 | 85,847 |
| 17 November 2020 | 1.31 | 57,412 |
| 20 November 2020 | 1.32 | 28,786 |
| 25 November 2020 | 1.37 | 28,940 |
| | | **696,269** |

# DIRECTORS' REPORT

## INDEMNIFICATION

Under the Company's constitution and subject to section 199A of the *Corporations Act 2001*, the Company indemnifies each of the directors, the company secretary and every other person who is an officer of the Company and its wholly-owned subsidiaries against:

- any liability incurred as an officer of the Company (as the case may be) by that person to any person other than the Company or a related body corporate of the Company, unless that liability arises out of conduct involving a lack of good faith or is a liability for a pecuniary penalty order under certain provisions of the *Corporations Act 2001*; and
- costs and expenses incurred in defending civil or criminal proceedings subject to certain conditions.

The above indemnity is a continuing indemnity and applies in respect of all acts done by a person while an officer of the Company or its wholly-owned subsidiaries even though the person is not an officer at the time the claim is made.

The Company has entered into a Deed of Indemnity, Access and Insurance ("Deed") with each current and former officer of the Company and its subsidiaries, including each director and company secretary and persons who previously held those roles. Under each Deed, to the extent permitted by law and to the extent and in the amount that the officer is not indemnified under any other indemnity, including an indemnity contained in any insurance policy, the Company indemnifies the relevant officer against all liabilities of any kind (including liabilities for legal expenses) incurred by the officer arising out of:

- the discharge of his or her duties as an officer of the Company or a subsidiary of the Company, or as an officer of any corporation in which the Company holds securities ("Related Corporation") where the officer is representing the interests of the Company in relation to the Related Corporation; and
- the conduct of the business of the Company or a subsidiary of the Company, or a Related Corporation where the officer is representing the interests of the Company in relation to that Related Corporation.

No amount has been paid under any of these indemnities during the financial year under review.

## INSURANCE OF OFFICERS

During the financial year, the Company has paid a premium in respect of insuring the directors and officers of the Company and the Group. The insurance contract prohibits disclosure of the premium or the nature of liabilities insured against under the policy.

## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PwC) for audit and non-audit services provided during the year are set out in note 20 to the financial statements.

The Board of directors have considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 200*1. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

# DIRECTORS' REPORT

## NON-AUDIT SERVICES (CONTINUED)

During the year the following non-audit fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

| | 21<br>$ | 20<br>$ |
|---|---|---|
| **Other assurance services** | | |
| PricewaterhouseCoopers firm: | | |
| Advisory and accounting consulting services | **587,452** | 1,257,748 |
| Non PricewaterhouseCoopers firms: | | |
| Advisory and accounting consulting services | **636,235** | 677,134 |
| ***Total remuneration for other assurance services*** | **1,223,687** | 1,934,882 |
| **Taxation services** | | |
| PricewaterhouseCoopers firm: | | |
| Taxation services | **734,843** | 964,726 |
| Non PricewaterhouseCoopers firms: | | |
| Taxation services | **165,963** | 350,513 |
| ***Total remuneration for taxation services*** | **900,806** | 1,315,239 |
| **Other services** | | |
| ***Total remuneration for non-audit services*** | **2,124,493** | 3,250,121 |

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 82.

## ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

**Mark Alexander John Norwell**
Managing Director and Chief Executive Officer

Perth
24 August 2021

# AUDITOR'S INDEPENDENCE DECLARATION

## *Auditor's Independence Declaration*

As lead auditor for the audit of Perenti Global Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
24 August 2021

***PricewaterhouseCoopers, ABN 52 780 433 757***
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# CORPORATE GOVERNANCE STATEMENT

Perenti and the Board are committed to achieving the highest standards of corporate governance and business conduct. The Company has reviewed its Corporate Governance Framework and practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement is dated 24 August 2021 and has been approved by the Board. The 2021 Corporate Governance Statement sets out the key aspects of the Company's Corporate Governance Framework and main governance practices for the year ended 30 June 2021. The 2021 Corporate Governance Statement can be viewed at **perentigroup.com**.

| Board Members | | | |
|---|---|---|---|
| **Non-Executive Chairman**<br>Robert Cole | **Managing Director and CEO**<br>Mark Norwell | **Non-Executive Director**<br>Andrea Hall | **Non-Executive Director**<br>Mark Hine |
| **Non-Executive Director**<br>Alexandra Atkins | **Non-Executive Director**<br>Timothy Longstaff | | |

| Board Committees | |
|---|---|
| Audit & Risk Committee | People & Remuneration Committee |

| Charters | | |
|---|---|---|
| Board Charter | Audit & Risk Committee Charter | People & Remuneration Committee Charter |

| Corporate Governance Policies | | | |
|---|---|---|---|
| Market Disclosure and Communication Policy | Anti-Bribery and Anti-Corruption Policy and Standard | Securities Trading Policy | Code of Conduct Policy and Booklet |
| Sustainability Policy | Risk and Opportunity Management Policy | Inclusion and Diversity Policy | Speak-Up Policy (Global) and Speak-Up Standard (Australia) |
| Health, Safety and Environment Policy | Privacy Policy | Quality Policy | |

## VOLUNTARY TAX TRANSPARENCY CODE

The Company has chosen to provide additional disclosure of tax information as recommended by the Board of Taxation's Voluntary Tax Transparency Code ("TTC"). The Company is currently classified as a 'large business' for the purposes of the TTC (i.e. The Company's aggregated Australian turnover exceeds A$500 million) and has chosen to disclose the following tax information in this Annual Report:

### PART A

- A reconciliation of accounting profit to tax expense. This information is disclosed in note 5(b) to the Consolidated Financial Statements in this Annual Report;
- Identification of material temporary and permanent differences. This information is disclosed in notes 5(b), 5(c), 5(d) and 7(f) to the Consolidated Financial Statements in this Annual Report; and
- Accounting effective company tax rates for Australian and global operations. This information is disclosed in note 5(e) to the Consolidated Financial Statements in this Annual Report.

### PART B

- Part B will be disclosed in a taxes paid report.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

| | Notes | 21<br>$'000 | 20<br>$'000 |
|---|---|---|---|
| **Revenue from continuing operations** | 2 | **2,087,542** | 2,046,058 |
| Other income | 4(a) | **9,091** | 12,125 |
| Materials expense | | **(628,091)** | (651,013) |
| Labour costs | | **(875,850)** | (759,570) |
| Rental and hire expense | 4(b) | **(18,177)** | (19,114) |
| Depreciation expense | 4(b) | **(222,230)** | (232,141) |
| Amortisation expense | 4(b) | **(39,303)** | (38,564) |
| Finance costs | 4(b) | **(63,452)** | (53,605) |
| Finance income | | **495** | 1,471 |
| Other expenses from ordinary activities | 4(b) | **(227,656)** | (198,501) |
| Impairment of assets | 4(b) | **(70,563)** | (59,608) |
| **(Loss)/Profit before income tax** | | **(48,194)** | 47,538 |
| Income tax expense | 5 | **(4,109)** | (19,983) |
| **(Loss)/Profit for the year** | | **(52,303)** | 27,555 |
| **(Loss)/Profit is attributable to:** | | | |
| Equity holders of Perenti Global Limited | | **(55,140)** | 23,837 |
| Non-controlling interests | | **2,837** | 3,718 |
| **(Loss)/Profit for the year** | | **(52,303)** | 27,555 |

| | | | |
|---|---|---|---|
| **(Loss)/earnings per share for profit attributable to the ordinary equity holders of the Company:** | | | |
| Basic (loss)/earnings per share | 21 | **(7.8)** | 3.5 |
| Diluted (loss)/earnings per share | 21 | **(7.8)** | 3.5 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

| | Notes | 21<br>$'000 | 20<br>$'000 |
|---|---|---|---|
| **(Loss)/Profit for the year** | | **(52,303)** | 27,555 |
| **Other comprehensive loss** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange losses on translation of foreign operations | 8(b) | **(680)** | (11,240) |
| Exchange losses on translation of foreign operations - non-controlling interest | | **(508)** | (64) |
| *Items that will not be reclassified to profit or loss* | | | |
| (Loss)/gain on revaluation of land and buildings, net of tax | 8(b) | **(175)** | 229 |
| Gain on revaluation of FVOCI financial assets, net of tax | 8(b) | **1,333** | 6,542 |
| **Other comprehensive loss for the year, net of tax** | | **(30)** | (4,533) |
| **Total comprehensive (loss)/income for the year** | | **(52,333)** | 23,022 |
| Total comprehensive (loss)/income for the year is attributable to: | | | |
| Equity holders of Perenti Global Limited | | **(54,662)** | 19,368 |
| Non-controlling interests | | **2,329** | 3,654 |
| **Total comprehensive (loss)/income for the year** | | **(52,333)** | 23,022 |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6(a) | **264,741** | 327,491 |
| Trade and other receivables | 6(b) | **325,893** | 369,309 |
| Inventories | 7(a) | **214,411** | 250,379 |
| Current tax receivables | | **10,545** | 6,190 |
| Assets classified as held for sale | 7(b) | **28,894** | - |
| **Total current assets** | | **844,484** | 953,369 |
| **Non-current assets** | | | |
| Receivables | 6(b) | **4,889** | 830 |
| Financial assets at fair value through other comprehensive income | 6(c) | **25,536** | 23,632 |
| Property, plant and equipment | 7(c) | **721,310** | 818,096 |
| Right-of-use assets | 7(d) | **74,691** | 110,739 |
| Intangible assets | 7(e) | **678,814** | 705,156 |
| Deferred tax assets | 7(f) | **147,741** | 131,072 |
| **Total non-current assets** | | **1,652,981** | 1,789,525 |
| **Total assets** | | **2,497,465** | 2,742,894 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 6(d) | **260,311** | 261,095 |
| Borrowings | 6(e) | **3,268** | 7,148 |
| Lease liabilities | 7(d) | **24,537** | 29,482 |
| Current tax liabilities | | **14,659** | 14,351 |
| Employee benefit obligations | 7(g) | **70,719** | 71,902 |
| **Total current liabilities** | | **373,494** | 383,978 |
| **Non-current liabilities** | | | |
| Borrowings | 6(e) | **690,923** | 775,091 |
| Lease liabilities | 7(d) | **49,272** | 72,136 |
| Deferred tax liabilities | 7(f) | **78,135** | 110,131 |
| Employee benefit obligations | 7(g) | **2,935** | 1,804 |
| **Total non-current liabilities** | | **821,265** | 959,162 |
| **Total liabilities** | | **1,194,759** | 1,343,140 |
| **Net assets** | | **1,302,706** | 1,399,754 |
| **EQUITY** | | | |
| Contributed equity | 8(a) | **1,137,783** | 1,135,323 |
| Other reserves | 8(b) | **(10,594)** | (11,104) |
| Retained earnings | 8(c) | **165,629** | 270,039 |
| Capital and reserves attributable to owners of Perenti Global Limited | | **1,292,818** | 1,394,258 |
| Non-controlling interests | | **9,888** | 5,496 |
| **Total equity** | | **1,302,706** | 1,399,754 |

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 30 June 2021

| | | ATTRIBUTABLE TO OWNERS OF PERENTI GLOBAL LIMITED | | | | | |
|---|---|---|---|---|---|---|---|
| | Notes | CONTRIBUTED EQUITY $'000 | OTHER RESERVES $'000 | RETAINED EARNINGS $'000 | TOTAL $'000 | NON-CONTROLLING INTERESTS $'000 | TOTAL EQUITY $'000 |
| **Balance at 1 July 2019** | | **1,126,769** | **(10,835)** | **293,836** | **1,409,770** | **1,842** | **1,411,612** |
| Profit for the year | | - | - | 23,837 | 23,837 | 3,718 | 27,555 |
| Other comprehensive loss | | - | (4,469) | - | (4,469) | (64) | (4,533) |
| **Total comprehensive (loss)/income for the year** | | **-** | **(4,469)** | **23,837** | **19,368** | **3,654** | **23,022** |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Transfer from financial assets at FVOCI reserve to retained earnings | | - | (409) | 409 | - | - | - |
| Issue of ordinary shares as part of dividend reinvestment plan, net of transaction costs and tax | | 8,849 | - | - | 8,849 | - | 8,849 |
| Shares issued on conversion of employee share options | | 285 | (98) | - | 187 | - | 187 |
| Deferred tax movement on capital raising costs | | (580) | - | - | (580) | - | (580) |
| Dividends paid/payable | 12(b) | - | - | (48,043) | (48,043) | - | (48,043) |
| Employee share options/rights - value of employee services | | - | 4,707 | - | 4,707 | - | 4,707 |
| | | 8,554 | 4,200 | (47,634) | (34,880) | - | (34,880) |
| **Balance at 30 June 2020** | | **1,135,323** | **(11,104)** | **270,039** | **1,394,258** | **5,496** | **1,399,754** |
| **Balance at 1 July 2020** | | **1,135,323** | **(11,104)** | **270,039** | **1,394,258** | **5,496** | **1,399,754** |
| (Loss)/profit for the year | | - | - | (55,140) | (55,140) | 2,837 | (52,303) |
| Other comprehensive income/(loss) | | - | 478 | - | 478 | (508) | (30) |
| **Total comprehensive income/(loss) for the year** | | **-** | **478** | **(55,140)** | **(54,662)** | **2,329** | **(52,333)** |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Issue of ordinary shares as part of dividend reinvestment plan, net of transaction costs and tax | | 962 | - | - | 962 | - | 962 |
| Shares issued on conversion of employee share options/rights | 8(a), 8(b) | 2,082 | (2,001) | - | 81 | - | 81 |
| Capital contribution from non-controlling interests | | - | - | - | - | 2,063 | 2,063 |
| Dividends paid/payable | 12(b) | - | - | (49,270) | (49,270) | - | (49,270) |
| Deferred tax movement on capital raising costs | 8(a) | (584) | - | - | (584) | - | (584) |
| Employee share options/rights - value of employee services | 8(b) | - | 2,033 | - | 2,033 | - | 2,033 |
| | | 2,460 | 32 | (49,270) | (46,778) | 2,063 | (44,715) |
| **Balance at 30 June 2021** | | **1,137,783** | **(10,594)** | **165,629** | **1,292,818** | **9,888** | **1,302,706** |

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 30 June 2021

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | **2,214,811** | 2,178,904 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | **(1,818,019)** | (1,752,117) |
| | | **396,792** | 426,787 |
| Interest received | | **495** | 1,471 |
| Insurance recovery | | **2,124** | - |
| Interest and other costs of finance paid | | **(46,701)** | (53,605) |
| Income taxes paid | | **(56,447)** | (68,114) |
| **Net cash inflow from operating activities** | 9(a) | **296,263** | 306,539 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(278,619)** | (235,704) |
| Payments for intangibles | | **-** | (150) |
| Payments for purchase of subsidiaries | 13 | **(10,570)** | - |
| Proceeds from sale of property, plant and equipment | | **85,400** | 45,619 |
| Proceeds from sale of assets at FVOCI | | **-** | 3,268 |
| Proceeds from sale of assets held for sale | | **-** | 16,000 |
| Cash acquired on acquisition of subsidiary | | **1,785** | - |
| Loan to non-controlling interest | | **(2,079)** | - |
| **Net cash outflow from investing activities** | | **(204,083)** | (170,967) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **675,752** | 293,716 |
| Repayment of borrowings | | **(703,064)** | (261,128) |
| Redemption premium on 2022 High Yield Bonds | | **(8,143)** | - |
| Repayment of lease liabilities | | **(30,458)** | (33,809) |
| Dividends paid to Company's shareholders | 12(b) | **(63,482)** | (24,019) |
| Payments for borrowing costs | | **(17,199)** | - |
| Capital contribution by non-controlling interest | | **2,063** | - |
| Proceeds from issues of shares, net of transaction costs | | **81** | - |
| **Net cash outflow from financing activities** | | **(144,450)** | (25,240) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(52,270)** | 110,332 |
| Cash and cash equivalents at the beginning of the financial year | | **327,491** | 223,524 |
| Effects of exchange rate changes on cash and cash equivalents | | **(10,480)** | (6,365) |
| **Cash and cash equivalents at end of year** | 6(a) | **264,741** | 327,491 |

Non-cash investing and financing activities (refer note 9(b))

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS


| | | |
|---|---|---|
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## HOW NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

(a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction;

(b) analysis and subtotals, including segment information;

(c) information about estimates and judgements made in relation to particular items.


| | | |
|---|---|---|
| **1** | Segment information | 91 |
| **2** | Revenue | 96 |
| **3** | Individually significant items | 97 |
| **4** | Other income and expense items | 99 |
| **5** | Income tax expense/(benefit) | 100 |
| **6** | Financial assets and financial liabilities | 102 |
| **7** | Non-financial assets and liabilities | 109 |
| **8** | Equity | 120 |
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 SEGMENT INFORMATION

### a. Description of segments

The operating segments are based on the internal reports reviewed by the Managing Director to assess the performance and facilitate strategic decision-making including the allocation of resources. Financial performance is measured on the basis of Revenue and EBIT(A) and considers the business from a geographic perspective, service offerings and the nature of risks and returns associated with each business.

The reportable segments are:

**Surface Mining:**

Drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.

**Underground Mining:**

Underground mining services in Australia, Africa and North America.

**Investments:**

Mining support services including products and services including equipment hire, equipment parts and sales, mineral analysis, supply of equipment and logistics services.

**Group Functions and Other:**

This segment includes Group central functions including treasury, accounting, human resources, information technology, technology, procurement, strategy and the company's technology service offerings.

**Intersegment Eliminations:**

Represents transactions which are eliminated on consolidation.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

**EBIT (A)**

EBIT (A) is defined as earnings before finance costs, finance income, income tax expense or benefit and amortisation of intangible assets.

## 1. SEGMENT INFORMATION (CONTINUED)

### b. Segment information provided to the Managing Director

| 21 For the year ended 30 June 2021 | SURFACE MINING $'000 | UNDERGROUND MINING $'000 | INVESTMENTS $'000 | GROUP FUNCTIONS AND OTHER $'000 | INTER-SEGMENT ELIMINATIONS $'000 | CONSOLIDATED $'000 |
|---|---|---|---|---|---|---|
| **Segment revenue** | | | | | | |
| Sales to external customers | 476,142 | 1,475,974 | 126,454 | 8,972 | - | 2,087,542 |
| Intersegment sales | - | - | 15,682 | 713 | (16,395) | - |
| **Total sales revenue** | **476,142** | **1,475,974** | **142,136** | **9,685** | **(16,395)** | **2,087,542** |
| **Timing of revenue recognition** | | | | | | |
| - At a point in time | 2,050 | - | 52,781 | - | (12,418) | 42,413 |
| - Over time | 474,092 | 1,475,974 | 89,355 | 9,685 | (3,977) | 2,045,129 |
| | 476,142 | 1,475,974 | 142,136 | 9,685 | (16,395) | 2,087,542 |
| **Underlying segment EBIT(A)** | **12,173** | **200,372** | **15,296** | **(57,054)** | **-** | **170,787** |
| Impairment of assets | (62,502) | - | (8,061) | - | - | (70,563) |
| Trade receivable provisions and bad debts arising from AMS strategic review | (11,995) | - | - | - | - | (11,995) |
| Other restructuring and exit costs associated with the AMS strategic review | (13,573) | - | - | - | - | (13,573) |
| Provision for stock obsolescence in BTP | - | - | (9,946) | - | - | (9,946) |
| Amortisation expense | (476) | (38,571) | - | (256) | - | (39,303) |
| Transaction, restructuring costs and other | 104 | (693) | (121) | (2,782) | - | (3,492) |
| Foreign exchange (loss)/gain, net | (2,108) | (4,995) | (3,387) | 3,338 | - | (7,152) |
| **Reported segment EBIT(A)** | **(78,377)** | **156,113** | **(6,219)** | **(56,754)** | **-** | **14,763** |
| Interest income | | | | | | 495 |
| Interest expense | | | | | | (63,452) |
| **Loss before tax** | | | | | | **(48,194)** |
| Income tax expense | | | | | | (4,109) |
| **Loss for the year** | | | | | | **(52,303)** |
| Minority interest | | | | | | (2,837) |
| **Loss for the year attributable to members** | | | | | | **(55,140)** |
| **Segment assets** | **603,326** | **1,590,970** | **193,150** | **1,702,525** | **(1,592,506)** | **2,497,465** |
| **Segment liabilities** | **394,870** | **927,130** | **196,357** | **795,992** | **(1,119,590)** | **1,194,759** |
| **Other segment information** | | | | | | |
| Depreciation expense | (60,785) | (137,902) | (19,704) | (3,839) | - | (222,230) |
| Amortisation expense | (476) | (38,571) | - | (256) | - | (39,303) |
| Acquisition of property, plant and equipment, intangibles and other non-current assets | 63,230 | 178,462 | 19,603 | 17,324 | - | 278,619 |

## 1. SEGMENT INFORMATION (CONTINUED)

### b. Segment information provided to the Managing Director (continued)

| 20 For the year ended 30 June 2020 | SURFACE MINING $'000 | UNDERGROUND MINING $'000 | INVESTMENTS $'000 | GROUP FUNCTIONS AND OTHER $'000 | INTER-SEGMENT ELIMINATIONS $'000 | CONSOLIDATED $'000 |
|---|---|---|---|---|---|---|
| **Segment revenue** | | | | | | |
| Sales to external customers | 603,846 | 1,299,797 | 142,415 | - | - | 2,046,058 |
| Intersegment sales | 2,176 | - | 24,969 | - | (27,145) | - |
| **Total sales revenue** | **606,022** | **1,299,797** | **167,384** | **-** | **(27,145)** | **2,046,058** |
| **Timing of revenue recognition** | | | | | | |
| - At a point in time | 1,009 | - | 43,518 | - | (17,426) | 27,101 |
| - Over time | 605,013 | 1,299,797 | 123,866 | - | (9,719) | 2,018,957 |
| | 606,022 | 1,299,797 | 167,384 | - | (27,145) | 2,046,058 |
| **Underlying segment EBIT(A)** | **25,478** | **196,197** | **25,064** | **(35,031)** | **-** | **211,708** |
| Transaction, restructuring costs and other | - | (2,734) | - | (5,217) | - | (7,951) |
| Amortisation expense | - | (38,564) | - | - | - | (38,564) |
| Impairment of assets | (34,271) | - | (25,337) | - | - | (59,608) |
| Boungou/Bissa project exit costs | (4,971) | - | - | - | - | (4,971) |
| Profit on sale of Connector Drilling | 2,374 | - | - | - | - | 2,374 |
| Foreign exchange (loss)/gain, net | 1,051 | (1,282) | - | (3,085) | - | (3,316) |
| **Reported segment EBIT(A)** | **(10,339)** | **153,617** | **(273)** | **(43,333)** | **-** | **99,672** |
| Interest income | | | | | | 1,471 |
| Interest expense | | | | | | (53,605) |
| **Loss before tax** | | | | | | **47,538** |
| Income tax expense | | | | | | (19,983) |
| **Loss for the year** | | | | | | **27,555** |
| Minority interest | | | | | | (3,718) |
| **Loss for the year attributable to members** | | | | | | **23,837** |
| **Segment assets** | **1,933,147** | **1,528,333** | **207,194** | **533,511** | **(1,459,291)** | **2,742,894** |
| **Segment liabilities** | **336,912** | **923,948** | **199,128** | **1,000,097** | **(1,116,945)** | **1,343,140** |
| **Other segment information** | | | | | | |
| Depreciation expense | (75,445) | (133,465) | (21,317) | (1,914) | - | (232,141) |
| Amortisation expense | - | (38,564) | - | - | - | (38,564) |
| Acquisition of property, plant and equipment, intangibles and other non-current assets | 64,648 | 143,680 | 24,004 | 3,522 | - | 235,854 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. SEGMENT INFORMATION (CONTINUED)

### c. Other segment information

**(i) Segment revenue**

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the consolidated income statement.

Total revenue by geographical location is as follows:

| | CONSOLIDATED ENTITY | | | | | |
|---|---|---|---|---|---|---|
| | 30 JUNE 2021 | | | 30 JUNE 2020 | | |
| | TOTAL SEGMENT REVENUE | INTER-SEGMENT REVENUE | REVENUE FROM EXTERNAL CUSTOMERS | TOTAL SEGMENT REVENUE | INTER-SEGMENT REVENUE | REVENUE FROM EXTERNAL CUSTOMERS |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Surface Mining** | | | | | | |
| Australia | **185,118** | **-** | **185,118** | 183,911 | (2,176) | 181,735 |
| Ghana | **75,811** | **-** | **75,811** | 127,651 | - | 127,651 |
| Mali | **83,222** | **-** | **83,222** | 152,951 | - | 152,951 |
| Burkina Faso | **63,536** | **-** | **63,536** | 66,179 | - | 66,179 |
| Senegal | **68,368** | **-** | **68,368** | 73,947 | - | 73,947 |
| Other foreign countries | **87** | **-** | **87** | 1,384 | - | 1,384 |
| **Underground Mining** | | | | | | |
| Australia | **689,628** | **-** | **689,628** | 602,743 | - | 602,743 |
| Ghana | **247,604** | **-** | **247,604** | 250,630 | - | 250,630 |
| Burkina Faso | **214,979** | **-** | **214,979** | 213,773 | - | 213,773 |
| Tanzania | **98,967** | **-** | **98,967** | 99,439 | - | 99,439 |
| Egypt | **87,186** | **-** | **87,186** | 84,831 | - | 84,831 |
| Botswana | **77,954** | **-** | **77,954** | 25,964 | - | 25,964 |
| Canada | **59,308** | **-** | **59,308** | 3,227 | - | 3,227 |
| India | **348** | **-** | **348** | 19,189 | - | 19,189 |
| **Investments** | | | | | | |
| Australia | **103,956** | **(372)** | **103,584** | 127,256 | (4,750) | 122,506 |
| Africa | **37,847** | **(15,073)** | **22,774** | 35,950 | (17,033) | 18,917 |
| Other foreign countries | **334** | **(237)** | **97** | 4,178 | (3,186) | 992 |
| **Group Functions** | | | | | | |
| Australia | **9,684** | **(713)** | **8,971** | - | - | - |
| **Total segment revenue** | **2,103,937** | **(16,395)** | **2,087,542** | 2,073,203 | (27,145) | 2,046,058 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. SEGMENT INFORMATION (CONTINUED)

### d. Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The total of non-current assets other than deferred tax assets, broken down by location of the assets, is shown in the table below.

| | 21 NON-CURRENT SEGMENT ASSETS $'000 | 20 NON-CURRENT SEGMENT ASSETS $'000 |
|---|---|---|
| **Surface Mining** | | |
| Australia | **113,422** | 105,210 |
| Ghana | **95,048** | 135,590 |
| Burkina Faso | **38,209** | 78,764 |
| Senegal | **52,451** | 60,090 |
| Mali | **2,783** | 64,937 |
| **Underground Mining** | | |
| Australia | **368,675** | 335,199 |
| Ghana | **221,827** | 239,738 |
| Burkina Faso | **242,060** | 255,406 |
| Mali | **27,028** | 29,873 |
| Tanzania | **93,616** | 112,700 |
| Egypt | **12,720** | 17,591 |
| Botswana | **51,971** | 40,576 |
| Canada | **3,871** | - |
| **Investments** | | |
| Australia | **105,874** | 115,940 |
| Africa | **421** | 612 |
| Other foreign countries | **73** | 16 |
| **Group Functions** | | |
| Australia | **74,963** | 65,729 |
| Other foreign countries | **228** | 482 |
| **Total non-current segment assets** | **1,505,240** | 1,658,453 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. REVENUE

The Group derives the following types of revenue:

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| **Sales revenue** | | | |
| Contract mining services | 2(a)(i) | **1,992,925** | 1,940,936 |
| Equipment rental | 2(a)(ii) | **43,268** | 60,595 |
| Sale of goods | 2(a)(iii) | **42,413** | 44,527 |
| Consulting services | 2(a)(iv) | **8,936** | - |
| | | **2,087,542** | 2,046,058 |

### a. Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

**(i) Contract mining services**

Contract mining services include contract mining (both underground and surface mining), drill and blast, in-pit grade control, exploration drilling, earthmoving and mineral assays and analysis. The performance obligation is fulfilled over time as the Group enhances mining assets which the customer controls and for which the Group has a right to payment for performance to date and as such revenue is recognised over time. Revenue is recognised monthly based on units of production at agreed contract rates that is aligned with the stand-alone selling prices for each performance obligation. Majority of the Group's revenue is paid one month in arrears and therefore gives rise to an accrued revenue. The total transaction price for contract services may include variable consideration.

**(ii) Equipment rental**

Rental income is recognised on either a straight-line or machine hours basis over the term of the operating lease.

**(iii) Mining supplies and manufactured goods**

Revenue is recorded at a point in time when control has been transferred to the customer, generally being when the goods have been despatched or delivered to a customer pursuant to the sales order.

**(iv) Consulting services**

The Group provides operational improvement and technology consulting services to clients in the mining sector. Delivery of these services represent performance obligations. Upon completion of each performance obligation, which is satisfied over time, the Group is entitled to payment for the services performed.

### b. Revenue recognised in relation to contract liabilities

The Group recognised revenue from the amortisation of deferred revenue liabilities related to mining services contracts as follows:

| | 21 $'000 | 20 $'000 |
|---|---|---|
| Revenue recognised in relation to contract liabilities | **1,751** | 3,600 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. INDIVIDUALLY SIGNIFICANT ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| Impairment of property, plant and equipment | | **(59,903)** | (40,597) |
| Impairment of inventory | | **(10,660)** | (19,011) |
| | | **(70,563)** | (59,608) |

### a. Impairment of assets

For the year ended 30 June 2021, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 30 June 2021 was below its net assets and management considered this factor amongst other impairment indicators at 30 June 2021.

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of Cash Generating Units (CGUs) against their respective budgets and forecasts. Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of Fair Value less Cost of Disposal (FVLCD) and Value in Use (VIU).

At 30 June 2021 indicators of impairment existed for Surface Mining Australia, Surface Mining Africa, BTP Group and MinAnalytical CGUs. Estimates of recoverable amounts for these CGUs/non-current assets within the CGUs were prepared using the FVLCD method to assess whether impairments or reversal of previous impairments were required. The Company sourced an independent valuation to support the FVLCD estimates used for non-current assets within the mining and BTP CGUs and prepared a fair valuation based on a Discounted Cash Flow (DCF) methodology for the MinAnalytical CGU.

At 30 June 2021, an impairment of $8.1 million was recorded against property, plant and equipment for the BTP CGU. This was in addition to the $62.5 million of impairments recorded against the surface mining business's plant, equipment and inventory in Africa that was reported at 31 December 2020. This half year impairment consisted of $37.1 million of impairments in the Surface Mining - Africa CGU of which $27.4 million related to property, plant and equipment and inventory located in Mali and $9.7 million on property, plant and equipment in Burkina Faso. The impairment in Mali mainly reflects the estimated recoverable value based on the sale of the inventory and property, plant and equipment deployed at the Yanfolila mine site to the incoming contractor. The impairment of Boungou inventory and property, plant and equipment reflect the estimated recoverable value from the sale of these assets. In addition, a CGU assessment was also performed for the Surface Mining - Africa CGU at 31 December 2020 using a FVLCD methodology and this resulted in a $25.4m impairment being recorded.

***Summary of the impairment taken, and method used to assess the impairment***

The following tables summarises the outcomes from impairment testing conducted across the Company's material CGUs.

| | TRIGGER FOR IMPAIRMENT TESTING | | VALUATION METHOD USED | | IMPAIRMENT EXPENSE/ (REVERSAL) OF PPE AND INVENTORY | |
|---|---|---|---|---|---|---|
| **CGU** | 21 | 20 | 21 | 20 | 21 | 20 |
| BTP Group (BTP) | **Y** | Y | **FVLCD** | VIU | **$8.1M** | $25.3M |
| Surface Mining Africa | **Y** | Y | **FVLCD** | FVLCD | **$62.5M** | $34.3M |
| Surface Mining Australia | **Y** | Y | **FVLCD** | VIU | **-** | - |
| MinAnalytical | **Y** | N | **FVLCD** | - | **-** | - |
| Underground Mining (Australasia / Africa and North America) | **N** | N | **-** | - | **-** | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

### a. Impairment of assets (continued)

**Key assumptions used for Fair Value less Costs of Disposal**

At 30 June 2021, a FVLCD methodology was adopted for the BTP Group, Surface Mining Africa, Surface Mining Australia and MinAnalytical, combining Level 1, Level 2, and predominately Level 3 inputs in the fair value determination.

***BTP Group***

The BTP CGU is included in the Investments operating segment presented in Note 1. At 30 June 2021 an impairment expense of $8.1 million was recorded against the BTP CGU's plant and equipment based on an independent valuation.

For the year ending 30 June 2020, a VIU methodology was adopted and an impairment expense of $25.3 million was recorded against property, plant and equipment and inventory.

***Surface Mining - Africa***

This CGU is included in the Surface Mining operating segment presented in Note 1. At 31 December 2020 an impairment expense of $62.5 million was recorded against the Surface Mining Africa CGU's property, plant and equipment and inventory. The impairment review performed at 30 June 2021, based on an independent valuation of the non-current assets in the CGU, highlighted that no additional impairment or reversal of impairment was required.

At 30 June 2020 FVLCD methodology was adopted and an impairment expense of $34.3 million was recorded against property, plant and equipment, and inventory.

***Surface Mining - Australia***

This CGU is included in the Surface Mining operating segment presented in Note 1. The impairment review performed at 30 June 2021, based on an independent valuation of the non-current assets in the CGU, highlighted that no impairment or reversal of impairment was required.

***MinAnalytical***

This CGU is included in the Investments operating segment. A discounted cashflow model was used that included additional assumptions to derive a FVLCD valuation. The calculations used cash flow projections based on the forecast for the 2022 to 2026 financial years which included EBITDA margins, growth rates and discount rates. The EBITDA margins have not been disclosed as they are commercially sensitive in nature. The terminal value was calculated after 5 years incorporating a perpetual growth rate of 2.5%. The weighted average cost of capital post-tax discount rate of 10% was used in discounting the projected cashflows. The discounted cashflow model was most sensitive to these assumptions.

Based on the testing performed no impairment expense was recognised at the CGU level at 30 June 2021. At 30 June 2020 a VIU methodology was adopted and no impairment expense was recorded against property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 OTHER INCOME AND EXPENSE ITEMS

This note provides a breakdown of the items included in "other income" and an analysis of expenses by nature.

### a. Other income

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| Insurance proceeds | | **2,516** | - |
| Gain on disposal of non-current assets | | **473** | 6,096 |
| Profit on disposal of assets held for sale | | **-** | 2,374 |
| Other | | **6,102** | 3,655 |
| **Total other income** | | **9,091** | 12,125 |

### b. Breakdown of expenses by nature

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| **Depreciation expense** | | | |
| Plant and equipment depreciation | | **185,857** | 195,271 |
| Right-of-use asset depreciation | | **34,287** | 34,869 |
| Buildings depreciation | | **2,086** | 2,001 |
| **Total depreciation expense** | | **222,230** | 232,141 |
| **Amortisation expense** | | | |
| Customer relationships intangibles amortisation | | **38,102** | 38,103 |
| Software amortisation | | **1,201** | 461 |
| **Total amortisation expense** | | **39,303** | 38,564 |
| **Rental and hire expenses** | | | |
| Rental expense for equipment | | **16,022** | 17,083 |
| Rental expense for properties | | **2,155** | 2,031 |
| **Total rental and hire expenses** | | **18,177** | 19,114 |
| **Finance costs** | | | |
| Interest expense | | **45,644** | 46,413 |
| Redemption premium on 2022 High Yield Bonds | | **8,143** | - |
| Lease contracts interest | | **5,294** | 6,238 |
| Amortisation of borrowing cost | | **3,558** | 943 |
| Other finance costs | | **813** | 11 |
| **Total finance costs** | | **63,452** | 53,605 |
| **Other expenses from ordinary activities** | | | |
| Staffing, safety and training | | **32,839** | 31,941 |
| Consultants | | **20,316** | 13,837 |
| Travel and accommodation | | **43,262** | 30,768 |
| Freight | | **28,994** | 32,552 |
| IT and communications | | **18,033** | 16,304 |
| Insurance | | **18,175** | 16,600 |
| Trade receivable provisions and bad debts | | **11,328** | 269 |
| Duties and taxes | | **9,920** | 10,434 |
| Property related expenses | | **9,392** | 10,192 |
| Foreign exchange loss (net) | | **7,152** | 3,316 |
| All other expenses | | **28,245** | 32,288 |
| **Total other expenses from ordinary activities** | | **227,656** | 198,501 |
| **Impairment of assets** | | | |
| Impairment of property, plant and equipment | 3 | **59,903** | 40,597 |
| Impairment of inventory | 3 | **10,660** | 19,011 |
| **Total impairment of assets** | | **70,563** | 59,608 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. INCOME TAX EXPENSE/(BENEFIT)

This note provides an analysis of the Group's income tax expense/(benefit), shows what tax amounts are recognised directly in equity and how the tax expense/(benefit) is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

### a. Income tax expense/(benefit)

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| Current tax on profits for the year | | **55,881** | 63,425 |
| Deferred tax | | **(51,753)** | (48,206) |
| Reduction in the tax carrying value of depreciating assets upon acquisition of Barminco group | | **-** | 4,433 |
| Adjustments for current tax of prior periods | | **(19)** | 331 |
| | | **4,109** | 19,983 |
| Income tax expense/(benefit) is attributable to: | | | |
| (Loss)/profit from continuing operations | | **4,109** | 19,983 |
| Deferred income tax expense/(benefit) included in income tax expense comprises: | | | |
| Increase in deferred tax assets | 7(f)(i) | **(34,255)** | (24,494) |
| Decrease in deferred tax liabilities | 7(f)(ii) | **(17,498)** | (23,712) |
| | | **(51,753)** | (48,206) |

### b. Numerical reconciliation of accounting profit to income tax expense/(benefit)

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| (Loss)/profit from continuing operations before income tax expense | | **(48,194)** | 47,538 |
| Tax at the Australian tax rate of 30% (Jun 2020 - 30%) | | **(14,458)** | 14,261 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | | |
| Share-based payments | | **610** | 1,412 |
| Other foreign permanent differences | | **(386)** | 140 |
| Withholding tax | | **11,236** | 9,371 |
| Other assessable/non-deductible items | | **18,738** | 10,953 |
| Difference in overseas tax rates | | **(5,818)** | (4,649) |
| Under provision in prior years | | **(19)** | 331 |
| Tax losses recognised/(not recognised) | | **(6,159)** | 2,153 |
| Effect of currency translation on tax base | | **5,584** | (2,533) |
| Deferred tax (realised)/recognised on undistributed profits for foreign subsidiaries and joint ventures | | **(6,317)** | (7,880) |
| Uplift in the tax carrying value of depreciating assets upon acquisition of Barminco group | | **-** | 4,433 |
| Movement in uncertain tax positions | 7(f)(ii) | **1,098** | (8,009) |
| Income tax expense | | **4,109** | 19,983 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. INCOME TAX EXPENSE/(BENEFIT) (CONTINUED)

### c. Amounts recognised directly in equity

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity: | | | |
| Deferred tax - debited directly to equity | 7(f)(i) | **3,086** | 709 |

### d. Unused tax losses and unrecognised temporary differences

**(i) Tax losses for which deferred tax assets have not been recognised:**

| | 21 $'000 | 20 $'000 |
|---|---|---|
| Unused tax losses for which no deferred tax asset has been recognised | **172,241** | 205,541 |
| Unrecognised deferred tax assets relating to the above unused tax losses | **51,139** | 61,662 |

**(ii) Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:**

| | 21 $'000 | 20 $'000 |
|---|---|---|
| Undistributed earnings | **244,543** | 204,776 |
| Unrecognised deferred tax liabilities relating to the above undistributed earnings | **22,054** | 20,775 |

Perenti Global Limited has undistributed earnings of $244,543,000 (2020: $204,776,000) in some of its African subsidiaries which, if paid out as dividends, would attract dividend withholding tax in Africa. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from the subsidiary.

### e. Effective tax rates for the year ended 30 June 2021 for Australian and Group operations in terms of the Board of Taxation's Voluntary Tax Transparency Code:

**(i) Australian operations**

The accounting effective company tax rate for the year ended 30 June 2021 is 38.7% (30 June 2020: 23.9%). A tax credit was recorded in the period against a loss before tax and this was higher than the prima facie tax credit due to several tax effect adjustments with the largest impact being the recognition of previously unrecognised tax losses. Other tax adjustments include the impact of functional currencies, items of income/expenditure which are not assessable/deductible and transfer pricing adjustments. The effective tax rate excluding the impact of these items is 30.0% (30 June 2020: 30.0%).

**(ii) Group operations**

The accounting effective company tax rate for the year ended 30 June 2021 is (8.5%) (30 June 2020: 42.0%). The prima facie tax on the statutory loss was a tax credit. However, several tax effect adjustments have amended the statutory tax position from a credit to a tax expense. These adjustments include several items of which the primary drivers are items of expenditure which are not assessable/deductible for tax, dividend withholding tax incurred, transfer pricing adjustments, unrecognised tax assets relating to current year losses of some of Perenti's overseas subsidiaries and recognition of previously unrecognised Australian tax losses. The effective tax rate excluding the impact of these items is 30.0% (30 June 2020: 30.0%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies;
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

| | Notes | ASSETS AT FVOCI $'000 | FINANCIAL ASSETS AT AMORTISED COST $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **2021** | | | | |
| Cash and cash equivalents | 6(a) | **-** | **264,741** | **264,741** |
| Trade and other receivables* | 6(b) | **-** | **310,897** | **310,897** |
| Financial assets FVOCI | 6(c) | **25,536** | **-** | **25,536** |
| | | **25,536** | **575,638** | **601,174** |
| **2020** | | | | |
| Cash and cash equivalents | 6(a) | - | 327,491 | 327,491 |
| Trade and other receivables* | 6(b) | - | 351,325 | 351,325 |
| Financial assets FVOCI | 6(c) | 23,632 | - | 23,632 |
| | | 23,632 | 678,816 | 702,448 |

* Excluding prepayments

| | Notes | LIABILITIES AT AMORTISED COST $'000 | TOTAL $'000 |
|---|---|---|---|
| **Financial liabilities** | | | |
| **2021** | | | |
| Trade and other payables | 6(d) | **260,311** | **260,311** |
| Borrowings* | 6(e) | **709,677** | **709,677** |
| Lease liabilities | | **73,809** | **73,809** |
| | | **1,043,797** | **1,043,797** |
| **2020** | | | |
| Trade and other payables | 6(d) | 261,095 | 261,095 |
| Borrowings* | 6(e) | 784,711 | 784,711 |
| Lease liabilities | | 101,618 | 101,618 |
| | | 1,147,424 | 1,147,424 |

* Excluding capitalised borrowing costs

The Group's exposure to various risks associated with financial instruments is discussed in note 11. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### a. Cash and cash equivalents

| | 21 $'000 | 20 $'000 |
|---|---|---|
| **Current assets** | | |
| Cash at bank and in hand | **264,741** | 327,491 |

### b. Trade and other receivables

| | 21 | | | 20 | | |
|---|---|---|---|---|---|---|
| | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 |
| Trade receivables (i) | **125,660** | **-** | **125,660** | 174,232 | - | 174,232 |
| Accrued revenue | **157,753** | **-** | **157,753** | 157,441 | - | 157,441 |
| Provision for impairment and expected credit losses (see note 11(b)) | **(13,097)** | **-** | **(13,097)** | (11,172) | - | (11,172) |
| | **270,316** | **-** | **270,316** | 320,501 | - | 320,501 |
| Net GST / VAT receivables | **29,680** | **-** | **29,680** | 19,091 | - | 19,091 |
| Other receivables (ii) | **6,681** | **4,220** | **10,901** | 11,733 | - | 11,733 |
| Prepayments | **19,216** | **669** | **19,885** | 17,984 | 830 | 18,814 |
| | **325,893** | **4,889** | **330,782** | 369,309 | 830 | 370,139 |

#### (i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement not more than 90 days from the date of recognition and therefore are all classified as current. The Group's impairment loss allowance and other accounting policies for trade and other receivables are outlined in notes 11(b) and 25(l) respectively.

#### (ii) Other receivables

This amount includes operating expense rebates and other receivables. If collection of other receivables is expected in one year or less they are classified as current assets.

#### (iii) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 11.

#### (iv) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

#### (v) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 11(a) and 11(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### c. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include the following classes of financial assets:

| | 21 $'000 | 20 $'000 |
|---|---|---|
| **Non-current assets** | | |
| *Listed securities* | | |
| Equity securities | **7,386** | 5,157 |
| *Unlisted securities* | | |
| Equity securities | **18,150** | 18,475 |
| | **25,536** | 23,632 |

Refer note 25(o)(ii) for the accounting policy.

**(i) Classification of financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

On disposal of these equity investments, any related balance within the fair value reserve will be transferred to retained earnings.

**(ii) Amounts recognised in other comprehensive income**

During the year, the following gains were recognised in other comprehensive income.

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| Gains recognised in other comprehensive income | 8(b) | **1,904** | 9,170 |

### d. Trade and other payables

| | 21 $'000 | 20 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Trade payables | **110,816** | 126,812 |
| Accrued expenses | **89,175** | 82,019 |
| Payroll accruals | **33,384** | 26,774 |
| Net GST / VAT payables | **9,589** | 2,949 |
| Contract liabilities | **1,986** | 2,182 |
| Accrued bond interest | **9,100** | 4,864 |
| Dividends payable | **-** | 15,174 |
| Other creditors and accruals | **6,261** | 321 |
| | **260,311** | 261,095 |

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### d. Trade and other payables (continued)

**(i) Contract liabilities**

Movements in contract liabilities for liabilities relating to revenue contracts are as follows:

| | 21 $'000 | 20 $'000 |
|---|---|---|
| **Opening balance** | **2,182** | 5,115 |
| Deferred revenue recognised | **1,619** | 622 |
| Revenue recognised | **(1,751)** | (3,600) |
| Exchange differences | **(64)** | 45 |
| Closing balance | **1,986** | 2,182 |

### e. Borrowings

| | 21 CURRENT $'000 | 21 NON-CURRENT $'000 | 21 TOTAL $'000 | 20 CURRENT $'000 | 20 NON-CURRENT $'000 | 20 TOTAL $'000 |
|---|---|---|---|---|---|---|
| **Secured** | | | | | | |
| USD notes | **-** | **-** | **-** | - | 506,297 | 506,297 |
| Bank loans | **-** | **92,500** | **92,500** | - | 251,981 | 251,981 |
| Capitalised borrowing costs | **-** | **(2,413)** | **(2,413)** | - | (2,472) | (2,472) |
| Other loans | **6,332** | **9,551** | **15,883** | 7,148 | 16,580 | 23,728 |
| Total secured borrowings | **6,332** | **99,638** | **105,970** | 7,148 | 772,386 | 779,534 |
| **Unsecured** | | | | | | |
| USD notes | **-** | **600,004** | **600,004** | - | - | - |
| Loan from non-controlling interest | **-** | **1,290** | **1,290** | - | 2,705 | 2,705 |
| Capitalised borrowing costs | **(3,064)** | **(10,009)** | **(13,073)** | - | - | - |
| Total unsecured borrowings | **(3,064)** | **591,285** | **588,221** | - | 2,705 | 2,705 |
| **Total borrowings** | **3,268** | **690,923** | **694,191** | 7,148 | 775,091 | 782,239 |

At 30 June 2021, the Group had the following facilities that were not drawn at balance date:

| | 21 $'000 | 20 $'000 |
|---|---|---|
| Total unutilised facilities | **329,580** | 344,853 |

***Bank loans***

In April 2019, Perenti Global Limited refinanced its A$300 million revolving credit facilities. This was subsequently increased by A$100 million in December 2019. The facilities are dual currency, revolving, mature on 1 July 2023 and have been provided by a number of leading lending institutions in the Australian banking market. During June 2020, a A$130 million syndicated facility agreement was entered by the Group as a response to the COVID-19 pandemic. In December 2020, the Group's total facility limit of A$530 million was reduced to A$400 million. As at 30 June 2021, 24% of these facilities were drawn down.

***Other loans***

Other loans include asset financing arrangements with various financiers which are secured by the specific assets financed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### e. Borrowings (continued)

*USD notes*

On 7 October 2020 Perenti issued 6.50% Guaranteed Senior Notes due for repayment 7 October 2025 with a US$450 million principal amount. The notes were issued by Perenti Finance Pty Ltd, are unsecured and have been guaranteed by Perenti Global Limited and its subsidiaries. The interest on the notes is payable semi-annually on 7 April and 7 October. The notes are quoted on the Singapore Stock Exchange.

The proceeds of the notes were applied towards the early redemption of the US$350 million 6.625% Senior Secured Notes, due May 2022 and the partial repayment of Perenti's drawings against its revolving credit facilities.

***Loan from non-controlling interest***

The loan is from the joint venture partner to Underground Mining Alliance Limited.

***Covenants on financing facilities***

The Group's financing facilities contain undertakings including an obligation to comply with certain financial covenants. All banking covenants have been complied with at reporting date and the Group has significant headroom available under all covenants.

***Refinancing requirements***

When existing facilities approach maturity, the Group will seek to renegotiate with existing and new financiers to replace or extend the maturity date of those facilities. The Group's earnings profile, credit rating, state of the economy, conditions in financial markets and other factors may influence the outcome of those negotiations.

***Credit ratings***

The Group currently has a credit rating of Ba2 (Outlook Stable) from Moody's and a credit rating of BB (Outlook Stable) from Standard & Poor's. In addition, Fitch assigned a credit rating of BB (Outlook Positive) to the Group during September 2020. Where a credit rating is reduced or placed on negative watch, customers and suppliers may be less willing to contract with the Group. Banks and other lending institutions may demand more stringent terms (including increased pricing) on debt facilities to reflect the higher credit risk profile.

***Fair value***

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Material differences are identified only for the following borrowings:

| | 21 | | 20 | |
|---|---|---|---|---|
| | CARRYING AMOUNT $'000 | FAIR VALUE $'000 | CARRYING AMOUNT $'000 | FAIR VALUE $'000 |
| **On-balance sheet** | | | | |
| *Traded financial liabilities* | | | | |
| USD notes - secured US$350 million | - | - | 506,297 | 503,858 |
| USD notes - unsecured US$450 million | **600,004** | **631,864** | - | - |

The fair values of non-current borrowings are based on market price (Level 1) at the balance sheet date. The 30 June 2020 fair values of non-current borrowings were based on discounted cash flows using a discount rate of 6.98%.

***Risk exposures***

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 11.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### f. Recognised fair value measurements

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below:

| AT 30 JUNE 2021 | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| *Financial assets FVOCI* | | | | |
| Australian listed equity securities | **6,118** | **-** | **-** | **6,118** |
| Australian unlisted equity securities | **-** | **-** | **18,150** | **18,150** |
| CAD listed equity securities | **704** | **-** | **-** | **704** |
| GBP listed equity securities | **564** | **-** | **-** | **564** |
| **Total financial assets** | **7,386** | **-** | **18,150** | **25,536** |

| AT 30 JUNE 2020 | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| *Financial assets FVOCI* | | | | |
| Australian listed equity securities | 4,365 | - | - | 4,365 |
| Australian unlisted equity securities | - | - | 18,475 | 18,475 |
| CAD listed equity securities | 533 | - | - | 533 |
| GBP listed equity securities | 259 | - | - | 259 |
| **Total financial assets** | 5,157 | - | 18,475 | 23,632 |

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers into and out of level 3 measurements see (iii) below.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3**: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### f. Recognised fair value measurements (continued)

#### (ii) Valuation techniques used to determine fair values (level 1)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.

#### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 30 June 2021:

| | UNLISTED EQUITY SECURITIES $'000 | TOTAL $'000 |
|---|---|---|
| **Opening balance 1 July 2019** | 11,610 | 11,610 |
| Gains recognised in other comprehensive income | 7,125 | 7,125 |
| Transfers between levels | (260) | (260) |
| **Closing balance 30 June 2020** | 18,475 | 18,475 |

| | UNLISTED EQUITY SECURITIES $'000 | TOTAL $'000 |
|---|---|---|
| **Opening balance 1 July 2020** | 18,475 | 18,475 |
| Transfers between levels | (325) | (325) |
| Gains recognised in other comprehensive income | - | - |
| **Closing balance 30 June 2021** | 18,150 | 18,150 |

During the year ended 30 June 2021 one of our unlisted equity investments became listed and was reclassified from Level 3 to Level 1 in the fair value hierarchy. Other than the transfer of equity securities from level 3 to level 1 explained above, there were no transfers between the levels of the fair value hierarchy. There were also no changes made to any of the valuation techniques applied as of 30 June 2021.

#### (iv) Valuation inputs and relationships to fair value

Changes in the fair value of unlisted equity securities are analysed at least each reporting period by discussion with the Chief Financial Officer. As part of this discussion the team presents a report that explains the reason for any fair value movements based on recent transactions of the unlisted equity securities, considering the financial information and performance of the unlisted equity securities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - inventories (note 7(a))
  - assets classified as held for sale (note 7(b))
  - property, plant and equipment (note 7(c))
  - leases (note 7(d))
  - intangible assets (note 7(e))
  - deferred tax balances (note 7(f))
  - employee benefit obligations (note 7(g))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

### a. Inventories

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| Work in progress | **34,029** | 19,575 |
| Finished goods | **19,870** | 18,007 |
| Consumables and store items | **160,512** | 212,797 |
| | **214,411** | 250,379 |

**(i) Assigning costs to inventories**

The costs of individual items of inventory are determined using weighted average costs. See note 25(m) for the Group's other accounting policies for inventories.

**(ii) Amounts recognised in profit or loss**

Write-downs of inventories to net realisable value amounted to $20,883,000 (2020: $19,271,000). Impairment of $10,660,000 (2020:$19,011,000) was recorded against inventory balances (refer to note 3) and inventory provision of $10,223,000 (2020:$260,000) was also recorded and charged against materials expense through the normal course of business in the consolidated statement of profit or loss.

### b. Assets classified as held for sale

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| **Current assets** | | |
| Property, plant and equipment | **28,894** | - |
| | **28,894** | - |

On 24 June 2021 the Group accepted an offer to sell its Canning Vale premises (land and buildings) for consideration of $32.1 million. Due diligence was completed and the sale is expected to be finalised by the end of 2021.

The asset is presented within total assets of the Group Functions segment in note 1.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### c. Property, plant and equipment

| Non-current | LAND AND BUILDINGS $'000 | PLANT AND EQUIPMENT $'000 | PLANT AND EQUIPMENT UNDER FINANCE $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **At 1 July 2019** | | | | |
| Cost or fair value | 60,378 | 1,707,063 | 86,102 | 1,853,543 |
| Accumulated depreciation | (2,034) | (918,995) | (44,848) | (965,877) |
| Net book amount | 58,344 | 788,068 | 41,254 | 887,666 |
| **Year ended 30 June 2020** | | | | |
| Opening net book amount | 58,344 | 788,068 | 41,254 | 887,666 |
| Adjustment for change in accounting policy | - | - | (41,254) | (41,254) |
| Restated opening net book amount | 58,344 | 788,068 | - | 846,412 |
| **Year ended 30 June 2020** | | | | |
| Restated opening net book amount | 58,344 | 788,068 | - | 846,412 |
| Exchange differences | 304 | 5,128 | - | 5,432 |
| Additions | 588 | 234,492 | - | 235,080 |
| Disposals | - | (38,309) | - | (38,309) |
| Depreciation charge | (2,101) | (195,271) | - | (197,372) |
| Impairment loss | - | (40,597) | - | (40,597) |
| Transfers between classes | (107) | 107 | - | - |
| Transfer from leased assets | - | 7,450 | - | 7,450 |
| Closing net book amount | 57,028 | 761,068 | - | 818,096 |
| **At 30 June 2020** | | | | |
| Cost or fair value | 66,396 | 1,704,693 | - | 1,771,089 |
| Accumulated depreciation | (9,368) | (943,625) | - | (952,993) |
| Net book amount | 57,028 | 761,068 | - | 818,096 |
| **Year ended 30 June 2021** | | | | |
| Opening net book amount | **57,028** | **761,068** | **-** | **818,096** |
| Exchange differences | **(1,753)** | **(16,126)** | **-** | **(17,879)** |
| Additions | **201** | **276,948** | **-** | **277,149** |
| Disposals | **-** | **(84,927)** | **-** | **(84,927)** |
| Depreciation charge | **(2,086)** | **(185,857)** | **-** | **(187,943)** |
| Impairment loss | **-** | **(54,054)** | **-** | **(54,054)** |
| Transfers between classes | **940** | **(2,684)** | **-** | **(1,744)** |
| Transfer from leased assets | **-** | **5,688** | **-** | **5,688** |
| Transfer from/(to) inventory | **-** | **(3,854)** | **-** | **(3,854)** |
| Acquisition of subsidiary | **-** | **18** | **-** | **18** |
| Revaluation of land and buildings | **(346)** | **-** | **-** | **(346)** |
| Assets classified as held for sale and other disposals | **(28,894)** | **-** | **-** | **(28,894)** |
| Closing net book amount | **25,090** | **696,220** | **-** | **721,310** |
| **At 30 June 2021** | | | | |
| Cost or fair value | **28,038** | **1,657,301** | **-** | **1,685,339** |
| Accumulated depreciation and impairment | **(2,948)** | **(961,081)** | **-** | **(964,029)** |
| Net book amount | **25,090** | **696,220** | **-** | **721,310** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### c. Property, plant and equipment (continued)

#### (i) Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

#### (ii) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| **Buildings** | | |
| Cost | **39,837** | 41,003 |
| Accumulated depreciation | **(18,900)** | (17,897) |
| Net book amount | **20,937** | 23,106 |

#### (iii) Depreciation methods and useful lives

Land is not depreciated. Depreciation on major plant and equipment and components is calculated on machine hours worked over their estimated useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 5 - 25 years
- Plant and equipment 2 - 15 years

See note 25(p) for the other accounting policies relevant to property, plant and equipment.

### d. Leases

#### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| **Right-of-use assets** | | |
| Properties | **19,012** | 26,067 |
| Equipment | **55,341** | 84,640 |
| Motor Vehicles | **338** | 32 |
| | **74,691** | 110,739 |
| **Lease liabilities** | | |
| Current | **24,537** | 29,482 |
| Non-current | **49,272** | 72,136 |
| | **73,809** | 101,618 |

Additions to the right-of-use assets during the 2021 financial year were $2,878,000 (2020: $62,773,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### d. Leases (continued)

**(ii) Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases:

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| **Depreciation charge of right-of-use assets** | | | |
| Properties | | **8,291** | 7,899 |
| Equipment | | **25,738** | 26,752 |
| Motor Vehicles | | **258** | 218 |
| | 4(b) | **34,287** | 34,869 |
| Interest expense (included in finance cost) | | **5,294** | 6,238 |
| Expense relating to short-term leases (included in rental and hire expenses) | | **16,440** | 17,890 |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rental and hire expenses) | | **225** | 202 |
| Expense relating to variable lease payments not included in lease liabilities (included in rental and hire expenses) | | **445** | 246 |

* The prior year comparatives have been updated to include all short term leases including not only those under formal short term lease agreements but also one-off rental hire and casual monthly rolling agreements.

The total cash outflow for leases (including interest) in 2021 was $35,577,000 (2020: $38,861,000).

**(iii) The Group's leasing activities and accounting treatment**

The group leases various offices, warehouses, equipment and vehicles across various countries. Rental contracts are made for fixed periods of up to 25 years, but may have extension options as described in (v), below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### d. Leases (continued)

#### (iii) The Group's leasing activities and how these are accounted for (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Perenti Global Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value leases are leases with a total lease payments less than $7,500 (US$5,000).

#### (iv) Variable lease payments

Some equipment leases contain variable payment terms that are linked to units of use of the particular asset. Often these will include a minimum usage charge each month which is considered the fixed element, and then items over and above the minimum is considered the variable element. Variable lease payments that depend on units of use are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

#### (v) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

***Critical judgements in determining the lease term***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, offices and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 30 June 2021, potential future cash outflows of $27,273,000 (undiscounted) (2020: $12,690,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets was $nil.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### e. Intangible assets

| | GOODWILL $'000 | SOFTWARE $'000 | CUSTOMER RELATED INTANGIBLES $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Year ended 30 June 2020** | | | | |
| Opening net book amount | 449,769 | 1,112 | 292,688 | 743,569 |
| Additions | - | 151 | - | 151 |
| Amortisation charge | - | (461) | (38,103) | (38,564) |
| Closing net book amount | 449,769 | 802 | 254,585 | 705,156 |
| **At 30 June 2020** | | | | |
| Cost | 449,769 | 2,638 | 321,458 | 773,865 |
| Accumulated amortisation and impairment | - | (1,836) | (66,873) | (68,709) |
| Net book amount | 449,769 | 802 | 254,585 | 705,156 |

| | GOODWILL $'000 | SOFTWARE $'000 | CUSTOMER RELATED INTANGIBLES $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Year ended 30 June 2021** | | | | |
| Opening net book amount | **449,769** | **802** | **254,585** | **705,156** |
| Acquisition of subsidiary | **5,000** | **6,217** | **-** | **11,217** |
| Transfer | **-** | **1,744** | **-** | **1,744** |
| Amortisation charge | **-** | **(1,201)** | **(38,102)** | **(39,303)** |
| **Closing net book amount** | **454,769** | **7,562** | **216,483** | **678,814** |
| **At 30 June 2021** | | | | |
| Cost | **454,769** | **15,171** | **321,458** | **791,398** |
| Accumulated amortisation and impairment | **-** | **(7,609)** | **(104,975)** | **(112,584)** |
| **Net book amount** | **454,769** | **7,562** | **216,483** | **678,814** |

#### (i) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 5-8 years
- Customer related intangibles 2-12 years

See note 25(r) for the other accounting policies relevant to intangible assets, and note 25(j) for the Group's policy regarding impairments.

#### (ii) Customer related intangibles

The customer related intangibles were acquired as part of the Barminco acquisition in 2019. They were recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows from the contracts over their estimated useful lives.

#### (iii) Impairment considerations for goodwill

The Group tested whether goodwill has impairment at 30 June 2021 and no impairment was recorded. Goodwill is recognised for the Underground segment following the Barminco acquisition in 2019 and on the newly acquired technology companies (*idoba*) as disclosed in note 13.

On 1 July 2020 the Group acquired three new technology companies (*idoba*) and recognised $5.0 million of Goodwill. At 30 June 2021, the recoverable amount of the assets acquired have been determined based upon fair value less cost of disposal, with reference to the recent purchase price of the acquired interest. There are no indicators to suggest that the fair value of the *idoba* entities has significantly changed.

The recoverable amount of the cash generating units (CGUs) for the Underground segment was determined based on value-in-use calculations which require the use of assumptions.

#### (iv) Key assumptions used for value-in-use calculations

In determining the CGU's recoverable amount, estimates are made regarding the present value of future cash flows. These estimates are calculated using management judgement, contain elements of risk and uncertainty, can be impacted by changes in economic conditions, and changes to the discount rates used to calculate the present value of future cash flows.

The basis of the estimates used to determine recoverable amounts at 30 June 2021 are set out below:

- Cashflow projections were based upon individual committed and uncommitted project forecasts for the prospective five year period.
- Cashflow projections beyond the five-year period were extrapolated using a growth rate of 2.5%.
- EBITDA margins were based upon historical averages adjusted for prevailing economic conditions. These have not been disclosed as they are considered to be commercially sensitive.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### e. Intangible assets (continued)

**(iv) Key assumptions used for value-in-use calculations (continued)**

- The weighted average cost of capital post-tax discount rates were in the range of 9.6% and 14.4% and varied depending on the country risk assigned to the region in which a project was domiciled. The present value of cash flows is sensitive to the growth and discount rates used noting a higher discount rate will result in a lower recoverable value.
- A foreign exchange rate of $0.75 USD:AUD spot rate was used to translate the US Dollar denominated CGU's into Australian Dollars.

***Significant estimate: Impact of possible changes in key assumptions***

Management have considered various reasonably possible value-in-use sensitivities for the Underground Mining CGU at 30 June 2021, when testing goodwill for impairment. The table below shows the impairment impact of adjusting these sensitivity assumptions.

| ASSUMPTION | % CHANGE | UNDERGROUND MINING IMPAIRMENT (A$) |
|---|---|---|
| Growth rate in terminal year | +1.0% | No impact |
| (decrease reduces value) | -1.0% | No impact |
| Discount rate | -1.0% | No impact |
| (decrease increases value) | +1.0% | No impact |
| Foreign exchange rate | -5cents | No impact |
| (decrease increases value) | +5cents | No impact |
| EBITDA margin - average | +1.0% | No impact |
| (decrease reduces value) | -1.0% | No impact |

The above sensitivities have been performed holding all other assumptions in the model constant.

### f. Deferred tax balances

**(i) Deferred tax assets**

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| **The balance comprises temporary differences attributable to:** | | | |
| Employee benefits | | **24,999** | 22,660 |
| Accruals | | **5,500** | 3,308 |
| Provision for obsolete stock | | **1,828** | 1,166 |
| Doubtful debts | | **2,444** | 2,613 |
| Depreciation | | **10,819** | 12,484 |
| Lease liabilities | | **14,683** | 16,981 |
| | | **60,273** | 59,212 |
| **Other** | | | |
| Inventory | | **2,262** | 2,239 |
| Borrowing and business expenses | | **5,052** | 7,843 |
| Unrealised foreign exchange | | **-** | 8,860 |
| Current/prior year tax losses recognised | | **151,710** | 109,528 |
| R&D tax offset recognised | | **4,999** | 4,999 |
| | | **164,023** | 133,469 |
| Total deferred tax assets | | **224,296** | 192,681 |
| Set off deferred tax liabilities pursuant to set-off provisions | 7(f)(ii) | **(76,555)** | (61,609) |
| Net deferred tax assets | | **147,741** | 131,072 |
| Deferred tax assets expected to be recovered within 12 months | | **64,023** | 69,961 |
| Deferred tax assets expected to be recovered after more than 12 months | | **160,273** | 122,720 |
| | | **224,296** | 192,681 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### f. Deferred tax balances (continued)

**(i) Deferred tax assets (continued)**

| | EMPLOYEE BENEFITS $'000 | DEPRECIATION $'000 | ACCRUALS $'000 | DOUBTFUL DEBTS $'000 | LEASE LIABILITIES $'000 | TAX LOSSES /OFFSETS $'000 | OTHER $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|---|---|
| **At 1 July 2019** | 19,810 | 16,526 | 4,055 | 2,656 | - | 93,727 | 15,146 | **151,920** |
| Credited/(charged) to profit or loss | 2,850 | (4,042) | (747) | (43) | 16,981 | 20,800 | 5,671 | **41,470** |
| Charged directly to equity | - | - | - | - | - | - | (709) | **(709)** |
| **At 30 June 2020** | 22,660 | 12,484 | 3,308 | 2,613 | 16,981 | 114,527 | 20,108 | **192,681** |
| Credited/(charged) to profit or loss | **2,339** | **(1,665)** | **2,192** | **(169)** | **(2,298)** | **42,182** | **(8,326)** | **34,255** |
| Charged directly to equity | **-** | **-** | **-** | **-** | **-** | **-** | **(2,640)** | **(2,640)** |
| **At 30 June 2021** | **24,999** | **10,819** | **5,500** | **2,444** | **14,683** | **156,709** | **9,142** | **224,296** |

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

**(ii) Deferred tax liabilities**

| | Notes | 21 $'000 | 20 $'000 |
|---|---|---|---|
| **The balance comprises temporary differences attributable to:** | | | |
| Foreign entities distributable profits | | **-** | 6,317 |
| Depreciation | | **24,122** | 26,456 |
| Intangibles - customer relationships | | **64,944** | 76,375 |
| Revaluation of land and buildings | | **7,963** | 9,207 |
| Right-of-use assets | | **13,692** | 16,493 |
| | | **110,721** | 134,848 |
| *Other* | | | |
| Receivables | | **10** | 23 |
| Unrealised foreign exchange | | **9,855** | - |
| Prepayments | | **245** | 297 |
| Financial assets at fair value through profit or loss | | **2,926** | 2,288 |
| Uncertain tax positions in Africa | | **30,933** | 34,284 |
| | | **43,969** | 36,892 |
| Total deferred tax liabilities | | **154,690** | 171,740 |
| Adjustment of deferred tax liabilities pursuant to set-off provisions | 7(f)(i) | **(76,555)** | (61,609) |
| Net deferred tax liabilities | | **78,135** | 110,131 |
| Deferred tax liabilities expected to be settled within 12 months | | **25,937** | 35,580 |
| Deferred tax liabilities expected to be settled after more than 12 months | | **128,753** | 136,160 |
| | | **154,690** | 171,740 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### f. Deferred tax balances (continued)

#### (ii) Deferred tax liabilities (continued)

| | FOREIGN ENTITIES DISTRIBUTABLE PROFITS $'000 | RIGHT-OF-USE ASSETS $'000 | INTANGIBLES CUSTOMER RELATIONSHIP $'000 | REVALUATION OF LAND & BUILDINGS $'000 | DEPRECIATION $'000 | UNCERTAIN TAX POSITIONS $'000 | OTHER $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|---|---|
| **At 1 July 2019** | 14,199 | - | 88,164 | 9,174 | 23,712 | 42,293 | 930 | **178,472** |
| Charged/(credited) to profit or loss | (7,882) | 16,493 | (11,789) | 33 | 2,744 | (8,009) | 1,678 | **(6,732)** |
| **At 30 June 2020** | 6,317 | 16,493 | 76,375 | 9,207 | 26,456 | 34,284 | 2,608 | **171,740** |
| Charged/(credited) to profit or loss | **(6,317)** | **(2,801)** | **(11,431)** | **(1,692)** | **(2,334)** | **(3,351)** | **10,428** | **(17,498)** |
| Credited directly to equity | **-** | **-** | **-** | **-** | **448** | **-** | **-** | **448** |
| **At 30 June 2021** | **-** | **13,692** | **64,944** | **7,515** | **24,570** | **30,933** | **13,036** | **154,690** |

***Uncertain tax positions***

The Group is subject to income taxes across a number of global jurisdictions and therefore significant judgement is required when determining the provision for income taxes on a worldwide basis. There are some transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained. In addition, the Company regularly assesses the recognition and recoverability of deferred tax assets. This requires judgements about the application of income tax legislation in jurisdictions in which Perenti operates. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets.

***Offsetting within tax consolidated group***

Perenti Global Limited and its wholly-owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

### g. Employee benefit obligations

| | 21 | | | 20 | | |
|---|---|---|---|---|---|---|
| | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 |
| Leave obligations | **70,719** | **2,935** | **73,654** | 71,902 | 1,804 | 73,706 |

#### (i) Leave obligations

Leave obligations cover the Group's liabilities for long service leave and annual leave, refer to note 25(w).

The current leave obligations include all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and employee entitlements to pro-rata payments where applicable. The total amount of the current provision of $70,719,000 (2020: $71,902,000) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

| | 21 $'000 | 20 $'000 |
|---|---|---|
| Current leave obligations expected to be settled after 12 months | **25,522** | 38,386 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### h. Recognised fair value measurements

**(i) Fair value hierarchy**

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 6(f) and 7(h)(ii)-(v).

| At 30 June 2021 | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| *Land and buildings* | | | | |
| Office buildings | **-** | **-** | **3,839** | **3,839** |
| Industrial sites | **-** | **-** | **21,251** | **21,251** |
| Assets classified as held for sale | **-** | **-** | **28,894** | **28,894** |
| **Total non-financial assets** | **-** | **-** | **53,984** | **53,984** |

| At 30 June 2020 | | | | |
|---|---|---|---|---|
| **Assets** | | | | |
| *Land and buildings* | | | | |
| Office buildings | - | - | 5,674 | 5,674 |
| Industrial sites | - | - | 51,463 | 51,463 |
| **Total non-financial assets** | - | - | 57,137 | 57,137 |

There were no transfers between any levels for recurring fair value measurements during the current or prior period.

**(ii) Valuation techniques used to determine level 3 fair values**

The Group obtains independent valuations for its freehold land and buildings (classified within property, plant and equipment) at least every three years, see note 7(h)(v) for details. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources including:

- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.
- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the periods ended 30 June 2020 and 30 June 2021 for recurring fair value measurements:

| Consolidated entity | OFFICE BUILDINGS $'000 | INDUSTRIAL SITES $'000 | TOTAL $'000 |
|---|---|---|---|
| **Opening balance 1 July 2019** | 7,512 | 50,832 | 58,344 |
| Acquisitions | - | 588 | 588 |
| Depreciation and impairment | (800) | (1,343) | (2,143) |
| (Losses)/gains recognised in other comprehensive income | (1,038) | 1,386 | 348 |
| **Closing balance 30 June 2020** | 5,674 | 51,463 | 57,137 |
| Acquisitions | **-** | **201** | **201** |
| Depreciation and impairment | **(776)** | **(1,524)** | **(2,300)** |
| Revaluation | **(1,962)** | **1,616** | **(346)** |
| Transfers between classes | **995** | **(55)** | **940** |
| Losses recognised in other comprehensive income | **(92)** | **(1,556)** | **(1,648)** |
| **Closing balance 30 June 2021** | **3,839** | **50,145** | **53,984** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### h. Recognised fair value measurements (continued)

#### (iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

| DESCRIPTION | FAIR VALUE AT | | VALUATION TECHNIQUE | UNOBSERVABLE INPUTS* | RANGE OF INPUTS (PROBABILITY-WEIGHTED AVERAGE) | | RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE |
|---|---|---|---|---|---|---|---|
| | 30 JUNE 2021 $'000 | 30 JUNE 2020 $'000 | | | 2021 | 2020 | |
| Industrial Sites -Australia and Assets classified as held for sale | **41,401** | 37,716 | Direct comparison | Selection of industrial sites with similar approximate utility | **$5-$632 per m$^2$ ($340)** | - | The higher the rate per square metre, the higher the fair value |
| | | | Income capitalisation | Capitalisation rate | **-** | 7.25-11.75% (7.77%) | The higher the capitalisation rate, the lower the fair value |
| | | | | Market rental value per (m$^2$) | **-** | $18-104 per m$^2$ ($48) | The higher the market rate, the higher the fair value |
| Industrial Sites - Ghana | **8,744** | 13,747 | Direct comparison | Selection of industrial sites with similar approximate utility | **$213-$653 per m$^2$ ($395)** | $24-1,284 per m$^2$ ($335) | The higher the rate per square metre, the higher the fair value |
| Office Buildings - Ghana | **3,839** | 5,674 | Direct comparison | Selection of industrial sites with similar approximate utility | **$857 per m$^2$ ($857)** | $1,850 per m$^2$ ($1,850) | The higher the rate per square metre, the higher the fair value |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

#### (v) Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings every three years. The fair values of the industrial sites properties have been determined by members of the Australian Property Institute and the Ghana Institute of Surveyors for the year ended 30 June 2021.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Industrial sites - discount rates, terminal yields, expected vacancy rates and values per square metre are estimated by members of the Australian Property Institute, and the Ghana Institute of Surveyors based on comparable transactions and industry data;
- Historical cost for recently completed buildings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 EQUITY

### a. Contributed equity

| | 21 SHARES | 20 SHARES | 21 $'000 | 20 $'000 |
|---|---|---|---|---|
| Fully paid ordinary shares | **704,295,221** | 701,528,401 | **1,137,783** | 1,135,323 |

**(i) Movements in ordinary share capital:**

| Details | | NUMBER OF SHARES | TOTAL $'000 |
|---|---|---|---|
| Opening balance 1 July 2020 | | 701,528,401 | 1,135,323 |
| Dividend reinvestment plan issues | 8(a)(iii) | 846,199 | 962 |
| Employee share schemes issue (options and rights) | | 1,920,621 | 2,082 |
| Contribution of equity, net of transaction costs and tax | | - | (584) |
| **Balance 30 June 2021** | | **704,295,221** | **1,137,783** |

**(ii) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

**(iii) Dividend reinvestment plan**

The Company's Dividend Reinvestment Plan (DRP) was suspended with effect from, 16 March 2021 until further notice. While the DRP was suspended, participants in the DRP received cash dividends including the dividend paid on 7 April 2021. Please refer to ASX announcement dated 22 February 2021 for further details. A copy of the DRP rules was attached to Perenti's ASX announcement released on 6 April 2020.

**(iv) Options**

Information relating to the Ausdrill Limited Employee Option Plan, including details of options issued, exercised and forfeited during the financial year and options outstanding at the end of the financial year, is set out in note 19.

**(v) Rights**

Information relating to the Perenti Global Limited Incentive Rights Plan, including details of rights issued, vested and forfeited during the financial year and rights outstanding at the end of the financial year, is set out in note 19.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 EQUITY (CONTINUED)

### b. Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below:

| | Notes | REVALUATION SURPLUS $'000 | FINANCIAL ASSETS AT FVOCI $'000 | SHARE- BASED PAYMENTS $'000 | TRANSACTIONS WITH NCI $'000 | FOREIGN CURRENCY TRANSLATION $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2019** | | 24,451 | 246 | 8,455 | (2,664) | (41,323) | (10,835) |
| Transfer from financial assets at FVOCI reserve to retained earnings | | - | (409) | - | - | - | (409) |
| **Net amount transferred** | | - | (409) | - | - | - | (409) |
| Revaluation - gross | 6(c) | - | 9,170 | - | - | - | 9,170 |
| Deferred tax | | - | (2,628) | - | - | 2,499 | (129) |
| Currency translation differences | | 229 | - | - | - | (13,739) | (13,510) |
| **Other comprehensive income** | | **229** | **6,542** | **-** | **-** | **(11,240)** | **(4,469)** |
| Transactions with owners in their capacity as owners | | | | | | | |
| Share-based payments expense | 19(c) | - | - | 4,707 | - | - | 4,707 |
| Shares issued on conversion of employee share options | | - | - | (98) | - | - | (98) |
| **At 30 June 2020** | | **24,680** | **6,379** | **13,064** | **(2,664)** | **(52,563)** | **(11,104)** |

| | Notes | REVALUATION SURPLUS $'000 | FINANCIAL ASSETS AT FVOCI $'000 | SHARE- BASED PAYMENTS $'000 | TRANSACTIONS WITH NCI $'000 | FOREIGN CURRENCY TRANSLATION $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2020** | | 24,680 | 6,379 | 13,064 | (2,664) | (52,563) | (11,104) |
| Revaluation - gross | 6(c) | 646 | 1,904 | - | - | - | 2,550 |
| Deferred tax | | (448) | (571) | - | - | (1,483) | (2,502) |
| Currency translation differences | | (373) | - | - | - | 803 | 430 |
| **Other comprehensive income** | | **(175)** | **1,333** | **-** | **-** | **(680)** | **478** |
| Transactions with owners in their capacity as owners | | | | | | | |
| Share-based payments expense | 19(c) | - | - | 2,033 | - | - | 2,033 |
| Shares issued on conversion of employee share options | | - | - | (2,001) | - | - | (2,001) |
| **At 30 June 2021** | | **24,505** | **7,712** | **13,096** | **(2,664)** | **(53,243)** | **(10,594)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 EQUITY (CONTINUED)

### b. Other reserves (continued)

#### (i) Nature and purpose of other reserves

***Revaluation surplus - property, plant and equipment***

The property, plant and equipment revaluation surplus is used to record increments and decrements from the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve related to the asset is transferred to retained earnings. See accounting policy note 25(p) for details.

***Financial assets at FVOCI***

The Group has elected to recognise changes to the fair value of certain equity security investments in OCI, as explained in note 6(c). These changes are accumulated within the FVOCI reserve. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

***Share-based payments reserve***

The share-based payments reserve is used to recognise the fair value of options and rights issued to employees that are expensed in the statement of comprehensive income each year and conversion of options/rights.

***Transactions with non-controlling interests (NCI)***

This reserve is used to record the differences described in note 25(b)(iv) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

***Foreign currency translation***

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

The Group's share of exchange differences arising on translation of foreign joint ventures are recognised in other comprehensive income and are accumulated in this reserve.

### c. Retained earnings

Movements in retained profits were as follows:

| | Notes | 21<br>$'000 | 20<br>$'000 |
|---|---|---|---|
| **Balance 1 July** | | **270,039** | 293,836 |
| Reclassification of gain on disposal of equity instruments at fair value through other comprehensive income, net of tax | | **-** | 409 |
| Dividends paid /payable | 12(b) | **(49,270)** | (48,043) |
| Net (loss)/profit for the year | | **(55,140)** | 23,837 |
| **Balance 30 June** | | **165,629** | 270,039 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 CASH FLOW INFORMATION

### a. Reconciliation of profit after income tax to net cash inflow from operating activities

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| **(Loss)/profit for the year** | **(52,303)** | 27,555 |
| Depreciation expense | **222,230** | 232,141 |
| Amortisation expense | **39,303** | 38,564 |
| Impairment of assets | **59,903** | 40,597 |
| Impairment of inventory | **10,660** | 19,011 |
| Loss on revaluation of land and buildings | **992** | - |
| Gain on disposal of assets held for sale | **-** | (2,762) |
| Transfer from property, plant and equipment to inventory | **(3,854)** | - |
| Net exchange differences | **(140)** | (207) |
| Trade receivable provisions and bad debts | **11,328** | 269 |
| Non-cash employee benefits expense - share-based payments | **1,293** | 4,707 |
| Amortisation of borrowing costs and other non-cash finance costs | **4,272** | 943 |
| Other non cash items - restructuring | **2,452** | - |
| Gain on sale of non-current assets | **(473)** | (6,096) |
| Redemption premium on 2022 High Yield Bonds | **8,143** | - |
| **Change in operating assets and liabilities:** | | |
| (Increase)/decrease in trade debtors | **22,651** | 31,090 |
| (Increase)/decrease in inventories | **15,587** | (9,918) |
| (Increase)/decrease in deferred tax assets | **(16,910)** | (13,413) |
| (Increase)/decrease in other operating assets | **(5,108)** | (4,597) |
| (Decrease)/increase in trade creditors | **15,365** | (24,896) |
| (Decrease)/increase in provision for income taxes payable | **(4,058)** | (304) |
| (Decrease)/increase in deferred tax liabilities | **(32,247)** | (31,635) |
| (Decrease)/increase in other provisions | **(2,823)** | 5,490 |
| **Net cash inflow from operating activities** | **296,263** | 306,539 |

### b. Non-cash investing and financing activities

| | | |
|---|---|---|
| Recognition of right-of-use assets and lease liabilities | **2,878** | 105,065 |
| Issue of shares under Dividend Reinvestment Plan | **(962)** | (8,849) |
| | **1,916** | 96,216 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 CASH FLOW INFORMATION (CONTINUED)

### c. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

| | 21 $'000 | 20 $'000 |
|---|---|---|
| **Net debt** | | |
| Cash and cash equivalents | **264,741** | 327,491 |
| Borrowings/Lease liability - repayable within one year | **(27,805)** | (36,630) |
| Borrowings/Lease liability - repayable after one year | **(740,195)** | (847,227) |
| Net debt | **(503,259)** | (556,366) |
| | | |
| Cash and cash equivalents | **264,741** | 327,491 |
| Gross debt | **(768,000)** | (883,857) |
| Net debt | **(503,259)** | (556,366) |

Gross debt is comprised of current and non-current borrowings and lease liabilities.

| | CASH $'000 | LEASES $'000 | BORROWINGS $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Net debt as at 1 July 2020** | 327,491 | (101,618) | (782,239) | (556,366) |
| Cash flows | (52,269) | 30,458 | 44,509 | 22,698 |
| Foreign exchange adjustments | (10,481) | 229 | 47,872 | 37,620 |
| Other non-cash movements | - | (2,878) | (4,333) | (7,211) |
| **Net debt as at 30 June 2021** | **264,741** | **(73,809)** | **(694,191)** | **(503,259)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.


| | | |
|---|---|---|
| **10** | Critical accounting estimates and judgements | 126 |
| **11** | Financial risk management | 126 |
| **12** | Capital management | 131 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement when applying the Group's accounting policies. This note provides an overview of the areas that require a high degree of judgement or complexity, and for items which could have a material adjustment if estimates and assumptions were incorrect. Detailed information about each of these estimates and judgements is included in notes 2 to 25 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

**Significant estimates and judgements**

- Recognition of revenue - note 2 and note 25(e)
- Impairment of assets - note 3
- Estimated fair value of financial assets at fair value through other comprehensive income - note 6(c)
- Estimation uncertainties and judgements made in relation to lease accounting - note 7(d)
- Estimation of fair values of land and buildings - note 7(h)
- Estimation of useful life of property, plant and equipment - note 7(c)
- Estimated goodwill impairment - note 7(e)
- Estimated useful life of intangible assets - note 7(e)
- Recognition of deferred tax asset for carried forward tax losses - note 7(f)
- Share based payments - determining the achievement of non market based conditions - note 19
- Uncertain tax positions - note 7(f)
- Determination of lease term - note 7(d)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 11 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Market risk - foreign exchange | Future commercial transactions | Cash flow forecasting | Natural hedge |
| | Recognised financial assets and liabilities not denominated in AUD | Sensitivity analysis | |
| Market risk - interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Review on continuous basis |
| Market risk - security prices | Investments in equity securities | Sensitivity analysis | Portfolio diversification |
| Credit risk | Cash and cash equivalents, trade receivables, Derivative financial instruments and debt instruments, investments and contract assets. | Aging analysis and credit rating | Diversification of bank deposits, credit limits, retention of title over goods sold, letters of credit |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |

The Group's key management personnel report to the Audit and Risk Committee and Board regularly on the progress and objectives of the risks and the associated corporate governance policy objectives.

The Group's financial risk management is carried out by a central treasury department under policies approved by the Board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 FINANCIAL RISK MANAGEMENT (CONTINUED)

### a. Market risk

In respect of other monetary assets and liabilities held in currencies other than the AUD, the Group ensures that the net exposure is kept to an acceptable level by matching foreign denominated financial assets with matching financial liabilities and vice versa.

#### (i) Foreign exchange risk

*Exposure*

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

| | 30 JUNE 2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | USD $'000 | GHS $'000 | GBP $'000 | EUR $'000 | INR $'000 | EGP $'000 | TZS $'000 | ZAR $'000 | BWP $'000 | XOF $'000 |
| Cash | **7,418** | **8,355** | **-** | **2,836** | **291** | **440** | **1,490** | **-** | **274** | **-** |
| Trade and other assets | **15,363** | **14,701** | **16** | **9,022** | **-** | **-** | **-** | **-** | **-** | **469** |
| Other non-current receivables | **-** | **-** | **2,796** | **11,281** | **-** | **-** | **-** | **-** | **-** | **-** |
| Financial assets FVOCI | **-** | **-** | **564** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Trade payables | **(22,880)** | **(8,631)** | **(1,478)** | **(10,330)** | **-** | **(26)** | **(315)** | **(52)** | **(1,932)** | **(2,415)** |
| Borrowings | **(8,794)** | **-** | **-** | **(11,281)** | **-** | **-** | **-** | **-** | **-** | **-** |

| | 30 JUNE 2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | USD $'000 | GHS $'000 | GBP $'000 | EUR $'000 | INR $'000 | EGP $'000 | TZS $'000 | ZAR $'000 | BWP $'000 | XOF $'000 |
| Cash | 13,549 | 15,798 | - | 454 | 2,610 | 43 | 1,131 | 35 | 275 | - |
| Trade and other assets | 29,628 | 10,091 | - | 14,353 | 4,683 | 35 | - | - | - | 10,017 |
| Other non-current receivables | - | - | 1,645 | 56,178 | - | - | - | - | - | - |
| Financial assets FVOCI | - | - | 259 | - | - | - | - | - | - | - |
| Trade payables | (22,190) | (7,094) | (1,561) | (20,816) | - | - | (10) | (54) | (1,584) | (690) |
| Borrowings | (9,554) | - | - | (56,178) | - | - | - | - | - | - |

**Amounts recognised in profit or loss and other comprehensive income**

During the year, the following foreign exchange related amounts were recognised in profit or loss and other comprehensive income:

| | 21 $'000 | 20 $'000 |
|---|---|---|
| **Amounts recognised in profit or loss** | | |
| Net foreign exchange loss included in other income/other expenses | **(7,152)** | (3,316) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 FINANCIAL RISK MANAGEMENT (CONTINUED)

**a. Market risk (continued)**

**(i) Foreign exchange risk (continued)**

***Sensitivity analysis***

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have impacted pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

| | PROFIT OR (LOSS) A$'000 |
|---|---|
| **30 June 2021** | |
| **USD** | **808** |
| **XOF** | **177** |
| **GHS** | **(1,311)** |
| **GBP** | **(141)** |
| **BWP** | **(151)** |
| **EUR** | **(139)** |
| **TZS** | **(107)** |
| **EGP** | **(38)** |
| **INR** | **(26)** |
| | **(928)** |
| **30 June 2020** | |
| USD | (1,039) |
| GHS | (1,709) |
| GBP | (16) |
| EUR | 546 |
| TZS | (102) |
| INR | (751) |
| XOF | (848) |
| | (3,919) |

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. The Group's exposure to other foreign exchange movements is not material.

**(ii) Price risk**

***Exposure***

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet as at fair value through other comprehensive income (FVOCI). 29% (2020: 22%) of the Group's investments in equity securities are publicly traded on the Australian Securities Exchange, the London Stock Exchange and the Canadian Stock Exchange.

***Sensitivity analysis***

The table below summarises the impact of an increase/(decrease) of the financial assets FVOCI on the Group's equity for the year after tax. The analysis is based on the assumption that the FVOCI financial assets had increased by 10% or decreased by 10% with all other variables held constant.

| | IMPACT ON OTHER COMPONENTS OF EQUITY | |
|---|---|---|
| | **21** $'000 | 20 $'000 |
| FVOCI - increase 10% | **1,788** | 1,654 |
| FVOCI - decrease 10% | **(1,788)** | (1,654) |

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 FINANCIAL RISK MANAGEMENT (CONTINUED)

### a. Market risk (continued)

#### (ii) Price risk (continued)

***Amounts recognised in profit or loss and other comprehensive income***

The amounts recognised in other comprehensive income in relation to the various investments held by the Group are disclosed in note 6(c).

### b. Credit risk

#### (i) Risk management

Credit risk is managed on a Group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk also arises from cash and cash equivalents. The Group limits its exposure to credit risk from cash and cash equivalents by only investing in counterparties that have an acceptable credit rating.

#### (ii) Trade receivables and accrued revenue provisions

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively for expected credit losses.

Trade receivables and accrued revenue for which an impairment/expected credit loss provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

The creation and release of the provision for impaired and expected credit loss receivables has been included in other expenses in the consolidated statement of profit or loss.

As at 30 June 2021, current trade receivables and accrued revenue of $283,413,000 (2020: $331,673,000) were assessed for expected credit losses. Of this $42,246,000 (2020: $102,470,000) were past due. The amount of the provision for impaired and expected credit loss receivables was $13,097,000 (2020: $11,172,000).

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables and accrued revenue.

Expected credit losses are based on a review of payment profiles over 12 months, historical credit loss experience in this period and financial information affecting the ability of the customers to settle the receivable. Historical loss rates are adjusted to reflect balances receivable or otherwise provided for. Accrued revenue relates to unbilled completed services and has substantially the same characteristics as the trade receivables for the same type of contracts. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified that the external credit ratings and default rates are the most relevant factors in understanding whether a client will be able to settle the receivable and therefore these have been considered and applied to the receivables to arrive at an expected credit loss. Following this review a provision of $397,000 (2020: $948,000) has been recorded for expected credit losses and has been included within the provision for doubtful debts balance at 30 June 2021.

The aging of these receivables greater than 90 days past due is as follows:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| 3 to 6 months | **3,350** | 7,425 |
| Over 6 months | **12,983** | 41,721 |
| | **16,333** | 49,146 |

Of the above trade receivables and accrued revenue over 90 days $12,700,000 (2020: $10,136,000) has already been provided for in the financial statements and of the remaining amounts the Group has received various other cash amounts after year end.

Movements in the provision for impairment and expected credit losses of trade receivables and accrued revenue that are assessed collectively are as follows:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| At 1 July | **11,172** | 10,827 |
| Provision (reversed)/recognised during the year | **10,997** | (831) |
| Receivables written off during the year as uncollectible | **(8,521)** | 228 |
| Expected credit loss provision recognised (including currency impact) | **(551)** | 948 |
| At 30 June | **13,097** | 11,172 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 FINANCIAL RISK MANAGEMENT (CONTINUED)

### c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

**(i) Financing arrangements**

The Group had access to the following undrawn debt facilities at the end of the reporting period:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| Total unutilised facilities | **329,580** | 344,853 |

**(ii) Maturities of financial liabilities**

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES | LESS THAN 6 MONTHS<br>$'000 | 6 - 12 MONTHS<br>$'000 | BETWEEN 1 AND 2 YEARS<br>$'000 | BETWEEN 2 AND 5 YEARS<br>$'000 | OVER 5 YEARS<br>$'000 | TOTAL CONTRACTUAL CASH FLOWS<br>$'000 | CARRYING AMOUNT LIABILITIES<br>$'000 |
|---|---|---|---|---|---|---|---|
| **Group - at 30 June 2021** | | | | | | | |
| Lease liabilities | **14,345** | **16,102** | **30,751** | **26,488** | **10,714** | **98,400** | **73,809** |
| Borrowings | **23,008** | **23,008** | **44,797** | **795,583** | **-** | **886,396** | **694,191** |
| Trade payables | **260,311** | **-** | **-** | **-** | **-** | **260,311** | **260,311** |
| Total | **297,664** | **39,110** | **75,548** | **822,071** | **10,714** | **1,245,107** | **1,028,311** |
| **Group - at 30 June 2020** | | | | | | | |
| Lease liabilities | 16,229 | 14,071 | 29,911 | 59,756 | 3,710 | 123,677 | 101,618 |
| Borrowings | 20,948 | 20,149 | 547,307 | 265,680 | - | 854,084 | 782,238 |
| Trade payables | 261,092 | - | - | - | - | 261,092 | 261,092 |
| Total | 298,269 | 34,220 | 577,218 | 325,436 | 3,710 | 1,238,853 | 1,144,948 |

The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called. The parent entity does not expect these payments to eventuate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12 CAPITAL MANAGEMENT

**a. Risk management**

The Group's capital management objectives are to ensure there is adequate funding to meet operation requirements, strategic objectives and to provide returns to shareholders through cost effective and efficient capital structuring.

The Group manages its capital needs through a combination of equity and debt funding arrangements. The Group uses a number of different measures to monitor capital including gearing ratio, cash flow leverage ratios and net debt ratios.

**b. Dividends**

**(i) Ordinary shares**

| | 21 $'000 | 20 $'000 |
|---|---|---|
| Final ordinary unfranked dividend for the year ended 30 June 2020 of 3.5 cents (2019: 3.5) per fully paid ordinary share paid on 3 November 2020 (23 October 2019). | **24,563** | 24,019 |
| Interim ordinary unfranked dividend for the year ended 30 June 2021 of 3.5 cents (2020: 3.5 cents) per fully paid share paid on 7 April 2021 (25 March 2020). | **24,707** | 24,024 |
| Total dividends provided for or paid | **49,270** | 48,043 |
| Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2021 and 2020 were as follows: | | |
| Paid in cash | **63,482** | 24,019 |
| Movement in payable, see note 6(d) | **(15,174)** | 15,174 |
| Issue of shares under dividend re-investment plan | **962** | 8,850 |
| Total dividends provided for or paid | **49,270** | 48,043 |

The Company's Dividend Reinvestment Plan (DRP) was suspended with effect from, 16 March 2021 until further notice. While the DRP was suspended, participants in the DRP received cash dividends including the dividend paid on 7 April 2021. Please refer to ASX announcement dated 22 February 2021 for further details. A copy of the DRP rules was attached to Perenti's ASX announcement released on 6 April 2020.

**(ii) Dividends not recognised at the end of the reporting period**

| | 21 $'000 | 20 $'000 |
|---|---|---|
| In addition to the above dividends, since year end the directors determined an unfranked final dividend of 2.0 cents per fully paid ordinary share (2020: 3.5 cents). The amount expected to be paid on 20 October 2021 out of retained profits at the date of the dividend payment, but not recognised as a liability at year end is | | |
| | **14,086** | 24,553 |

**(iii) Franked dividends**

| | | |
|---|---|---|
| Franking credits available for subsequent reporting periods based on a tax rate of 30% (2020 - 30%) | **-** | 10,476 |

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

**(iv) Conduit Foreign Income**

| | | |
|---|---|---|
| Conduit Foreign Income (CFI) amounts for subsequent reporting periods are | **339,948** | 267,695 |

These balances are taken from the CFI register and are available to pay dividends. The CFI register is adjusted for foreign income received, withholding tax incurred and dividends paid. Unlike franked dividends no tax credit accompanies a dividend paid out of a CFI balance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations;

A list of significant subsidiaries is provided in note 14. This note also discloses details about the Group's equity accounted investments.


| | | |
|---|---|---|
| **13** | Business combination | 133 |
| **14** | Interests in other entities | 134 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 13 BUSINESS COMBINATION

On 1 July 2020 the Group, through its subsidiary Technology Driven Mining Pty Ltd, acquired three new technology companies namely Sandpit Innovation Pty Ltd, Improvement Resources Pty Ltd and Spidler Group Pty Ltd, collectively named *idoba*. On 1 April 2021 *idoba* acquired another entity, Optika Solutions Pty Ltd. As part of these transactions the previous owners of the acquired companies were issued a total 4.5% of the share capital in *idoba*. The total consideration paid for these transactions included $10.6 million of cash and $0.5 million of other consideration. Other balances recognised as part of the acquisitions included goodwill of $5.0 million and software intangibles of $6.2 million. The transactions were not considered material individually or in aggregate to the Group.

There were no business combinations in the year ended 30 June 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14 INTERESTS IN OTHER ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 25(b):

| NAME OF ENTITY | COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS | CLASS OF SHARES | EQUITY HOLDING | |
|---|---|---|---|---|
| | | | 21<br>% | 20<br>% |
| African Mining Services Burkina Faso Sarl | Burkina Faso | Ordinary | 100 | 100 |
| African Mining Services (Ghana) Pty Ltd * | Australia | Ordinary | 100 | 100 |
| African Mining Services Guinee Sarl | Guinea | Ordinary | 100 | 100 |
| African Mining Services Mali Sarl | Mali | Ordinary | 100 | 100 |
| African Mining Services Senegal Suarl | Senegal | Ordinary | 100 | 100 |
| African Mining Services Cote D'Ivoire Sarl | Cote d'Ivoire | Ordinary | 100 | 100 |
| African Mining Services Ghana Ltd | Ghana | Ordinary | 100 | 100 |
| Ausdrill (Ghana) Pty Ltd * | Australia | Ordinary | 100 | 100 |
| ACN 103534087 Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Perenti Group Services Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Perenti International Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Ausdrill Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Perenti Properties Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Perenti Finance Pty Ltd * | Australia | Ordinary | 100 | 100 |
| AMCG Ltd | Ghana | Ordinary | 100 | 100 |
| Perenti Holdings Pty Ltd | Australia | Ordinary | 100 | 100 |
| Ausdrill Tanzania Limited | Tanzania | Ordinary | 100 | 100 |
| Perenti Utilities Pty Ltd * | Australia | Ordinary | 100 | 100 |
| BTP Equipment Pty Ltd * | Australia | Ordinary | 100 | 100 |
| BTP Parts Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Connector Drilling Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Drill Rigs Australia Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Energy Drilling Australia Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Golden Plains Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Logistics Direct Ltd | Ghana | Ordinary | 100 | 100 |
| MinAnalytical Holdings Pty Ltd * | Australia | Ordinary | 100 | 100 |
| MinAnalytical Laboratory Services Australia Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Barminco Mining Services Botswana Proprietary Ltd | Botswana | Ordinary | 100 | 100 |
| Ausdrill Mining Surface Botswana Proprietary Ltd | Botswana | Ordinary | 100 | - |
| Perenti UK Ltd | UK | Ordinary | 100 | 100 |
| Power Solutions Africa Suarl | Senegal | Ordinary | 100 | 100 |
| Mining Technology and Supplies Ltd | Ghana | Ordinary | 100 | 100 |
| Barminco Mining Services Canada Limited | Canada | Ordinary | 100 | 100 |
| Barminco Finance Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Barminco Holdings Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Barminco Limited * | Australia | Ordinary | 100 | 100 |
| Supply Direct South Africa Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Synegex Holdings Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Supply Direct Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Supply Direct Pty Ltd (United Kingdom Branch)* | United Kingdom | Ordinary | 100 | 100 |
| Barholdco (EIS) Pty Ltd | Australia | Ordinary | 100 | 100 |
| Barminco South Africa Pty Ltd | South Africa | Ordinary | 100 | 100 |
| Barminco Egypt LLC | Egypt | Ordinary | 100 | 100 |
| West African Mining Services Ltd | Ghana | Ordinary | 100 | 100 |
| Barminco Egypt Underground Mining Services SAE Investment Commercial | Egypt | Ordinary | 100 | 100 |
| SLR Australia Pty Ltd | Australia | Ordinary | 100 | 100 |
| Barminco India Holdings Pty Ltd | Australia | Ordinary | 100 | 100 |
| Barminco India Investments Pty Ltd | Australia | Ordinary | 100 | 100 |
| Barminco AUMS Holding Pty Ltd * | Australia | Ordinary | 100 | 100 |
| Barminco Indian Underground MIning Services LLP | India | Ordinary | 100 | 100 |
| African Underground Mining Services Limited | Ghana | Ordinary | 100 | 100 |
| African Underground Mining Services Ltd Mali Sarl | Mali | Ordinary | 100 | 100 |
| African Underground Mining Services Burkina Faso Sarl | Burkina Faso | Ordinary | 100 | 100 |
| AUMS (T) Limited | Tanzania | Ordinary | 96 | 100 |
| Barminco Mining Services USA LLC | USA | Ordinary | 100 | - |
| Perenti USA Inc | USA | Ordinary | 100 | - |
| Underground Mining Alliance Ltd | Ghana | Ordinary | 70 | 70 |
| Technology Driven Mining Pty Ltd | Australia | Ordinary | 96 | 100 |
| Improvement Resources Pty Ltd | Australia | Ordinary | 96 | - |
| Sandpit Innovation Pty Ltd | Australia | Ordinary | 96 | - |
| Spidler Group Pty Ltd | Australia | Ordinary | 96 | - |
| Spidler Technologies Pty Ltd | Australia | Ordinary | 96 | - |
| Optika Solutions Pty Ltd | Australia | Ordinary | 96 | - |
| BG Umoja Services Limited | Tanzania | Ordinary | 80 | - |
| AMAX Ltd | Ghana | Ordinary | 60 | - |

Underground Mining Alliance (UMA) is a 70/30 operation between AUMS and Rocksure International, a Ghanaian Mining contractor and has been included in subsidiaries above.
BG Umoja Services Limited is a 80/20 operation between Perenti International Pty Ltd, Barminco AUMS Holding Pty Ltd and Geofields Tanzania Limited, a Tanzanian Mining Contractor, and has been included in subsidiaries above.
AMAX Ltd is a 60/40 operation between African Mining Services (Ghana) Pty Ltd and MAXMASS Ltd, a Ghanaian Mining Contractor, and has been included in subsidiaries above.

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. For further information refer to note 23.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also:


| | | |
|---|---|---|
| **15** | Contingencies | 136 |
| **16** | Commitments | 136 |
| **17** | Events since the end of the financial year | 136 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15 CONTINGENCIES

### a. Contingent liabilities

In the course of business, liabilities may arise from different events including contractual disputes, litigations and other claims. The outcomes from these events cannot be predicted or in the opinion of directors are without merit and therefore no amounts have been disclosed.

For information about guarantees given by entities within the Group, including the parent entity, please refer to note 24.

### b. Contingent assets

The Group lodged a claim in relation to a matter which at the date of this report is unresolved and is subject to litigation. The directors are confident that a favourable outcome will be achieved. However, the contingent asset has not been recognised as a receivable at 30 June 2021 as receipt of this amount is dependent on the outcome of the litigation.

## 16 COMMITMENTS

### a. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| **Property, plant and equipment** | | |
| *Payable:* | | |
| Within one year | **92,013** | 57,528 |

The capital commitments are to be funded from cash and available finance facilities.

## 17 EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 7 July 2021, the Group announced that Sandfire Resources had received its mining licence for the Motheo project in Botswana. The licence is one of the two primary conditions required for the finalisation of the Motheo Project. This contract was announced by the Group on 9 June 2021 with an estimated contract value of $648 million (at 100% basis) over a 7 year and 3-month term which will likely be structured through a joint venture. The Group continues to work collaboratively toward the finalisation of the contract with Sandfire which is expected in the near term.

On 9 July 2021, the Group announced the finalisation of its contract with Panoramic Resources Limited for development and production works at their Savannah Nickel Project in Western Australia. The finalised contract represents a value of approximately $280 million over a four-year contract term which was initially announced on 6 April 2021.

On 19 July 2021, the Group announced the award of a five year contract to its AMS JV AMAX Ltd at AngloGold Ashanti's Iduapriem gold mine in the Western Region of Ghana. The contract value was $470 million (100% share) and is structured through a 60/40 joint venture with MAXMASS Limited.

On 23 July 2021, the Group announced the appointment of experienced Sydney-based executive, Mr Timothy Longstaff, as Non-Executive Director. Mr Longstaff joined the Board with effect from 16 August 2021.

On 26 July 2021, the Group launched *idoba*, a new capital light technology-driven service offering available to the mining and resources industry. Perenti acquired Sandpit Innovation, Improvement Resources and Optika Solutions to form *idoba* in accordance with its 2025 Strategy.

On 24 August 2021, the directors determined the payment of a final ordinary dividend of 2.0 cents (unfranked) per fully paid share to be paid on 20 October 2021 out of retained earnings at 30 June 2021. The financial effect of this transaction has not been brought to account at 30 June 2021.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in subsequent financial years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## OTHER DISCLOSURE

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.


| | | |
|---|---|---|
| **18** | Related party transactions | 138 |
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18 RELATED PARTY TRANSACTIONS

**a. Parent entities**

'The ultimate parent entity of the Group is Perenti Global Limited.

**b. Subsidiaries**

Interests in subsidiaries are set out in note 14.

**c. Key management personnel compensation**

| | 21<br>$ | 20<br>$ |
|---|---|---|
| Short-term employee benefits | **3,903,542** | 4,172,626 |
| Post-employment benefits | **140,675** | 153,483 |
| Leave entitlements | **67,012** | 205,701 |
| Share-based payments | **1,620,819** | 1,886,958 |
| | **5,732,048** | 6,418,768 |

Detailed remuneration disclosures are provided in the remuneration report on pages 64 to 78.

**d. Transactions with other related parties**

The following transactions occurred with related parties:

| | 21<br>$ | 20<br>$ |
|---|---|---|
| **Sales of goods and services** | | |
| Entities related to key management personnel | **15,697,482** | 3,233,476 |
| **Purchase of goods and services** | | |
| Other property related expenses-electricity | **296,700** | 261,381 |

**(i) Purchases from entities associated with related parties**

The Group acquired the following goods and services from entities that are associated with members of the Group key management personnel:

- provision of exploration drilling services
- mining services
- electricity services

A director, Mr Robert Cole, is currently the Chairman of Synergy. A number of Australian Perenti Global Limited subsidiaries have been provided with electricity services from Synergy. All contracts and services are based on normal commercial terms and conditions and Mr Cole is not party to any contract negotiations for either party.

A director, Ms Andrea Hall, is a non-executive director of Evolution Mining Limited. Evolution Mining has been provided with mining services and mineral analysis services by a Perenti Global Limited subsidiary. All contracts and services are based on normal commercial terms and conditions and Ms Hall is not party to any contract negotiations for either party.

A previous director, Mr Ian Cochrane, was a non-executive director of Dacian Gold Limited up to 10 May 2021. Dacian Gold has been provided with mining services by Perenti Global Limited. These services have been provided on arm's length commercial terms and conditions. Mr Cochrane was not party to any contract negotiations for either party.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18 RELATED PARTY TRANSACTIONS (CONTINUED)

**e. Outstanding balances arising from sales / purchases of goods and services**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| | 21 $ | 20 $ |
|---|---|---|
| **Current receivables (sales of goods and services)** | | |
| Entities related to key management personnel | **497,775** | 6,792 |
| **Current payables (purchases of goods and services)** | | |
| Other property related expenses-electricity | **(5,218)** | (18,785) |

**f. Loans to related parties**

| | 21 $ | 20 $ |
|---|---|---|
| **Loans to key management personnel** | | |
| Balance at 1 July | **187,512** | 190,409 |
| Loans repayments made | **-** | (2,327) |
| Interest charged | **8,964** | 9,867 |
| Interest received | **(10,437)** | (10,437) |
| End of period | **186,039** | 187,512 |
| **Loans from non-controlling interest** | | |
| Balance at 1 July | **2,705,255** | 2,659,753 |
| Loan repayments made | **(1,200,008)** | - |
| Impact of foreign exchange | **(215,239)** | 45,502 |
| End of period | **1,290,008** | 2,705,255 |

**g. Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market rates. The loans to key management personnel on acquisition of the Barminco group are repayable by 22 October 2022. Interest was payable at the rate of 4.80% and 4.52% on loans advanced. Outstanding balances are unsecured and are repayable in cash.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 SHARE-BASED PAYMENTS

### a. Employee Option Plan

The Employee Option Plan is designed to provide long-term incentives for senior managers to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The amount of options that will vest depends on Perenti Global Limited's total shareholders return (TSR), including share price growth, dividends and capital returns, ranking with a peer group of selected companies that are listed on the ASX over a period of time. Once vested, the options remain exercisable for a period of between 3.6 years and 5 years from their issue date. Options are granted under the plan for nil consideration.

Options granted for nil consideration and settled in shares under the plan carry no dividend or voting rights.

Set out below are summaries of options granted under the plan:

| | 21 | | 20 | |
|---|---|---|---|---|
| | AVERAGE EXERCISE PRICE PER SHARE OPTION | NUMBER OF OPTIONS | AVERAGE EXERCISE PRICE PER SHARE OPTION | NUMBER OF OPTIONS |
| **As at 1 July** | | **1,200,006** | | 3,733,354 |
| Granted during the year | **$0.00** | **-** | $0.00 | - |
| Exercised during the year | **$0.17** | **(733,338)** | $0.17 | (2,466,680) |
| Forfeited during the year | **$1.15** | **(466,668)** | $0.17 | (66,668) |
| As at 30 June | | **-** | | 1,200,006 |
| Vested and exercisable at 30 June | **$0.00** | **-** | $0.27 | 881,488 |

The weighted average share price at the date of exercise of options during the year ended 30 June 2021 was $1.26 (2020: $1.55)

No options expired unexercised during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices.

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | SHARE OPTIONS 30 JUNE 2021 | SHARE OPTIONS 30 JUNE 2020 |
|---|---|---|---|---|
| 23/12/2015 | 23/12/2020 | $0.17 | **-** | 800,005 |
| 20/04/2018 | 21/11/2021 | $1.19 | **-** | 266,667 |
| 20/04/2018 | 12/06/2022 | $1.55 | **-** | 133,334 |
| | | | **-** | 1,200,006 |

Weighted average remaining contractual life of options outstanding at end of period was zero years.

There were no options granted during the year ended 30 June 2021 (2020: Nil).

During the year ended 30 June 2021 all options under the Employee Option Plans were either exercised or forfeited and therefore at 30 June 2021 there are no unvested options and the Employee Option Plans terminated.

### b. Rights Plan

The Board had established an Incentive Rights Plan for eligible employees holding senior executive and senior management roles with a focus on delivering outcomes that create value for shareholders. The plan allows for three different types of incentive rights; retention rights, performance rights and short-term incentive rights. Performance rights were granted during the year and are treated in substance as options and are accounted for as share based payments. Participation under the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits. Rights granted for nil consideration under the plan carry no dividend or voting rights.

#### Retention rights

Each retention right issued under the plan converts into one ordinary share of Perenti Global Limited on exercise. The retention rights granted on 31 October 2020. Retention rights are not subject to performance hurdles.

#### Short-term incentive rights

Each short-term incentive right issued under the plan converts into one ordinary share of Perenti Global Limited on exercise. Certain Executive's are invited to participate in the plan. Short-term incentive rights are based upon business outcomes which comprise of a mix of financial and non-financial measures. The Board retains absolute discretion with respect to the targets and outcomes assessed under the plan. The Short-term incentives vest twelve months after the grant date.

#### Performance rights

Each performance right issued under the plan converts into one ordinary share of Perenti Global Limited on exercise. Performance rights vest and become exercisable when the applicable performance, service or other vesting conditions specified at the time of grant are satisfied within a predetermined performance period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 SHARE-BASED PAYMENTS (CONTINUED)

### b. Rights Plan (continued)

**Performance rights (continued)**

The performance period for the rights granted during the period will run from 1 July 2020 until 30 June 2023, the performance period for the rights granted in 2020 run from 1 July 2019 until 30 June 2022. In addition to continued service, the Board has set the following performance criteria for rights granted:

- 50% of the performance rights will vest if the total shareholder return (TSR) vesting condition is met which are on sliding scale based upon the TSR benchmark as disclosed in the remuneration report; and
- 50% of the performance rights will vest if the return on average capital employed (ROACE) vesting condition is met which are on sliding scale of ROACE outcomes between 14.5% and 19% as disclosed in the remuneration report.

Set out below is a summary of rights granted under the above plans.

| | 21 NUMBER OF RIGHTS | 20 NUMBER OF RIGHTS |
|---|---|---|
| As at 1 July | **9,644,034** | 5,661,178 |
| Granted during the year | **5,891,669** | 4,839,040 |
| Forfeited during the year | **(1,259,189)** | (856,185) |
| Vested during the year | **(1,224,352)** | - |
| As at 30 June | **13,052,162** | 9,644,034 |

There were 5,607,028 performance rights, 284,641 Short Term Incentive Rights and nil retention rights granted during the year ended 30 June 2021 (30 June 2020: 4,554,513 performance rights and 284,527 Short Term Incentive Rights and nil retention rights).

Weighted average remaining contractual life of rights outstanding at the end of the year 1.13 years (30 June 2020: 1.36 years). Weighted fair value of rights granted during the year $0.66 (30 June 2020: $1.57).

An independent third party valuer provided a valuation report with the following inputs used to determine the fair value of rights at the grant date included:

| RIGHT | GRANT DATE | PERFORMANCE PERIOD END DATE | SHARE PRICE GRANT DATE | EXPECTED VOLATILITY | DIVIDEND YIELD | RISK-FREE INTEREST RATE | FAIR VALUE GRANT DATE |
|---|---|---|---|---|---|---|---|
| Performance - ROACE | 28 Feb 2019 | 30 Jun 2021 | $1.74 | 54.92% | 3.74% | 1.67% | $1.60 |
| Performance - TSR | 28 Feb 2019 | 30 Jun 2021 | $1.74 | 54.92% | 3.74% | 1.67% | $1.22 |
| Retention | 28 Feb 2019 | 31 Oct 2020 | $1.74 | 54.92% | 3.74% | 1.67% | $1.64 |
| Performance - ROACE | 10 Jun 2019 | 30 Jun 2021 | $1.33 | 52.07% | 3.74% | 1.07% | $1.23 |
| Performance - TSR | 10 Jun 2019 | 30 Jun 2021 | $1.33 | 52.07% | 3.74% | 1.07% | $0.82 |
| Performance - ROACE | 28 Nov 2019 | 30 Jun 2022 | $1.95 | 46.00% | 3.60% | 0.66% | $1.78 |
| Performance - TSR | 28 Nov 2019 | 30 Jun 2022 | $1.95 | 46.00% | 3.60% | 0.66% | $1.33 |
| Short Term Incentive Plan | 24 Oct 2019 | 24 Oct 2020 | $1.84 | - | 3.74% | - | $1.88 |
| Short Term Incentive Plan | 10 Nov 2020 | 9 Nov 2021 | $1.13 | - | 6.19% | - | $1.06 |
| Performance - ROACE | 9 Apr 2021 | 30 Jun 2023 | $1.13 | 64.00% | 6.19% | 0.12% | $0.99 |
| Performance - TSR | 9 Apr 2021 | 30 Jun 2023 | $1.13 | 64.00% | 6.19% | 0.12% | $0.62 |
| Performance - ROACE | 28 May 2021 | 30 Jun 2023 | $0.67 | 67.00% | 10.53% | 0.08% | $0.54 |
| Performance - TSR | 28 May 2021 | 30 Jun 2023 | $0.67 | 67.00% | 10.53% | 0.08% | $0.21 |

### c. Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as a part of employee benefit expense were as follows:

For further information on the above options and rights, refer the Remuneration Report on pages 64 to 78.

| | 21 $'000 | 20 $'000 |
|---|---|---|
| Options issued under employee option plan | **-** | 165 |
| Rights issued under employee rights plan | **2,033** | 4,542 |
| | **2,033** | 4,707 |

The total amount to be expensed for share based payments is determined by reference to the fair value at grant date, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options or rights that are expected to vest. The total expense is recognised over the vesting period. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share-based payments reserve.

Significant judgement is required in determining the achievement of non-market conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20 REMUNERATION OF AUDITORS

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### a. PricewaterhouseCoopers Australia

| | 21 $ | 20 $ |
|---|---|---|
| **(i) Audit and other assurance services** | | |
| Audit and review of financial statements | **1,205,168** | 897,872 |
| **(ii) Taxation services** | | |
| Tax compliance services | **499,719** | 688,392 |
| **(iii) Other services** | | |
| Advisory and accounting consulting services | **515,250** | 1,215,091 |
| Total remuneration of PricewaterhouseCoopers Australia | **2,220,137** | 2,801,355 |

### b. Network firms of PricewaterhouseCoopers Australia

| | 21 $ | 20 $ |
|---|---|---|
| **(i) Audit and other assurance services** | | |
| Audit and other assurance services | **868,835** | 782,269 |
| **(ii) Taxation services** | | |
| Tax compliance services | **235,124** | 276,334 |
| **(iii) Other services** | | |
| Advisory and accounting consulting services | **72,202** | 42,657 |
| Total remuneration of network firms of PricewaterhouseCoopers Australia | **1,176,161** | 1,101,260 |
| **Total remuneration of PricewaterhouseCoopers firms** | **3,396,298** | 3,902,615 |

### c. Non PricewaterhouseCoopers audit firms

| | 21 $ | 20 $ |
|---|---|---|
| **(i) Audit and other assurance services** | | |
| Audit and review of financial statements | **153,763** | 131,900 |
| **(ii) Taxation services** | | |
| Tax compliance services | **165,963** | 350,513 |
| **(iii) Other services** | | |
| Advisory and accounting consulting services | **636,235** | 677,134 |
| **Total remuneration of non PricewaterhouseCoopers firms** | **955,961** | 1,159,547 |

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 EARNINGS PER SHARE

### a. Basic (loss)/earnings per share

| | 21 CENTS | 20 CENTS |
|---|---|---|
| From continuing operations attributable to the ordinary equity holders of the Company | **(7.8)** | 3.5 |

### b. Diluted (loss)/earnings per share

| | 21 CENTS | 20 CENTS |
|---|---|---|
| From continuing operations attributable to the ordinary equity holders of the Company | **(7.8)** | 3.5 |

### c. Reconciliation of earnings used in calculating earnings per share

| | 21 $'000 | 20 $'000 |
|---|---|---|
| (Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share: | | |
| From continuing operations | **(55,140)** | 23,837 |

### d. Weighted average number of shares used as denominator

| | 21 NUMBER | 20 NUMBER |
|---|---|---|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **703,365,307** | 689,198,530 |
| Adjustments for calculation of diluted earnings per share: | | |
| Effect of share options on issue | **-** | 760,273 |
| Effect of share rights on issue | **-** | 503,386 |
| Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share | **703,365,307** | 690,462,189 |

The number of potential ordinary shares not considered dilutive at 30 June 2021 is 8,305,205.

### e. Information on the classification of securities

#### (i) Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 19.

#### (ii) Rights

Rights granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 19.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| **Current** | | |
| *Floating charge* | | |
| Cash and cash equivalents | **207,856** | 284,467 |
| Receivables | **291,506** | 360,424 |
| Inventory | **170,585** | 213,292 |
| **Total current assets pledged as security** | **669,947** | 858,183 |
| | | |
| **Non-current** | | |
| *Floating charge* | | |
| Plant and equipment | **565,497** | 699,290 |
| Freehold land and buildings | **53,844** | 57,042 |
| Receivables | **124,679** | 21,233 |
| Investment | **36,699** | 111,278 |
| **Total non-current assets pledged as security** | **780,719** | 888,843 |
| **Total assets pledged as security** | **1,450,666** | 1,747,026 |

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 7(d) and therefore not included in this disclosure.

## 23 DEED OF CROSS GUARANTEE

Perenti Global Limited and the entities noted below are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and a directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The closed group consists of Perenti Global Limited and the following entities:

ACN 103534087 Pty Ltd;
African Mining Services (Ghana) Pty Ltd;
Perenti International Pty Ltd;
Perenti Group Services Pty Ltd;
Perenti Finance Pty Ltd;
Ausdrill (Ghana) Pty Ltd;
Ausdrill Pty Ltd;
Perenti Properties Pty Ltd;
Perenti Utilities Pty Ltd;
BTP Parts Pty Ltd;
BTP Equipment Pty Ltd;
Connector Drilling Pty Ltd;
Drill Rigs Australia Pty Ltd;
Energy Drilling Australia Pty Ltd;
Golden Plains Pty Ltd;
MinAnalytical Holdings Pty Ltd;
MinAnalytical Laboratory Services Australia Pty Ltd;
Supply Direct Pty Ltd;
Supply Direct South Africa Pty Ltd;
Supply Direct Pty Ltd (United Kingdom Branch);
Synegex Holdings Pty Ltd;
Barminco Holdings Pty Ltd*;
Barminco Finance Pty Ltd*;
Barminco Limited*;
Barminco AUMS Holdings Pty Limited*.

* Entities added to the Deed of cross guarantee during the year ended 30 June 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23 DEED OF CROSS GUARANTEE (CONTINUED)

### a. Consolidated statement of profit or loss, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Perenti Global Limited, they also represent the 'extended closed group.

Set out below and on the next page is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the closed group.

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| *Consolidated statement of profit or loss* | | |
| **Revenue from continuing operations** | **998,219** | 338,116 |
| Other income | **116,083** | 63,319 |
| Materials expense | **(302,861)** | (114,287) |
| Labour costs | **(486,877)** | (154,252) |
| Rental and hire expense | **(10,773)** | (7,063) |
| Depreciation expense | **(104,641)** | (36,180) |
| Amortisation expense | **(38,571)** | - |
| Management fee income | **-** | 4,468 |
| Finance costs | **(61,667)** | (14,558) |
| Finance income | **12,108** | 14,113 |
| Other expenses from ordinary activities | **(91,807)** | (49,697) |
| Share of net profits of joint ventures accounted for using the equity method | **-** | 41,696 |
| Impairment of assets | **(8,059)** | (25,337) |
| **Profit before income tax** | **21,154** | 60,338 |
| Income tax benefit | **23,196** | 5,030 |
| **Profit for the year** | **44,350** | 65,368 |
| | | |
| *Consolidated statement of comprehensive income* | | |
| **Other comprehensive income** | | |
| **Profit for the year** | **44,350** | 65,368 |
| *Items that may be reclassified to profit or loss* | | |
| Exchange differences on translation of foreign operations | **9,203** | (723) |
| *Items that will not be reclassified to profit or loss* | | |
| Gain on revaluation of land and buildings | **4,008** | - |
| Gain on revaluation of financial assets FVOCI, net of tax | **1,333** | 6,133 |
| **Other comprehensive income for the year, net of tax** | **14,544** | 5,410 |
| **Total comprehensive income for the year** | **58,894** | 70,778 |
| | | |
| *Summary of movements in consolidated retained earnings* | | |
| **Retained earnings at the beginning of the financial year** | **270,180** | 253,162 |
| Profit for the year | **44,350** | 65,368 |
| Retained earnings transfer | **(110,532)** | (307) |
| Dividends paid | **(50,672)** | (48,043) |
| **Retained earnings at the end of the financial year** | **153,326** | 270,180 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23 DEED OF CROSS GUARANTEE (CONTINUED)

**b. Consolidated statement of financial position**

Set out below is the consolidated statement of financial position as at 30 June of the closed group.

| | 21 $'000 | 20 $'000 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **98,746** | 58,590 |
| Trade receivables | **186,722** | 147,027 |
| Inventories | **91,232** | 59,898 |
| Current tax receivables | **13,762** | 6,871 |
| Assets classified as held for sale | **28,894** | - |
| Total current assets | **419,356** | 272,386 |
| **Non-current assets** | | |
| Investments in other Group companies | **496,266** | 666,667 |
| Receivables | **152,125** | 168,444 |
| Financial assets at fair value through other comprehensive income | **25,536** | 23,632 |
| Joint ventures accounted for using the equity method | **-** | 365,289 |
| Property, plant and equipment | **394,971** | 216,378 |
| Deferred tax assets | **139,055** | 121,596 |
| Right-of-use assets | **70,057** | 44,158 |
| Intangible assets | **666,585** | - |
| Total non-current assets | **1,944,595** | 1,606,164 |
| **Total assets** | **2,363,951** | 1,878,550 |
| **Current liabilities** | | |
| Trade and other payables | **145,766** | 65,438 |
| Borrowings | **1,829** | 1,752 |
| Lease liabilities | **22,729** | 7,091 |
| Current tax liabilities | **13,389** | 7,161 |
| Employee benefit obligations | **54,411** | 17,589 |
| Total current liabilities | **238,124** | 99,031 |
| **Non-current liabilities** | | |
| Borrowings | **691,102** | 257,309 |
| Lease liabilities | **55,320** | 38,345 |
| Deferred tax liabilities | **74,941** | 78,384 |
| Employee benefit obligations | **2,656** | 845 |
| Total non-current liabilities | **824,019** | 374,883 |
| **Total liabilities** | **1,062,143** | 473,914 |
| **Net assets** | **1,301,808** | 1,404,636 |
| **Equity** | | |
| Contributed equity | **1,137,783** | 1,135,323 |
| Reserves | **10,699** | (867) |
| Retained earnings | **153,326** | 270,180 |
| **Total equity** | **1,301,808** | 1,404,636 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 PARENT ENTITY FINANCIAL INFORMATION

### a. Summary financial information

The individual financial statements for the parent entity, Perenti Global Limited, show the following aggregate amounts:

| | 21<br>$'000 | 20<br>$'000 |
|---|---|---|
| **Balance sheet** | | |
| Current assets | **5,937** | 45,562 |
| Non-current assets | **901,114** | 895,349 |
| Total assets | **907,051** | 940,911 |
| Current liabilities | **929** | 38,160 |
| Non-current liabilities | **8,074** | 15,188 |
| Total liabilities | **9,003** | 53,348 |
| **Shareholders' equity** | | |
| Issued capital | **1,137,783** | 1,135,323 |
| *Other reserves* | | |
| Asset revaluation reserve | **3,213** | 909 |
| Share-based payments reserve | **13,096** | 13,064 |
| Pre-2015 reserve | **-** | - |
| Accumulated losses - 2015 reserve | **(183,177)** | (183,177) |
| Accumulated losses - 2020 reserve | **(78,556)** | (78,556) |
| Retained earnings | **5,689** | - |
| Total equity | **898,048** | 887,563 |
| **Profit for the period** | **54,903** | 7,902 |
| **Total comprehensive income** | **54,903** | 7,902 |

The financial information for the parent entity has been prepared in accordance with the accounting policies below.

### b. Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees during the year (2020: nil).

However, there are cross guarantees given by Perenti Global Limited as described in note 23. Net asset deficiencies exist in some of the subsidiaries covered by the deed of cross guarantee.

### c. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

### d. Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2021, the parent entity had $nil contractual commitments for the acquisition of property, plant and equipment (30 June 2020: $7,356,000).

### e. Accumulated losses - reserves

Each reserve of the parent entity has the same nature and purpose as described for the consolidated Group (in note 8(b)). In addition, the parent entity on 30 June 2020 and 30 June 2015 established separate reserves for the purpose of paying future dividends. The reserves are referred to as "Accumulated losses - 2020" and the "Accumulated losses - 2015 reserve". On the date of establishment, the "Accumulated losses - 2020" had an amount of ($78,556,000) transferred to it from retained earnings and the "Accumulated losses - 2015 reserve" had an amount of ($183,177,000) transferred to it from retained earnings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

### f. Parent entity financial information

The financial information for the parent entity, Perenti Global Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

**(i) Investments in subsidiaries, associates and joint venture entities**

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Perenti Global Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

**(ii) Tax consolidation legislation**

Perenti Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Perenti 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, Perenti Global Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Perenti Global Limited for any current tax payable assumed and are compensated by Perenti Global Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Perenti Global Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

**(iii) Financial guarantees**

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of those guarantees are accounted for as contributions and recognised as part of the cost of the investment.

**(iv) Share-based payments**

The grant by the Company of options and rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Perenti Global Limited and its subsidiaries.

### a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and Interpretations issued by the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Perenti Global Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of Perenti Global Limited and its subsidiaries also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) New or amended Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*
- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of Business*
- AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia*
- *Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework*

The Group has not elected to adopt the following amendments early:

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (iii) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period and have not been early adopted by the Group. The Group is assessing impact of the new standards, however does not expect to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

***Configuration or Customisation Costs in a Cloud Computing Arrangement***

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, 'Configuration or customisation costs in a cloud computing arrangement'. The decision specifies what configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset.

The Group's accounting policy has historically been to capitalise implementation costs related to cloud computing arrangements as intangible assets in the Consolidated Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Consolidated Statement of Financial Position and/or recognition of an expense in the Consolidated Statement of Profit and Loss, impacting both the current and/or prior periods presented.

As at 30 June 2021, the Group has not finalised its assessment of the impact of the IFRIC agenda decision. The Group's preliminary analysis indicated that the impact is not material.

#### (iv) Historical cost convention

These financial statements have been prepared on a historical cost basis except for the following:

- certain classes of property, plant and equipment measured at fair value,
- assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, and
- certain financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### b. Principles of consolidation

**(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations by the Group (refer to note 25(i)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

**(ii) Joint arrangements**

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Perenti Global Limited has only joint ventures.

*Joint ventures*
Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated statement of financial position.

**(iii) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in 25(j).

**(iv) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Perenti Global Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced, but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d. Foreign currency translation

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Perenti Global Limited's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

**(iii) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at end of the reporting period
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### e. Revenue recognition

The Group recognises revenue when the Group satisfies performance obligations by transferring a promised good or service to a customer. An asset is transferred when or as the customer obtains control of that asset.

**Contract assets and liabilities**

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Accrued revenue represents receivables for unbilled completed services where the Group's right to consideration is unconditional subject to only the passage of time. Deferred revenue arises where payment is received prior to work being performed and is allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

**Variable consideration**

AASB 15 provides requirements for variable considerations such as claims, variations and contract modifications. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised to the extent that it is highly probable that it will not result in a significant reversal. The estimate is based on all available information including historic performance.

**Contract fulfilment costs**

Costs generally incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs as these costs are incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue.

**Financing components**

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year and/or which contain other material financing components. Therefore, the Group does not adjust any of the transaction prices for the time value of money or other financing components.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### e. Revenue recognition (continued)

**Warranties and defect periods**

Contracts for sale of goods and services may include defect and warranty periods following completion of the sale or project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

**Other income**

*Dividends*

Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI.

### f. Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 6(a). Any other interest income is included in other income.

### g. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. 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 income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Perenti Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set-off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(i) Investment allowances and similar tax incentives**

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### h. Leases

The Group's leasing policy is described in note 7(d).

### i. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurements are recognised in profit or loss.

Under the acquisition method, the Group has up to 12 months post the acquisition date to finalise the fair values of identifiable assets and liabilities.

### j. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting period. See note 3 and note 7(e).

### k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### l. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment and loss allowance. See note 6(b) for further information about the Group's accounting for trade receivables and note 11(b) for a description of the Group's impairment policies.

### m. Inventories

Consumables and store items, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### n. Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss.

### o. Investments and other financial assets

**Classification**

The Group classifies its investments in the following categories:

- loans and receivables measured at amortised cost, and
- financial assets at fair value through other comprehensive income (FVOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Loans and receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 6(f).

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after statement of financial position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 6(b)).

**(ii) Financial assets at fair value through other comprehensive income (FVOCI)**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Financial assets - recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, refer to note 11 for further detail.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### p. Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 7(c). All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings. The depreciation methods and periods used by the Group are disclosed in note 7(c).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 25(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

### q. Maintenance and repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred. Significant costs incurred in overhauling plant and equipment are capitalised and depreciated over the remaining useful life of the asset or the component in accordance with note 25(p).

### r. Intangible assets

#### (i) Goodwill

Goodwill is measured as described in note 25(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 1).

#### (ii) Customer related intangibles

Customer related intangibles acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer related intangibles are amortised over the life of contract.

#### (iii) IT development and software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method over estimated useful lives.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### r. Intangible assets (continued)

#### (iv) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit.

### s. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### t. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income and other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### u. Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

### v. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### w. Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### w. Employee benefits

#### (iii) Share-based payments

Equity settled share-based compensation benefits are provided to employees via the Ausdrill Limited Employee Option Plan, an employee share scheme and Perenti Global Limited Incentive Rights Plan. Information relating to these schemes is set out in note 19. Equity settled share-based payments are measured at the fair value of the equity instruments at grant date.

The fair value at grant date is independently determined using a Monte Carlo simulation or an amended Black Scholes Merton methodology valuation model.

The fair value at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share-based payments reserve.

### x. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

### y. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### z. Earnings per share

#### (i) Basic earnings per share

Basic earnings per share, see note 21, is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### (ii) Diluted earnings per share

Diluted earnings per share, see note 21, adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### aa. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### ab. Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in this report and the accompanying financial report. Amounts in this report and the accompanying financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

# DIRECTORS' DECLARATION

**In the directors' opinion:**

(a) the financial statements and notes set out on pages 84 to 157 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 23.

Note 25(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

**Mark Alexander John Norwell**
Managing Director and Chief Executive Officer
Director

Perth
24 August 2021

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## *Independent auditor's report*

To the members of Perenti Global Limited

## *Report on the audit of the financial report*

### *Our opinion*

In our opinion:

The accompanying financial report of Perenti Global Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***What we have audited***

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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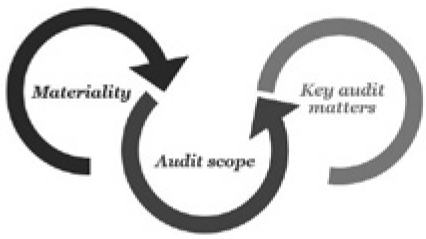
## *Our audit approach*

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.




| *Materiality* | *Audit scope* | *Key audit matters* |
|---|---|---|
| • For the purpose of our audit we used overall Group materiality of $10.44 million, which represents approximately 0.5% of the Group's revenues.<br>• We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.<br>• Having considered various other benchmarks, we chose total Group revenues because, in our view, it is the most appropriate benchmark against which the current performance and strategy of the Group is measured.<br>• We utilised a 0.5% threshold based on our professional judgement, noting it is within | • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the group engagement team and by component auditors in Africa operating under our instruction.<br>• The group engagement team performed audit procedures on the financial information of Perenti Global, Perenti Group Services, Perenti International, Perenti Finance, Ausdrill, BTP Parts, BTP Equipment, Barminco and Barminco Finance businesses because these were financially significant or | • Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:<br>– Valuation of Goodwill<br>– Valuation of non-current assets (excluding Goodwill)<br>– Calculation of current and deferred tax balances<br>• These are further described in the *Key audit matters* section of our report. |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

| | |
|---|---|
| the range of commonly acceptable thresholds. | contained financially significant balances.<br>• Component auditors performed audit procedures on the financial information of AMS (African Mining Services) Burkina Faso, Mali, Ghana and Senegal, AUMS (African Underground Mining Services) Burkina Faso, Ghana and Tanzania, Underground Mining Alliance, Barminco Mining Services Botswana and Barminco Egypt Underground Mining Services.<br>• The Group engagement team and component auditors actively communicated throughout the year through discussions, written instructions and reporting. |

## *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| ***Valuation of Goodwill***<br>*(Refer to note 7e)*<br><br>At 30 June 2021, the Group has $454.8m of goodwill recognised on the statement of financial position. Under Australian Accounting Standards, the Group is required to test the goodwill annually for impairment. The Group performed an impairment test to assess the recoverable amount through 'value in use' (VIU), using a discounted cashflow model. Significant judgement was required by the Group to estimate the key assumptions in the model to determine the recoverable amount of the goodwill and the amount of | Our audit procedures, amongst others, included the following:<br><br>• Assessing whether the Group's identification of the group of CGUs was consistent with the level at which goodwill is allocated, based on our knowledge of the operations and internal monitoring and reporting.<br><br>• Considering if the impairment model used to estimate the recoverable amount of the Goodwill was consistent with the requirements of Australian Accounting Standards. |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| any impairment. The most significant areas of judgment relate to:<br>• The level at which the Goodwill is assessed;<br>• cash flow forecasts, including the terminal value forecast;<br>• short term and future growth rates in revenue and earnings before interest, tax depreciation and amortisation (EBITDA) margin; and<br>• the discount rate used to discount the estimated cashflows adopted in the model.<br><br>This was a key audit matter given the level of judgement required by the Group in determining the assumptions used to perform the impairment testing and the significance of Goodwill to the statement of financial position. | • Assessing the Group's forecast future cash flows over the relevant period and evaluating whether the forecasts were consistent with the approved budget.<br><br>• Assessing the Group's ability to forecast future cash flows for the business by comparing historical budgets with reported actual results.<br><br>• Assessing whether the terminal growth rate used in the model was consistent with the long term average growth rates of the industry sector in which the Group operates.<br><br>• With the assistance of PwC valuations experts, evaluating the appropriateness of the discount rate by assessing the appropriateness of the relevant inputs to the calculation against industry and market factors.<br><br>• Agreeing the mathematical accuracy, on a sample basis, of the impairment model calculations.<br><br>• Assessing the composition of the assets and liabilities included within the CGUs carrying value and agreed them back to underlying financial records.<br><br>• Evaluating the adequacy of the disclosures made in note 7(e) of the financial statements, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards. |
| ***Valuation of non-current assets (excluding Goodwill)***<br>*(Refer to note 3)*<br><br>As required by Australian Accounting Standards, the Group has performed an assessment for indicators of impairment of non-current assets (excluding Goodwill). | Our audit procedures included, amongst others, the following:<br><br>• We assessed the basis of estimated recoverable value and recalculated the impairment for the specific Yanfolila and Boungou assets in the Surface Mining Africa CGU with reference to the |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| The Group performed an impairment assessment where a CGU was performing below its forecast cash flows, had high underutilisation of property, plant and equipment, or other economic and market conditions existed that indicated the asset value may not be recoverable, or the Group considered that there was another impairment indicator.<br><br>The Group's resulting impairment assessments over the Surface Mining Africa, Surface Mining Australia and BTP Group CGU's included consideration of the expected recoverable value at a specific asset level based on an estimation of the fair value less costs to dispose of the assets. An impairment of $51.8m and $8.1m was recognised as a result of these assessments in Surface Mining Africa and BTP.<br><br>The assessment of impairment for Surface Mining Africa, Surface Mining Australia and BTP was a key audit matter because of the significant judgement involved in estimating the recoverable amount of the assets and the material impact on the financial report. | indicative agreements covering the proposed sale of the assets.<br><br>• Examined the external valuation reports obtained by the Group to assist their estimation of the recoverable values of other assets.<br><br>• Assessed the competency, qualifications, experience and objectivity of the Group's external valuer, which included considering their experience and qualifications in assessing similar types of assets.<br><br>• Considered the completeness of the assets included in the external valuation reports.<br><br>• Together with PwC valuations experts, considered the methodologies and key assumptions adopted by the external valuer.<br><br>• Where the valuation resulted in an impairment, we recalculated the mathematical accuracy of the amount.<br><br>• Considered the adequacy of the disclosures made in note 3 of the financial statements in light of the requirements of Australian Accounting Standards. |
| *Calculation of current and deferred tax balances*<br>*(Refer to note 7(f))*<br><br>The calculation of taxation balances was a key audit matter because the Group operates in several jurisdictions with different laws, regulations and authorities resulting in complex tax calculations and judgements.<br><br>In particular, judgement is required in assessing the recoverability of the $151.7 million of tax losses recognised as assets at 30 June 2021 and the | Our procedures included, amongst others:<br><br>• Assessing with the support of PwC tax specialists, the rationale on which current tax was calculated and deferred tax assets and liabilities were recognised.<br><br>• Assessing whether deferred tax assets had been appropriately recognised in the financial report as at 30 June 2021 based on the extent to which they can be recovered by forecast taxable profits including performing the following: |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| appropriateness of $30.9 million of provisions for uncertain tax positions across Africa. | ○ Obtaining calculations of forecast taxable income for the next five years and agreeing these to the latest Board approved budget and forecast.<br>○ Comparing the latest Board approved budget to historical performance to assess the consistency and accuracy of the Group's approach to budgeting.<br>○ Assessing the Group's key assumptions in the cash flow budget and taxable income forecasts.<br>○ Evaluating whether the cash flows in the taxable income forecasts had been appropriately adjusted for the differences between accounting profits, as presented in the approved Board budget and forecast, to taxable profits.<br>○ Agreeing the mathematical accuracy, on a sample basis, of the calculation of forecast taxable income.<br>• Together with our PwC tax, we also considered the assumptions made by the Group in making judgemental tax provisions for uncertain tax positions. |

## *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

## *Report on the remuneration report*

### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 64 to 78 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Perenti Global Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Heatley
Partner

Perth
24 August 2021

# SHAREHOLDER INFORMATION

## A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding as at 21 July 2021:

| | ORDINARY SHARES | | |
|---|---|---|---|
| HOLDING | NUMBER OF HOLDERS | SHARES | % OF SHARES ON ISSUE |
| 1 - 1,000 | 2,875 | 1,205,566 | 0.17% |
| 1,001 - 5,000 | 3,251 | 9,036,451 | 1.28% |
| 5,001 - 10,000 | 1,574 | 12,285,334 | 1.74% |
| 10,001 - 100,000 | 2,753 | 80,701,268 | 11.46% |
| 100,001 and over | 306 | 601,066,602 | 85.35% |
| | **10,759** | **704,295,221** | **100.00%** |

There were 1,864 holders of less than a marketable parcel of 353,973 ordinary shares as at 21 July 2021.

## B. EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities as at 21 July 2021 are listed below:

| | ORDINARY SHARES | |
|---|---|---|
| NAME | NUMBER HELD | PERCENTAGE OF ISSUED SHARES |
| 1. HSBC Custody Nominees (Australia) Limited | 193,568,119 | 27.48% |
| 2. Citicorp Nominees Pty Limited | 93,616,100 | 13.29% |
| 3. J P Morgan Nominees Australia Pty Limited | 79,787,199 | 11.33% |
| 4. CS Third Nominees Pty Limited | 29,958,038 | 4.25% |
| 5. Bremerton Pty Limited | 26,005,640 | 3.69% |
| 6. Nebraska Pty Limited | 26,005,640 | 3.69% |
| 7. National Nominees LImited | 12,339,149 | 1.75% |
| 8. BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP> | 9,122,573 | 1.30% |
| 9. Zero Nominees Pty Ltd | 8,000,000 | 1.14% |
| 10. Purple Dragon Holdings Pty Ltd | 6,280,613 | 0.89% |
| 11. BNP Paribas Noms Pty Ltd | 5,232,762 | 0.74% |
| 12. Mr BG Wright + Mrs WJ Wright | 5,051,035 | 0.72% |
| 13. CTS Funds Pty Ltd | 5,009,748 | 0.71% |
| 14. BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C> | 4,850,866 | 0.69% |
| 15. Royale Blue Pty Ltd | 3,708,161 | 0.53% |
| 16. Mrs Patricia Gladys Wright | 3,623,553 | 0.51% |
| 17. BNP Paribas Nominees Pty Ltd Six Sis Ltd | 3,075,445 | 0.44% |
| 18. Gresham Partners Capital Limited | 2,689,150 | 0.38% |
| 19. Mrs PG Wright + Mr MG Wright + Mr JG Wright | 2,451,544 | 0.35% |
| 20. HSBC Custody Nominees (Australia) Limited-GSCO ECA | 2,341,126 | 0.33% |
| **Total held by the twenty largest shareholders** | **522,716,461** | **74.21%** |

### Unquoted equity securities

| | NUMBER ON ISSUE | NUMBER OF HOLDERS |
|---|---|---|
| Rights issued under the Employee Incentive Rights Plan | **13,052,162** | 70 |

# SHAREHOLDER INFORMATION

## C. SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below as at 21 July 2021:

| | ORDINARY SHARES | |
|---|---|---|
| | NUMBER HELD | PERCENTAGE |
| 1. FMR LLC | 69,693,488 | 9.90% |
| 2. L1 Capital | 62,324,568 | 8.80% |
| 3. Dimensional Fund Advisors | 38,810,240 | 5.50% |
| 4. Allan Gray Australia | 36,673,609 | 5.20% |

## E. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) **Ordinary shares:** every member present at a meeting of the Company in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) **Options:** no voting rights.

(c) **Rights:** no voting rights.

# FINANCIALS TABLE

| | | 17 | 18 | 19 | 20 | 21 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Sales revenue (from continuing operations) | **$'000** | 764,950 | 866,281 | 1,638,392 | 2,046,058 | **2,087,542** |
| **Profit/(loss)** | | | | | | |
| EBITDA | **$'000** | 135,791 | 177,250 | 401,049 | 370,377 | **276,296** |
| Depreciation expense | **$'000** | (62,172) | (74,528) | (164,829) | (232,141) | **(222,230)** |
| Amortisation expense | **$'000** | - | - | (29,062) | (38,564) | **(39,303)** |
| Underlying EBIT(A) | **$'000** | 68,872 | 86,823 | 180,707 | 211,708 | **170,787** |
| Net interest expense | **$'000** | (28,997) | (28,643) | (52,239) | (52,134) | **(62,957)** |
| Operating profit before income tax (excluding impairment) | **$'000** | 44,622 | 74,079 | 268,554 | 107,146 | **22,369** |
| Impairment expense | **$'000** | - | - | (113,635) | (59,608) | **(70,563)** |
| Profit / (loss) before income tax | **$'000** | 44,622 | 74,079 | 154,919 | 47,538 | **(48,194)** |
| Income tax (expense) / benefit | **$'000** | (13,671) | (14,730) | 27,362 | (19,983) | **(4,109)** |
| Profit / (loss) from discontinued operations | **$'000** | 250 | 1,701 | - | - | **-** |
| Profit / (loss) for the year | **$'000** | 31,201 | 61,050 | 182,281 | 27,555 | **(52,303)** |
| Profit / (loss) for the year attributable to equity holders | **$'000** | 31,201 | 61,050 | 181,326 | 23,837 | **(55,140)** |
| Number of ordinary shares at year end | **000's** | 312,277 | 362,197 | 685,706 | 701,528 | **704,295** |
| Weighted number of ordinary shares | **000's** | 312,277 | 351,782 | 605,818 | 689,199 | **703,365** |
| Basic earnings / (loss) per share | **cents** | 10.0 | 17.4 | 30.0 | 3.5 | **(7.8)** |
| Diluted earnings / (loss) per share | **cents** | 9.7 | 17.1 | 29.8 | 3.5 | **(7.8)** |
| **Statement of financial position** | | | | | | |
| Total assets | **$'000** | 1,187,362 | 1,367,761 | 2,666,766 | 2,742,894 | **2,497,465** |
| Total liabilities | **$'000** | 557,248 | 593,010 | 1,255,154 | 1,343,140 | **1,194,759** |
| Shareholders' equity | **$'000** | 630,114 | 774,751 | 1,411,612 | 1,399,754 | **1,302,706** |
| Net tangible assets per share | **$** | 2.02 | 2.14 | 0.97 | 0.99 | **0.89** |
| **Cash flows** | | | | | | |
| Gross cash flows from operating activities | **$'000** | 132,111 | 90,155 | 297,680 | 426,787 | **396,792** |
| Net cash flows from operating activities | **$'000** | 94,613 | 52,593 | 206,912 | 306,539 | **296,263** |
| Net cash flows from investing activities | **$'000** | (101,127) | (161,517) | (109,937) | (170,967) | **(204,083)** |
| Net cash flows from financing activities | **$'000** | (6,965) | 78,284 | (13,141) | (25,240) | **(144,450)** |
| Closing cash balance | **$'000** | 166,710 | 137,258 | 223,524 | 327,491 | **264,741** |
| Gross debt | **$'000** | 388,617 | 404,550 | 757,443 | 883,857 | **768,000** |
| Net debt | **$'000** | 221,907 | 267,292 | 533,919 | 556,366 | **503,259** |
| **Dividends** | | | | | | |
| Total dividends per share (interim and final declared) | **cents** | 4.00 | 7.00 | 7.00 | 7.00 | **7.00** |
| Total dividends paid/payable * | **$'000** | 6,246 | 19,855 | 42,602 | 48,023 | **49,270** |
| **Net Debt / Total Capital** | **%** | 26 | 26 | 27 | 28 | **28** |
| **Employees at year end** | **#** | 5,206 | 6,103 | 8,270 | 7,729 | **7,881** |

* Includes issue of shares under Dividend Reinvestment Plan.

# KEY DATES

## 2021

| | |
|---|---|
| **8 October** | Annual General Meeting |
| **20 October** | Dividend payment |

## 2022

| | |
|---|---|
| **21 February** | Board meeting to approve the Half Year to 31 Dec 2021 Financial Results<br>Teleconference would be held Tuesday 22 February 2022 |
| **22 August** | Board meeting to approve the Full Year to 30 June 2022 Financial Results<br>Teleconference would be held Tuesday 23 August 2022 |
| **7 October** | Annual General Meeting |

# GLOSSARY OF TERMS

| | | |
|---|---|---|
| **A** | AASB | Australian Accounting Standards Board |
| | ABAC Policy | Anti bribery and anti corruption Policy |
| | ABN | Australian Business Number |
| | ACN | Australian Company Number |
| | AMS | African Mining Services (Perenti subsidiary) |
| | APES | Accounting Professional & Ethical Standards |
| | ASIC | Australian Securities and Investments Corporation |
| | ASX | Australian Stock Exchange |
| | AUMS | African Underground Mining Service (Perenti subsidiary) |
| **B** | BTP | Best Tractor Parts (Perenti subsidiary) |
| **C** | CGU | Cash Generating Unit |
| | CFI | Conduit Foreign Income |
| **D** | DCF | Discounted cash flow |
| | DRP | Dividend Reinvestment Plan |
| **E** | EBIT(A) | Earnings before interest, tax and amortisation |
| | EBITDA | Earnings before interest, tax, depreciation and amortisation |
| | ESG | Environment Social and Governance (Sustainability) |
| **F** | FIFO | Fly In Fly Out workforce |
| | FVLCD | Fair value less cost of disposal |
| | FVOCI | Fair value through other comprehensive income |
| | FVPL | Fair value through profit and loss |
| **G** | GST | Goods and Services Tax |
| **I** | IASB | International Accounting Standards Board |
| | *idoba* | Perenti's technology services business |
| | IFRS | International Financial Reporting Standards |
| | IFRIC | International Financial Reporting Standards Interpretations Committee |
| | ISG | Industry Sector Group |
| **J** | JV | Joint venture |
| **K** | KMP | Key Management Personnel |
| **L** | LTI | Long term incentive |
| **M** | M&A | Mergers and acquisitions |
| **N** | NCI | Non-controlling interest |
| | NPAT | Net Profit After Tax |
| **O** | OCI | Other comprehensive income |
| | OEM | Original Equipment Manufacturer |
| | OMG | OMG Engineering |

# GLOSSARY OF TERMS

| | | |
|---|---|---|
| **R** | RCF | Revolving credit facility |
| | ROACE | Return on average capital employed |
| **S** | SPI | Serious potential incident |
| | STI | Short term incentive |
| **T** | TFR | Total Fixed Remuneration |
| | TRIFR | Total recordable injury frequency rate |
| | TSR | Total shareholders' return |
| **U** | UMA | Underground Mining Alliance – a joint venture between Perenti subsidiary AUMS and Ghanaian mining contractor Rocksure |
| **V** | VAT | Value-added Tax |
| | VIU | Value in Use |
| **W** | WCS | Well Control Solutions |

Perenti

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Expect More

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