ASX / JSE ANNOUNCEMENT

31 August 2022

DRA GLOBAL REPORTS HY2022 RESULTS

Key points:

- **Revenue of A$477.1 million, down 16.2% from the corresponding prior period**
- **Underlying EBITA loss of A$14.0 million compared to an Underlying EBITA profit of A$32.5 million in the corresponding prior period**
- **Adjusted basic loss per share[1] of 71.81 cents per share (cps) compared to adjusted basic earnings per share of 21.36 cps for the corresponding prior period**
- **Net cash[2] of A$72.5 million, down from A$118.4 million at 31 December 2021**
- **Net asset value per share[3] of A$5.11 compared to A$5.38 at 31 December 2021**
- **On track to complete the sale of the Group's G&S business to KAEFER**
- **Two major disputes have now resolved[4]**
- **Solid Backlog[5] of A$640 million and P1 Pipeline[6] of A$635 million maintained with a focus on quality of earnings**
- **Core businesses in the EMEA and AMER regions continue to perform well while the refocussed business in the APAC region is anticipated to become profitable during H2 FY22**
- **No interim dividend declared in respect of H1 FY22 and on-market share buy-back completed, which had been temporarily suspended in December 2021**

DRA Global Limited (ASX / JSE: DRA) (DRA, or the Group) reports its financial results for the first half of the 2022 financial year[7] (H1 FY22).

DRA's H1 FY22 Underlying EBITA[8] loss was A$14.0 million compared to an Underlying EBITA profit of A$32.5 million for the corresponding prior period. H1 FY22 Underlying NPATA[9] loss was A$12.0 million compared to an Underlying NPATA profit of A$23.0 million for the corresponding prior period. Statutory EBIT loss was A$17.3 million and statutory NPAT was a loss of A$16.9 million for H1 FY22.

DRA Interim Chief Executive Officer James Smith said "The first half of the financial year has been challenging due to legacy fixed-price construction contracts that were entered into by our G&S business in the APAC region in prior years."

"Those contracts have been terminated and associated contract claims are being commercially resolved with the estimated financial effects accounted for at 30 June 2022", said Mr Smith.

"As expected, our businesses in the EMEA and AMER regions continue to show strong and steady performance and we expect our refocused APAC business to become profitable during H2 FY22 following the divestment of the non-core G&S business which is anticipated to be completed in September 2022.

"Additionally, we successfully resolved two major disputes that arose prior to the Group's IPO. Together with progress towards resolving the residual fixed-price construction contracts and planned divestment of the G&S business, the Group has a platform to deliver a profitable second half.

"Notwithstanding the financial impact of the legacy fixed-price construction contracts in APAC, our global growth strategy continues with a strong focus on the core EPCM and operations & maintenance businesses in all regions."

Financial Summary

Description	Unit	H1 FY22	H1 FY21	*Change (%)*
Revenue	A$'M	477.1	569.3	*(16%)*
EBITA	A$'M	(14.9)	29.1	*(150%)*
EBIT	A$'M	(17.3)	26.1	*(66%)*
NPAT	A$'M	(16.9)	16.6	*(202%)*
Underlying EBITA	A$'M	(14.0)	32.5	*(143%)*
Underlying NPATA	A$'M	(12.0)	23.0	*(148%)*
Return On Equity	%	(6.7)	14.8	*(145%)*
Earnings per share (EPS)				
Basic EPS	CPS	(36.42)	22.88	*(259%)*
Diluted EPS	CPS	(36.42)	20.49	*(278%)*
Headline EPS (HEPS)[10]				
Basic HEPS	CPS	3.72	22.05	*(83%)*
Diluted HEPS	CPS	3.72	19.69	*(81%)*

Description	Unit	At 30 June 22	At 30 Dec 21	*Change (%)*
Cash and cash equivalents	A$'M	120.4	171.0	*(29%)*
Net cash	A$'M	72.5	118.4	*(39%)*
Net Assets	A$'M	252.7	266.1	*(5%)*
Shares on issue[11]	M	54.2	54.2	*0%*
NAV per share	A$	5.11	5.38	*(5%)*

Operational Highlights

The Group's safety performance was TRIFR[12] of 0.66, an improvement from FY21, while the LTIFR[13] was 0.22 compared to 0.17 for FY21. The Group worked 8.2 million man-hours across 25 active project sites and 15 operations facilities for the six-month period to 30 June 2022.

The EMEA Projects business achieved many significant milestones during the period. Phase 2 of the Kamoa-Kakula plant facility in the Democratic Republic of Congo was commissioned and completed two months ahead of schedule. DRA has been awarded significant further mining, process and infrastructure work as part of Phase 3. The Group also welcomed new clients such as Accelor Mittal and Maaden, and won large-scale projects in new countries within the EMEA region.

Key highlights:

- The restarted Limpopo Iron Ore EPC project was successfully completed
- Successfully completed upgrade projects for Anglo Platinum's Unki and Modikwa mines
- Elandsfontein Phosphate Mine Restart completed; Minopex started operations
- Zimplats Ngezi 3rd Stream Project and the Mupfuti Mine Replacement Project is well advanced
- Continuation at Northam's Booysendal mine (12 year engagement)
- Nearly 20 years of ongoing service to Assmang's Black Rock, Gloria and Khumani Mines

New projects awarded during this period:

- Platreef Plant and Infrastructure EPCM
- Anglo American Platinum Der Brochen Mine EPCM
- Northam Platinum Zondereinde Underground Mine EPCM
- Gerald Metals Marampa Mine E&CM
- South32 Wessels North Block EPCM

The strategy of diversifying and expanding service offerings in the Americas continued with project work won in relation to the Adventus Mining Curipamba Plant in Ecuador and the Antamina Mine in Peru.

During the period labour market shortages began to materialise as global activity moves into a post-pandemic phase. As a result, there have been some delays in progressing work that was recently won in EMEA and the Americas, and the Group has been exposed to some early signs of inflationary pressures.

Highlights in the APAC region included:

- Carmichael Project successfully commissioned in early July
- Development of Hastings Yangibana project EPCM progressing
- BHP Mt Keith Nickel – Debottlenecking Project on schedule and budget
- Pilbara Minerals Pilgangoora detailed design project awarded

Since the end of the half year, the Group has continued to secure further large-scale work from clients including Kamoa, Newmont, Northam Platinum, Foran Mining, Glencore and Lynas Corporation.

On 29 July 2022, the Group entered into an agreement with KAEFER to sell the G&S Engineering Services Pty Ltd and G&S Support Services Pty Ltd maintenance and construction business (collectively 'G&S')[14], comprising the transfer of certain contracts, assets and liabilities. Following a strategic review during the period, the G&S business was not considered a core focus for the Group moving forward and would benefit from a more strategically aligned owner.

By resolving the legacy fixed-price construction contracts and securing an agreement for the sale of the G&S business, together with restructuring the APAC region, the Group will have a solid platform to transition APAC into a business that is focused on our core strengths of engineering, project delivery and operations management.

In line with this strategy, the Group continued to progressively expand new capability growth in underground mining, advisory and sustainability.

At 30 June 2022, DRA had secured approximately A$280 million of new work and approximately A$640 million of work in hand, with approximately 60% and 80% respectively in the EMEA region.

Financial results

Group revenue for the period was A$477.1 million, a reduction of 16.2%, while statutory EBIT was a loss of A$17.3 million. The Group's H1 FY22 statutory EBIT loss and Underlying EBITA loss was adversely affected by an adjustment for the recoverability of a material contract asset position on a previously completed construction contract following conclusion of commercial settlement negotiations (A$9.0 million), and losses incurred to date in completing and resolving legacy fixed-price construction contracts (A$25.2 million)[15]. Both impacts relate to the Group's APAC business. Adjusting for the half year financial impact of the loss-making contracts, Underlying EBITA for the Group would have been a profit of A$20.2 million.

The corresponding prior period underlying EBITA benefited from a full period of profit contribution from the US Energy Operations (A$5.9 million), which came to an end early January 2022 following cessation of a US tax credit scheme on 31 December 2021.

The APAC/AMER segment EBIT result was a loss of A$38.6 million on lower revenue of A$188.1 million for the half year, and includes the financial impact to date of the previously mentioned loss-making fixed-price construction contracts and cessation of the US Energy Operations business in early January 2022. The EMEA segment EBIT result was A$27.2 million on slightly lower revenue of A$289.0 million for the half year, representing a margin of 9.4%. This result includes the financial impacts of the resolution of the Liqhobong and Fraser Alexander disputes. The result reflects the effect of slower ramp-up and client delays experienced on certain projects during the half year.

H1 FY22 statutory EBIT loss also includes a net income of A$0.9 million relating to the following which have been adjusted to determine the Group's Underlying profit measures and better reflect underlying performance:

- Revaluation gain on Upside Participation Rights (UPRs) primarily driven by the movement of DRA's share price which impacts the value of the UPRs issued in the prior financial year of A$17.5 million;
- Impairment of goodwill of A$15.7 million and other intangible assets of A$3.2 million of the APAC Cash Generating Unit related to the anticipated divestment of the G&S business;
- Legal costs of A$1.8 million relating to pre-IPO disputes concerning onerous contracts;
- Cost of the Liqhobong arbitration award of A$2.7 million[16]; and
- Provision reversal of A$5.0 million[17] related to settlement of the Fraser Alexander dispute.

In addition, the H1 FY22 statutory NPAT loss of A$16.9 million is further adjusted for A$3.0 million of interest costs associated with resolution of the above-mentioned disputes, and a net tax benefit on all earnings adjustments of A$0.7 million.

Group net assets decreased slightly to A$252.7 million, net cash decreased by A$45.9 million to A$72.5 million while gearing is temporarily elevated at 18.9% as at 30 June 2022. This reflects the use of cash and draw down on banking facilities primarily to support working capital requirements in APAC during the period, and the payment of deferred cash consideration of A$15.2 million related to the Stockdale share buy-back transaction. A further draw down of banking facilities and increase in gearing occurred in July for the Fraser Alexander dispute settlement.

DRA maintains a strong revenue base diversified across geographies, clients, commodities and service offerings to clients.

Corporate Update

The Group has completed the first of two phases of its updated operating model following a review[18]. The new operating model is better suited to DRA's business requirements with a number of immediate benefits, including:

- clarity of accountabilities to support improved performance and collaboration;
- appropriately empowering our business units to responsibly operate within the Group's governance, risk and compliance frameworks; and
- providing the platform to optimise overhead cost structures.

The second phase of the review is underway and will focus on aligning the Corporate functions and Business Units, and embedding the model across the Group.

Separate to the operating model review, DRA has been recruiting to appoint a permanent Chief Executive Officer and Chief Financial Officer. DRA has today announced the permanent appointment of Michael Sucher as Chief Financial Officer[19] who has been acting in the role since May 2022[20]. DRA is well advanced in recruiting a permanent Chief Executive Officer.

ASX / JSE ANNOUNCEMENT

Due to the Group's financial position at 30 June 2022, the near-term outlook and capital priorities, the decision has been made to conclude the share buy-back program today[21]. Under the share buy-back program, the Group purchased and cancelled 61,803 shares at prices between A$3.05 and A$3.80, returning approximately[22] A$213,000 to shareholders.

The DRA Board resolved not to declare an interim dividend in respect of H1 FY22.

The Group's settlement of the Fraser Alexander dispute for R118.4 million announced on 26 July 2022 has resulted in the gearing ratio rising temporarily above its 20% target as at the date of this announcement.

The recently announced sale of the APAC maintenance and construction business to KAEFER[23], comprising the transfer of certain contracts, assets and liabilities of the G&S business, remains on track to complete in September 2022.

During the period, DRA was a party to Australian Takeovers Panel proceedings in respect of the affairs of DRA[24] which have now concluded. DRA acknowledges the Panel's declaration of unacceptable circumstances in relation to the affairs of DRA arising from the conduct of certain shareholders, orders and reasons for its decision, and has complied with the orders requiring action by DRA. The Group notes that the Panel did not find that DRA had engaged in any contraventions of the Australian *Corporations Act 2001 (Cth)*.

Outlook

The EMEA region is expected to deliver a strong performance with all business units (DRA Projects, SENET, Minopex and DRA Water) showing improved pipelines within the second half of FY22.

The AMER region continues to show strong growth in North and South America and the US Energy Operations business is not expected to recommence in the foreseeable future.

The APAC region will be focusing on its core strengths of engineering, project delivery and operations management. The Group expects this refocused business to become profitable during the second half of FY22.

The Group's pipeline includes an estimated A$5.8 billion of opportunities with A$3.9 billion related to Projects and A$1.9 billion related to Operations. The Group's P1 Pipeline[25] is A$635 million as at 30 June 2022 with 34% in the APAC/AMER growth regions.

FY22 revenue for the Group is expected to be lower relative to FY21 and in the range of A$850 million to A$950 million as a result of the anticipated divestment of the G&S business. The Group expects Underlying EBIT[26] in the range of A$0 to A$10 million for the full year and a profitable second half of the financial year with a strong focus on quality of earnings. However, profitability may be impacted by certain macro-economic events, including:

- potential further interest rate increases by central banks as the effect flows through financing of future major projects and the pipeline for the Group; and
- inflationary pressures which impact on the Group's cost base in all major regions and may weigh on margins in the near term.

Excess free cashflow generated during the second half of the financial year is expected to be initially prioritised to repay short-term debt facilities and return DRA's gearing to below its target of 20%. The near-term focus will be re-establishing the Group's balance sheet strength.

"We will be refocusing on our core business and quality of earning in this second half", Mr Smith said.

"Our continued conversion of the significant pipeline of opportunities, the resolution of matters that have weighed heavily on our performance in the first half of the financial year, optimising our management structures and aligning to our new operating model, including a focus on reducing costs and enhancing cash generation, will enable us to achieve positive outcomes moving forward."

JSE Disclosures

Short form announcement

This short-form announcement is the responsibility of the Board of Directors of DRA and is a summarised version of the Group's full announcement and financial report. As such, it does not contain the full or complete details of the Group's results for the six-month period ended 30 June 2022.

Any investment decision should be made after taking into consideration the full announcement (comprising the financial report for the six-month period ended 30 June 2022), which can be found on the JSE website at:

https://senspdf.jse.co.za/documents/2022/jse/isse/drae/HY22finrep

The full announcement (comprising the financial report for the six-month period ended 30 June 2022), together with an investor presentation, is also available for inspection, at no charge, by appointment and subject to observing COVID-19 restrictions, at the registered office of the Company's JSE sponsor:

- Pallidus Exchange Services Proprietary Limited, Die Groenhuis, 36 Garsfontein Road, Waterkloof, Pretoria

during normal business hours. Alternatively, copies of these documents can also be accessed, or requested via direct message, under the investor section on the Company website at **http://www.draglobal.com/investors/**, or accessed at **https://www2.asx.com.au/markets/company/dra**.

The Company has a primary listing on the Official List of the ASX and has a secondary listing on the Main Board of the Johannesburg Stock Exchange.

- ENDS -

This announcement was approved for release by the Board of Directors of DRA Global Limited.

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ASX / JSE ANNOUNCEMENT

About DRA Global Limited

DRA Global Limited (ASX: DRA | JSE: DRA) (DRA or the Company) is a multi-disciplinary consulting, engineering, project delivery and operations management group predominantly focused on the mining and minerals resources sector. DRA has an extensive global track record, spanning more than three decades and more than 7,500 studies and projects as well as operations, maintenance and optimisation solutions across a wide range of commodities.

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

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

JSE Announcement Disclosures
DRA Global Limited
(Incorporated in Australia under the *Corporations Act 2001* (Cth))
ACN 622 581 935
ASX / JSE Share Code: DRA
ISIN: AU0000155814
("DRA" or "the Company")
JSE Sponsor: Pallidus Exchange Services Proprietary Limited

1 Loss/earnings adjusted for revaluation of Upside Participation Rights on issue. Adjusted basic loss/earnings per share is a non-IFRS measure. Unadjusted basic loss per share of 36.42 cps compared to unadjusted earnings per share of 22.88 cps for the corresponding prior period.
2 Net cash is determined by adjusting cash for interest-bearing borrowings and remaining deferred cash consideration for pre-IPO buyback transaction.
3 Excluding Share Scheme Settlement Shares, treated as treasury shares.
4 Liqhobong arbitration award and settlement of Fraser Alexander claims – see ASX announcements dated 18 March 2022 and 26 July 2022 respectively.
5 Includes secured contracts or signed purchase orders.
6 Near-term, high likelihood – in tender, tender submitted or being negotiated.
7 DRA's financial year end is 31 December.
8 Underlying EBITA excludes amortisation expense, the impact of impairments of goodwill and other intangible assets, revaluation gains/losses on Upside Participation Rights, legal costs relating to pre-IPO disputes and pre-IPO disputes settlements which are included in statutory EBIT. Underlying EBITA is a non-IFRS measure.
9 Underlying NPATA is Underlying EBITA excluding any related interest and taxation effects of items included in Underlying EBITA. Underlying NPATA is a non-IFRS measure.
10 Headline EPS is a non-IFRS measure.
11 Excludes 25M UPRs on issue. UPR strike price is A$3.10 (ie. not in the money at the current share price).
12 Total recordable injury frequency rate based on 200,000 man hours.
13 Lost time injury frequency rate based on 200,000 man hours.
14 See ASX announcement dated 29 July 2022.
15 This follows the decision in FY21 to discontinue this type of non-core work.
16 Additional interest costs of A$1.1 million were incurred in H1 FY22 and has been excluded from Underlying NPAT.
17 Interest costs related to the settlement of A$1.9 million were recognised at 30 June 2022 and has been excluded from Underlying NPAT. Further to the announcement on 26 July 2022, finalisation of the accounting treatment resulted in the provision reversal impact on Underlying EBIT increasing from A$3.6 million to A$5.0 million. The total impact to Group profit reduced from A$3.6 million to A$3.1 million.
18 Refer ASX announcements dated 11 March 2022 and 3 June 2022, available at **https://www.draglobal.com/investors/** .
19 See ASX announcement dated 31 August 2022, available at **https://www.draglobal.com/investors/**.
20 See ASX announcement dated 12 May 2022, available at **https://www.draglobal.com/investors/**.
21 See ASX announcement dated 31 August 2022, available at **https://www.draglobal.com/investors/**.
22 Total amount includes amounts converted from South African Rand into Australian Dollars based on a foreign exchange spot rate on each day that shares were bought back.
23 See ASX announcement dated 29 July 2022, available at **https://www.draglobal.com/investors/**.
24 See ASX announcements dated 22 March, 10 May, 16 May, 2 June and 3 June 2022, available at **https://www.draglobal.com/investors/**.
25 Pipeline opportunities are categorised as "near-term, high likelihood – in tender, tender submitted or being negotiated".
26 Underlying EBIT excludes the impact of impairments of goodwill and other intangible assets, revaluation gains/losses on Upside Participation Rights, legal costs relating to pre-IPO disputes and pre-IPO disputes settlements which are included in statutory EBIT. Underlying EBIT is a non-IFRS measure.