

Interim Financial Report

For the half-year ended 31 December 2020

ABN 95 009 211 474



Perenti Global Limited ABN 95 009 211 474

ASX Half-year information - 31 December 2020

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the
30 June 2020 Annual report

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Perenti Global Limited
For the half-year ended 31 December 2020

Results for announcement to the market

				\$'000
Revenue from continuing and ordinary activities	Up	4.9%	to	1,056,180
Loss after tax from continuing operations	Down	266.7%	to	(63,795)
Loss after tax attributable to members	Down	281.7%	to	(65,404)
Dividends		Amount per security	Franked amount per security	
Interim dividend	(cents)	3.5		-
Previous corresponding period	(cents)	3.5		3.5

Payment date of dividend

7 April 2021

Record date for determining entitlements to the interim dividend

17 March 2021

Dividend reinvestment plan

The Company's Dividend Reinvestment Plan (DRP) will be suspended with effect from 16 March 2021 until further notice. While the DRP is suspended, participants in the DRP will receive cash dividends including the dividend due to be 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.

Net tangible assets per share

	31 December 2020 Cents	31 December 2019 Cents
Net tangible asset backing per ordinary share	89.30	102.60

Explanation of results

The loss from ordinary activities after tax includes non-recurring, one-off items impacting the half-year ended 31 December 2020 and mainly related to the cost of implementing the AMS strategic review amounting to \$88.1 million, the redemption premium of \$8.1 million paid in relation to the early repayment of the US dollar high yield bond refinanced during the period, one-off transaction and redundancy costs of \$2.7 million and other adjustments. Refer to the interim financial report for the half-year ended 31 December 2020 for further explanation.

Interim financial report - for the half-year ended 31 December 2020

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Perenti Global Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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. Its shares are listed on the Australian Stock Exchange.

Directors' report

Your directors present their report on the consolidated entity consisting of Perenti Global Limited ("Perenti") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Perenti during the whole of the half-year and up to the date of this report, unless otherwise noted:

Mr Ian Howard Cochrane (Chairman)
Mr Mark Alexander John Norwell (Managing Director and Chief Executive Officer)
Mr Terrence John Strapp (retired on 31 December 2020)
Mr Mark Andrew Hine
Mr Robert James Cole
Ms Alexandra Clare Atkins
Ms Andrea Hall

1H21 Overview

The global COVID-19 pandemic and the flow-on impact on the global economy remain a feature of the six months to 31 December 2020, (1H21). Notwithstanding the challenges presented, Perenti continues to deliver value and certainty for its clients through successfully navigating the ever evolving COVID-19 landscape and embedding COVID-19 related practices into business as usual to ensure the safety, health and well-being of our people at all times. The business achieved operational continuity across all its sites, both domestic and international, and delivered a good safety performance.

During the period, the business replenished its orderbook with new work and contract extensions and grew its pipeline of future opportunities. Perenti strengthened its balance sheet through the successful refinance of its high yield bonds and is well placed to take advantage of future investment opportunities.

People, safety and sustainability

The health and safety of Perenti's people is a priority. Pleasingly, the Group's Total Recordable Injury Frequency Rate (TRIFR) and Serious Potential Injury Frequency Rate (SPIFR) both decreased during the period to 4.5 and 3.5 at 31 December 2020 respectively, down from TRIFR of 4.9 and SPIFR of 4.1 at 30 June 2020.

Perenti's focus is on longer term health and safety strategies with increasing investment in safety training and implementation of initiatives to embed a safety-led culture. Perenti is constantly engaged with its people, clients and suppliers to seek out initiatives that will deliver improved safety performance.

Perenti issued its inaugural Sustainability Report in August 2020 and is working towards meeting its FY21 sustainability commitments.

During the period, Perenti opened a state-of-the-art training facility in Botswana, which has trained more than 230 employees since September 2020, with local participation in our international workforce at 85%.

Perenti has published its inaugural Modern Slavery Statement and completed a risk assessment for human rights across our business. We have also implemented a customised Speak Up standard across all jurisdictions that will enable all individuals to report concerns or misconduct. Our Paid Parental Leave Policy and Flexible Work Standard have been introduced, among other measures as we strive to create an industry-leading employee value proposition.

Employee numbers have increased to 7,983 at 31 December 2020, up from 7,729 at 30 June 2020, predominantly due to the ramp up of the Hemlo project in Canada.

1H21 Highlights

- Strong revenue of \$1.0 billion; Underlying EBITDA of \$201.9 million
- Underlying EBIT(A) of \$93.8 million, underpinned by record EBIT(A) from the Underground business offset by softer earnings from the African surface mining business
- Group underlying NPAT of \$44.6 million
- With 52% of revenue generated in US dollars the results have been impacted by the strengthening of the Australian dollar against the US dollar in 1H21
- Operating cash flow of \$184.0 million with an excellent cash conversion of 92%, with the sale of idle African equipment expected to deliver significant cash into the business in 2H21
- Enhanced financial flexibility with the successful issue of high yield bonds at attractive rates. Net leverage ratio remained steady at 1.3x at gearing of 29%
- Group liquidity of \$539.5 million supporting an unfranked interim dividend of 3.5 cents per share
- Implemented the findings of the Surface Africa strategic review, resulting in the consolidation of the Underground and Surface businesses under the leadership of Paul Muller
- Taken positive steps towards the resolution of legacy contracts including asset sales expected to deliver circa \$80.0 to \$90.0 million cash
- One-off restructure charge of \$88.1 million following strategic review of Surface Africa operations
- \$1.1 billion of new work and contract extensions secured since 1 July 2020
- Work in hand of \$5.5 billion as at 31 December 2020 with a target tender pipeline of \$9.2 billion
- Successful expansion into a new top-tier mining jurisdiction, commencing operations at the Hemlo project in Canada
- Improved safety performance and an increased focus on ESG matters, with solid progress on FY21 sustainability commitments

Financial Overview

Financially, the Group's 1H21 results showed mixed results across the business. The core Underground mining business outperformed, despite the impediments caused by the new variants of COVID-19 and the impact of the strengthening AUD on its USD denominated foreign earnings. This strong performance was offset by a contraction of the surface mining Africa business and weaker performance of the businesses comprising the Investments Industry Sector Group (ISG).

Perenti's reported statutory revenue and net loss after tax for the half were \$1,056 million and \$63.8 million respectively, which have been significantly impacted by some one-off items recognised in 1H21. The impact of these one-off items means the statutory results for the six months to December 2020 do not reflect the underlying performance of the business. Therefore, the Group has presented underlying results for the six months to 31 December 2020 and underlying results for the six months to 31 December 2019 as a comparative.

The underlying results remove the impact of non-recurring, one-off items impacting 1H21 and largely relate to the cost of implementing the AMS strategic review, as set out in the table below.

Reconciliation of statutory results to underlying results for 1H21 - \$million

	Revenue	EBITDA	EBIT	NPAT
Statutory Results	1,056.2	118.0	(16.5)	(63.8)
Non-cash amortisation of customer related and software intangibles	-	-	19.3	19.3
Statutory Results before amortisation	1,056.2	118.0	2.8	(44.5)
Less non-recurring items below				
Implementation of AMS Strategic Review	(42.8)	80.0	88.1	88.1
USD bond redemption premium	-	-	-	8.1
One-off transaction and redundancy costs	-	2.0	2.0	2.7
Foreign exchange (loss)/gain, net	-	0.9	0.9	0.9
Net tax effect	-	-	-	(9.1)
Minority profits	-	-	-	(1.6)
Underlying¹ Results	1,013.4	200.9	93.8	44.6

Reconciliation of statutory results to underlying results for 1H20 - \$million

	Revenue	EBITDA	EBIT	NPAT
Statutory Results	1,006.9	216.7	86.4	38.2
Non-cash amortisation of customer related and software intangibles	-	-	19.3	19.3
Statutory Results after amortization	1,006.9	216.7	105.7	57.5
Transaction and other one-off costs	-	3.0	3.0	3.0
Foreign exchange (loss)/gain, net	-	1.4	1.4	1.4
Gain on sale of Connector	-	(2.4)	(2.4)	(2.4)
Boungou/Bissa project cessation one-off costs	-	3.3	3.3	3.3
Net tax effect	-	-	-	(0.4)
Minority profits	-	-	-	(2.2)
Underlying Results	1,006.9	222.0	111.0	60.1

On an underlying basis, Perenti reported revenue of \$1.01 billion, in line with first half of FY20 (1H20), and underlying Net Profit After Tax (excluding amortisation) of \$44.6 million, down \$15.5 million or 26% when compared to 1H20. This was largely due to the impact of a number of external factors including COVID-19 and foreign currency movements as well as the underperformance of the Surface Africa and Investments businesses.

At a segment level, the Underground Mining ISG contributed 73% of Perenti's revenue and 90% of group EBIT(A) before group overheads in 1H21. The Underground Mining ISG continues to grow with 17% growth in revenue compared to 1H20. EBIT(A) margins improved compared to the six months to 30 June 2020, limited by COVID-19 restrictions on the business and the impact of the strengthening AUD on earnings derived from its USD denominated foreign operations. The strong results were underscored by improvements across existing projects and new work won including the ramp up of growth projects in both Africa and Australia. 70% of the Underground revenue is generated from gold projects with close to half of the revenues earned from Australian operations.

Perenti's Surface Mining ISG represents 21% of group revenue and 3% of group EBIT(A) before group overheads. The decline in Surface ISG revenue and earnings resulted from the expiry of AMS contracts which have not been replaced and the reclassification of Yanfolila revenue and costs to non-underlying in 1H21. A key outcome of the

¹ 1H21 Underlying excludes any non-recurring items as disclosed in the table above. See slides 17 and 18 of Perenti's 1H21 investor presentation for further details.

strategic review of AMS, and part of the AMS transformation initiative, is the restructure of the Surface and Underground ISGs into a single mining ISG to realise cost efficiencies of in-country functions. Under the restructure, the business can report positive steps towards the resolution of two AMS legacy contract issues. When fully settled the resolution of these issues will see a significant cash inflow back to the business in the second half of FY21 from the sale of equipment. The contraction of AMS obscures stronger performance of the Australian surface business, Ausdrill, which enjoyed an increase in exploration related earnings from a buoyant market together with a steady level of drill and blast contract revenue.

The Investments ISG represents a smaller component of the group's overall revenue, contributing 6% of group revenue and 7% of group EBIT(A) before group overheads in 1H21. The Investments ISG results were impacted by a challenging commodity price environment for coal which drove a flattening of revenue and earnings in 1H21. The impact was most borne by the parts and equipment rental business, BTP, which has greater coal exposure than the remainder of the Perenti business. Management is focused on redeploying under-utilized BTP fleet into new and existing markets.

The Group holds a healthy orderbook valued at an estimated \$5.5 billion and a strong balance sheet, which was further strengthened during the period by the Group's successful refinance of its US dollar denominated high yield bonds. The US\$450 million refinance was oversubscribed, providing the Group with a lower interest rate and recognition of the strength of Perenti's business from global debt markets. Net debt did not increase after the refinancing and net leverage remained at 1.3x, as the proceeds of the upsized high yield bond were used to pay down existing debt. The new bonds are due to mature in October 2025.

The Group's credit ratings from Moody's Investor Services and Standard and Poor's were maintained at Ba2 and BB respectively. An additional credit rating was obtained from Fitch of BB with positive outlook.

Excellent operating cash conversion of 92% was achieved for 1H21, as a result of management's continued focus on working capital management and discipline during 1H21. The Group ended the period in a strong liquidity position, with cash reserves of \$219.5 million and undrawn debt facilities of \$320 million, providing the flexibility to fund growth projects and other initiatives targeted under the Group's 2025 strategy. It is anticipated that the resolution of the AMS legacy contract issues and associated sale of equipment in 2H21 will serve to bolster the Group's already strong liquidity position.

Operational Update

UNDERGROUND

\$million	1H21	1H20	% change
Sales to external customers	730.6	626.2	16.7% ▲
Underlying EBIT(A)	110.2	97.7	12.8% ▲

Perenti's underground subsidiaries, Barmingo and African Underground Mining Services (AUMS), together form one of the world's largest hard-rock underground mining services companies. Founded in 1989, Barmingo is synonymous with the delivery of high-quality underground mining solutions and was instrumental in the design and implementation of high-speed decline development. AUMS was established 14 years ago and combines Barmingo's skills and experience in underground mining services with the wider Group's knowledge, experience and client network in Africa. The underground business operates gold and base metal mines for clients in Australia, Africa and Canada offering a full suite of underground mining services from mine development to production and underground diamond drilling.

In 1H21, the underground business recorded strong growth in revenue and earnings through operational improvements at existing projects, winning new work and the ramp up of growth projects, albeit at a slower rate than anticipated. The improved performance has been achieved against a backdrop of everchanging challenges introduced to our workforce due to the impacts of COVID-19 globally.

These challenges were heightened across our international operations where we continue to lead the industry in crew change-outs to ensure operational continuity for our clients and safety of our workforce.

The restrictions created by the pandemic and buoyant commodity prices have also combined to create a tighter resourcing market and we have implemented a number of key programs to hire and train new people for our operations. This includes an increase in the recruitment of local people as we continue to ramp up the Hemlo project in Canada as well as targeted recruitment campaigns to support new work.

Ramp up continues on the Zone 5 project in Botswana where the milestone of first ore extracted was achieved in the first half. In addition, there have been notable increases in scope across Australian and African operations. In December, development started on the Geita Hill mine in Tanzania and has progressed well with completion due in Q1 FY22.

Since 1 July 2020, the Group has been successful in securing \$970 million in underground contracts.

The Underground Mining ISG continues to invest in technology and equipment that supports improved safety, productivity and efficiency. During 1H21, two additional Rhino Rigs were commissioned bringing the fleet to four. Three of these are currently deployed throughout Western Australia with the resource being optimised across a number of sites and a record number of metres drilled in the second quarter. During the half, Barminto was also the first in the world to debut the new generation of Epiroc's Mobile Carrier Rig that offers 'hands off steel automation' which significantly increases operator safety and productivity.

Barminto and AUMS continue to support the communities in which they operate. In Africa, our business procured COVID-19 testing machines to support our operational pandemic response while also donating a number of these machines to local hospitals. In Tanzania, AUMS supported the renovation of Kalangalala government primary school in Geita, while in Ontario, Canada we entered into a partnership to support the Marathon ice hockey community located near our Hemlo project operations.

SURFACE

\$million	1H21	1H20	% change
Underlying revenue	214.9	305.1	29.6% ▼
Underlying EBIT	4.0	10.7	62.9% ▼

Our Surface business includes Ausdrill in Australia and African Mining Services or AMS in Africa. Ausdrill is a leading provider of drilling services specialising in exploration, drill and blast, grade control and geotechnical services. It operates one of the most extensive fleets of drilling equipment and has experience across a range of commodities throughout Australia. AMS is a surface mining operator with 30 years' experience of providing safe and reliable production and exploration services. The company has a strong track record of delivering successful outcomes for our clients in a diverse range of mining jurisdictions across Africa. This is achieved through our highly trained localised workforce and the capability, scale and scope of our mining fleet.

The surface mining segment recorded a decline in both revenue and earnings in 1H21. The poor performance continues to be driven by AMS, although significant progress has been made in the AMS transformation initiative outlined in our last two financial results. Importantly, the Sanbrado Project, a contract negotiated under the new financial disciplines introduced by new management continues to perform well. There was also strong operational and financial performance from the surface Australia business driven by a steady drill and blast performance and an increase in exploration activity on the back of positive commodity prices in some key minerals.

AMS

Despite the 1H21 performance of AMS, solid progress has been made against the initiatives outlined in our transform AMS strategy, including the resolution of legacy contracts. A key outcome of the strategic review conducted into AMS as part of the AMS transformation initiative is the consolidation of the Surface and

Underground Mining ISGs into to a single Mining ISG to improve efficiency and realise synergies across the operations. The leadership team is continuing to reduce overheads, focus on portfolio rationalisation and asset intensity within the region including the redeployment and sale of idle fleet, addressing legacy contracts and targeting and winning new work that fits within the company's investment criteria.

Important developments include the pending exit of the lossmaking Yanfolila project in Mali with the sale of the assets to the incoming contractor and the completion of the sale of the remaining Boungou assets following our withdrawal from the contract in late 2019. The culmination of both initiatives will generate a significant cash injection into the business which is expected to be reinvested into growth projects in the region. In addition, the surface business continues to target and win new work that fits within the company's new investment criteria with \$900 million in surface mining tenders recently submitted.

During 1H21 AMS continued to deliver on client expectations despite the challenges brought about by the continuing COVID-19 pandemic. The underlying exploration performance has been solid with a restructure of labour base and operational activities assisting to offset COVID-19 complications with a H1 to H2 positive trend.

Ausdrill

Ausdrill recorded a strong operational performance in 1H21 on the back of a steady performance in its drill and blast business unit and an increase in exploration activity driven by positive commodity prices across some key minerals. During the half, a number of contract extensions were awarded to the business while the team successfully mobilised at Idemitsu's Boggabri Mine in New South Wales for project commencement on 1 December 2020, a considerable achievement given the in-state and in-country restrictions around the movement of people in Australia. The mobilisation also included the commissioning of four new CAT MD6250 drills ahead of schedule and mobilisation of a local workforce. The resourcing market tightened in the half driven by COVID-19 restrictions and buoyant commodity prices. Programs have been implemented to support attraction and retention of people to service our operations.

In line with Perenti's strategy on technology, Ausdrill introduced a range of equipment to improve safety, efficiency and productivity across its operations. In the half, the businesses received two awards for its bespoke automatic grade control sampling Rock Commander drill rig - the first a Merit Award at the 2020 BHP Global Health, Safety, Environment and Community Awards, the second the Safety Innovation of the Year award at the ADIA 2020 Industry Awards. The auto sampling system was developed in partnership with BHP and it enables a sample to be autonomously collected without manual handling, and tracked through the logistics chain all the way to assay stage – offering a safer, more precise and productive grade control outcome.

During 1H21, Ausdrill also acquired and commissioned a new LF160 drill rig and Freedom Loader combination which improves safety by removing 'hands on steel' interaction through an auto loader.

INVESTMENTS

\$million	1H21	1H20	% change
Sales to external customers	64.1	75.6	15.2% ▼
EBIT	8.4	15.3	45.1% ▼

Perenti's Investments ISG is comprised of several companies that provide a range of support services to the mining 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 approximately 400 people and its network of client businesses are located across Australia, Africa, South East Asia, and Europe.

BTP

BTP is one of Australia's largest non-Original Equipment Manufacturer (OEM) suppliers of heavy earthmoving equipment solutions to the mining and construction industries. BTP's offering includes maintenance and repair services, parts, reconditioned and service exchange for major components, equipment rebuilds, equipment rental and used equipment sales. BTP's equipment rental offering includes an extensive fleet of excavators, dump trucks, dozers, graders and ancillary equipment, including water carts.

In 1H21, lower coal prices and trade restrictions with China led to a reduction in demand and extended shutdowns across east coast operations impacting BTP's parts and rental equipment business. This resulted in lower than expected revenue and earnings for BTP. In response to this a key focus of management has been on redeploying fleet into new and existing markets.

A highlight for the half has been the commencement of the refurbishment of 10 785 dump trucks sourced from Brazil, with the first of the chassis and components received in early January. The project has generated significant market interest and follows similar rebuilds of equipment sourced from South Africa.

Supply Direct Group (SDG)

Supply Direct provides flexible and effective supply chain and logistics solutions predominantly to customers based in Africa, where supply chain issues are often complex. SDG works with customers to find the best machinery and parts supply source. Supply Direct managed machinery and parts supply offering includes a range of services from sourcing parts on demand to providing fully integrated vendor-held stock models, to tailor made solutions involving complex project management.

Supply Direct performed in line with expectations displaying considerable resilience in maintaining its operations despite the impacts of COVID-19 in South Africa. During 1H21 Supply Direct developed an underground people carrier through its engineering partners. The unit has the ability to carry 12 people to their underground workplaces, the first successful concept globally and as a result several units have been sold to a client in Zambia. The team has also shown its support for the local community decimated by the pandemic by delivering food parcels to the destitute and blankets to shelters that were worst affected.

MinAnalytical Laboratory Services (MinAnalytical)

MinAnalytical offers a full complement of mineral analysis services for gold, platinum group metals, lead, zinc, rare earth, nickel, copper, and lithium commodities, among others.

In 1H21 there has been strong demand for MinAnalytical's assay sample processing capabilities with a record number of PhotonAssay samples processed in December 2020 and strong demand continuing into the new year. This is on the back of increased exploration activity.

Increased activity across the mining sector has led to a tighter labour market, which has been compounded by COVID-19 related travel restrictions. The company has invested in processing capability in Kalgoorlie and Perth and is working closely with clients to ensure priorities are met while they manage the unprecedented demand.

Logistics Direct

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

The COVID-19 pandemic has resulted in a weaker import volume by client's associated logistical challenges however Logistics Direct continues to deliver quality services across the board to a broad client base. Focus areas for FY21 are a reduction in business overheads, an enduring emphasis on the health and safety of our people, growing the business and continuing to adapt and proactively respond to the challenges presented by COVID-19. The 1H21 results for the business are in line with expectations under difficult market conditions.

Well Control Solutions (WCS)

WCS provides rental, parts and consumables, and maintenance of pressure control and pump products for the oil and gas sector. During the half, business activity levels grew, supporting increased sales levels and improvement in financial performance. WCS expects this trend to continue.

OUTLOOK

The outlook for the resources sector remains strong with exploration expenditure forecast to increase in 2021 and the value of committed mining projects, in Australia alone, the highest in a decade with many more feasibility stage projects in the pipeline. Perenti has a strong balance sheet, a healthy order book of \$5.5 billion and a \$9.2 billion pipeline of opportunities across stable jurisdictions. The business structure and systems will ensure Perenti continues to be well positioned to capitalise on the expected resources sector growth.

While our highly experienced team remains committed to providing excellent service to ensure that we deliver value and certainty to our clients, we must recognise that the first half of FY21 has presented challenges, most notably the presence of COVID-19, foreign exchange movements and a softer equipment rentals market on the east coast of Australia. With these challenges expected to remain through calendar year 2021 the flow on impacts, primarily of COVID-19, has resulted in delays to several of our secured projects and also delays in the crystallisation of pipeline opportunities. However, Perenti is in a very strong position and we expect that the business will deliver second half FY21 revenue and margins that are consistent with the results achieved in 1H21, on the assumption that the USD/AUD exchange rate remains stable at \$0.76.

Dividends

The Directors have elected to declare an unfranked, interim dividend of 3.5 cents per share for the half-year ended 31 December 2020.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

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, in accordance with the instrument.

This report is made in accordance with a resolution of directors.



Mark Alexander John Norwell
Managing Director and Chief Executive Officer

Perth
22 February 2021



Auditor's Independence Declaration

As lead auditor for the review of Perenti Global Limited for the half-year ended 31 December 2020, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'CH', with a horizontal line extending to the right.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
22 February 2021

Perenti Global Limited
Consolidated statement of profit or loss
For the half-year ended 31 December 2020

		31 December 2020 \$'000	31 December 2019 \$'000
	Notes		
Revenue from continuing operations		1,056,180	1,006,878
Other income	5(a)	5,044	8,950
Materials expense		(319,329)	(331,519)
Labour costs		(427,319)	(362,412)
Rental and hire expense		(8,145)	(9,997)
Depreciation expense	5(b)	(115,189)	(111,030)
Amortisation expense	5(b)	(19,291)	(19,277)
Finance costs	5(b)	(36,866)	(27,060)
Finance income		273	835
Other expenses from ordinary activities	5(b)	(125,969)	(95,173)
Impairment of assets	4	(62,502)	-
Profit before income tax		(53,113)	60,195
Income tax expense	6	(10,682)	(21,952)
(Loss)/Profit for the half-year		(63,795)	38,243
(Loss)/Profit is attributable to:			
Equity holders of Perenti Global Limited		(65,404)	36,003
Non-controlling interests		1,609	2,240
		(63,795)	38,243
(Loss)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic (loss)/earnings per share		(9.30)	5.25
Diluted (loss)/earnings per share		(9.30)	5.20

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

Perenti Global Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2020

	31 December 2020 \$'000	31 December 2019 \$'000
Notes		
(Loss)/profit for the half-year	(63,795)	38,243
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange gains/(losses) on translation of foreign operations	5,090	(5,990)
<i>Items that will not be reclassified to profit or loss</i>		
Gain on revaluation of FVOCI financial assets, net of tax	1,339	6,368
Other comprehensive income for the half-year, net of tax	6,429	378
Total comprehensive (loss)/income for the half-year	(57,366)	38,621
Total comprehensive (loss)/income for the half-year is attributable to:		
Equity holders of Perenti Global Limited	(58,249)	36,436
Non-controlling interests	883	2,185
	(57,366)	38,621

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

Perenti Global Limited
Consolidated statement of financial position
As at 31 December 2020

		31 December	30 June
		2020	2020
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		219,532	327,491
Trade and other receivables		355,100	369,309
Inventories		237,854	250,379
Current tax receivables		10,019	6,190
Total current assets		822,505	953,369
Non-current assets			
Property, plant and equipment		749,240	818,096
Right-of-use assets		95,423	110,739
Intangible assets		690,872	705,156
Deferred tax assets		126,408	131,072
Financial assets at fair value through other comprehensive income	2	25,545	23,632
Receivables		2,160	830
Total non-current assets		1,689,648	1,789,525
TOTAL ASSETS		2,512,153	2,742,894
LIABILITIES			
Current liabilities			
Trade and other payables		242,990	261,095
Borrowings	7	5,457	7,148
Lease liabilities		25,654	29,482
Current tax liabilities		15,713	14,351
Employee benefit obligations		76,336	71,902
Total current liabilities		366,150	383,978
Non-current liabilities			
Borrowings	7	666,066	775,091
Lease liabilities		62,499	72,136
Deferred tax liabilities	10	95,011	110,131
Employee benefit obligations		2,431	1,804
Total non-current liabilities		826,007	959,162
TOTAL LIABILITIES		1,192,157	1,343,140
NET ASSETS		1,319,996	1,399,754
EQUITY			
Contributed equity	9	1,138,075	1,135,323
Other reserves		(11,139)	(11,104)
Retained earnings		186,681	270,039
Capital and reserves attributable to the owners of Perenti Global Limited		1,313,617	1,394,258
Non-controlling interests		6,379	5,496
TOTAL EQUITY		1,319,996	1,399,754

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

Perenti Global Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Notes	Attributable to owners of Perenti Global Limited			Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000			
Balance at 1 July 2020	1,135,323	(11,104)	270,039	1,394,258	5,496	1,399,754
(Loss)/profit for the half-year	-	-	(65,404)	(65,404)	1,609	(63,795)
Other comprehensive income/(loss)	-	7,155	-	7,155	(726)	6,429
Total comprehensive income/(loss) for the half-year	-	7,155	(65,404)	(58,249)	883	(57,366)
Transfer of share-based payments reserve to retained earnings	-	(6,609)	6,609	-	-	-
Transactions with owners in their capacity as owners:						
Shares issued on conversion of employee share options	2,082	(19)	-	2,063	-	2,063
Dividends paid/payable	-	-	(24,563)	(24,563)	-	(24,563)
Issue of ordinary shares as part of dividend reinvestment plan, net of transaction costs and tax	962	-	-	962	-	962
Deferred tax movement on capital raising costs	(292)	-	-	(292)	-	(292)
Employee share options/rights - value of employee services	-	(562)	-	(562)	-	(562)
	2,752	(581)	(24,563)	(22,392)	-	(22,392)
Balance at 31 December 2020	1,138,075	(11,139)	186,681	1,313,617	6,379	1,319,996

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

Perenti Global Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020
(continued)

	Notes	Attributable to owners of Perenti Global Limited				Non- controlling interests \$'000	Total equity \$'000
		Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance at 1 July 2019		1,126,769	(10,835)	293,836	1,409,770	1,842	1,411,612
Profit for the half-year		-	-	36,003	36,003	2,240	38,243
Other comprehensive (loss)/income		-	433	-	433	(55)	378
Total comprehensive (loss)/income for the half-year		-	433	36,003	36,436	2,185	38,621
Transfer of share-based payments reserve to retained earnings		-	(151)	151	-	-	-
Transactions with owners in their capacity as owners:							
Deferred tax movement on capital raising costs		(193)	-	-	(193)	-	(193)
Shares issued on conversion of employee share options		-	(17)	-	(17)	-	(17)
Dividends paid/payable	8	-	-	(24,019)	(24,019)	-	(24,019)
Employee share options/rights - value of employee services		-	2,357	-	2,357	-	2,357
		(193)	2,340	(24,019)	(21,872)	-	(21,872)
Balance at 31 December 2019		1,126,576	(7,911)	305,669	1,424,334	4,027	1,428,361

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

Perenti Global Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020

	31 December 2020 Notes \$'000	31 December 2019 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,105,056	1,049,043
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(920,817)</u>	<u>(897,752)</u>
	184,239	151,291
Interest received	273	835
Interest and other costs of finance paid	(21,809)	(25,673)
Income taxes paid	<u>(28,520)</u>	<u>(22,532)</u>
Net cash inflow from operating activities	<u>134,183</u>	<u>103,921</u>
Cash flows from investing activities		
Payments for purchase of subsidiaries	(6,895)	-
Payments for property, plant and equipment	(134,497)	(152,458)
Proceeds from sale of property, plant and equipment	15,096	13,842
Proceeds from sale of assets held for sale	-	16,000
Proceeds from sale of assets at FVOCI	-	1,208
Cash acquired on acquisition of subsidiary	1,617	-
Net cash outflow from investing activities	<u>(124,679)</u>	<u>(121,408)</u>
Cash flows from financing activities		
Proceeds from borrowings	651,298	79,985
Repayment of borrowings	(681,992)	(6,781)
Redemption premium on 2022 High Yield Bonds	(8,143)	-
Repayment of lease liabilities	(15,487)	(9,820)
Payments for borrowing costs	(14,053)	(485)
Proceeds from issues of shares, net of transaction costs	81	17
Dividends paid to Company's shareholders	<u>(38,777)</u>	<u>(24,019)</u>
Net cash (outflow)/inflow from financing activities	<u>(107,073)</u>	<u>38,897</u>
Net (decrease)/increase in cash and cash equivalents	(97,569)	21,410
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	<u>(10,390)</u>	<u>(1,221)</u>
Cash and cash equivalents at the end of the half-year	<u>219,532</u>	<u>243,713</u>

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

1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Perenti Global Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period.

- (a) AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (AASB 101 and AASB 108)
- (b) AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business (AASB 3)
- (c) Revised Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework
- (d) AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform (AASB 7, AASB 9 and AASB 139)
- (e) AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia (AASB 1054)

The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) 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 31 December 2020 reporting period and have not been early adopted by the Group. The Group is assessing the impact of the new standards, does not expect to have them a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Fair value measurements

This note provides an update on the judgements and estimates made by the Group when determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis:

2 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

At 31 December 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through other comprehensive income				
Australian listed equity securities	5,998	-	-	5,998
Australian unlisted equity securities	-	-	18,150	18,150
CAD listed equity securities	841	-	-	841
GBP listed equity securities	556	-	-	556
Total financial assets	7,395	-	18,150	25,545

At 30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through other comprehensive income				
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

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.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.

All remaining valuation techniques (level 3) are explained in (c) (i) below.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2020 for recurring fair value measurements:

2 Fair value measurements (continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (continued)

	Unlisted equity securities \$'000	Total \$'000
Opening balance 01 July 2020	18,475	18,475
Transfers between levels	<u>(325)</u>	<u>(325)</u>
Closing balance 31 December 2020	18,150	18,150

During the half-year ended 31 December 2020 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 in the six months to 31 December 2020. There were also no changes made to any of the valuation techniques applied as of 30 June 2020.

(i) 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 and financial information.

3 Segment information

(a) Description of segments

Management has determined the operating segments based on the internal reports reviewed by the Managing Director that are used to make strategic decisions. The Managing Director assesses the performance of the operating segments based on Revenue and EBIT(A).

The operating segments are identified by the Managing Director based on the nature of the services provided. The Managing Director considers the business from a geographic perspective, similarity of the services provided and the nature of risks and returns associated with each business.

Reportable segments are:

Surface Mining:

The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.

Underground Mining:

The provision of underground mining services in Australia, Africa and Canada.

Investments:

Operating segments which do not meet the aggregation criteria for the current segments. This includes the provision of mining supplies, products and services including equipment hire, equipment parts and sales and mineral analysis.

Group Functions and other:

This segment includes Group central functions including treasury, accounting, human resources, information technology, technology, consulting services, procurement, financing and administration.

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.

3 Segment information (continued)

(b) Segment information provided to the Board

Half-year ended 31 December 2020	Surface Mining	Underground Mining	Investments	Group Functions and other	Inter-segment Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Sales to external customers	257,651	730,613	64,103	3,813	-	1,056,180
Intersegment sales	77	62	9,646	695	(10,480)	-
Total sales revenue	257,728	730,675	73,749	4,508	(10,480)	1,056,180
Timing of revenue recognition						
- At a point in time	1,124	-	21,631	-	-	22,755
- Over time	256,604	730,675	52,118	4,508	(10,480)	1,033,425
	257,728	730,675	73,749	4,508	(10,480)	1,056,180
Underlying segment EBIT(A)	3,972	110,170	8,392	(28,718)	-	93,816
Implementation of AMS strategic review	(88,070)	-	-	-	-	(88,070)
Amortisation expense	-	(19,291)	-	-	-	(19,291)
Transaction, restructuring costs and other	(191)	-	(9)	(1,896)	-	(2,096)
Foreign exchange (loss)/gain, net	(696)	(4,308)	(1,930)	6,055	-	(879)
Reported segment EBIT	(84,985)	86,571	6,453	(24,559)	-	(16,520)
Interest income						273
Interest expense						(36,866)
Loss before tax						(53,113)
Income tax expense						(10,682)
Loss for the period						(63,795)
Minority interest						(1,609)
Loss for the period attributable to members						(65,404)
Segment assets	645,559	1,522,389	207,154	1,899,380	(1,762,329)	2,512,153
Segment liabilities	373,623	864,721	194,693	772,558	(1,013,438)	1,192,157
Other segment information						
Depreciation expense	(33,570)	(70,261)	(9,566)	(1,792)	-	(115,189)
Amortisation expense	-	(19,291)	-	-	-	(19,291)
Acquisition of property, plant and equipment, intangibles and other non-current assets	33,552	83,220	13,292	4,433	-	134,497

3 Segment information (continued)

(b) Segment information provided to the Board (continued)

Half-year ended 31 December 2019	Surface Mining	Underground Mining	Investments	Group Functions and other	Inter-segment Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Sales to external customers	305,072	626,207	75,599	-	-	1,006,878
Intersegment sales	1,354	-	14,119	-	(15,473)	-
Total sales revenue	306,426	626,207	89,718	-	(15,473)	1,006,878
Timing of revenue recognition						
- At a point in time	682	-	24,369	-	-	25,051
- Over time	305,744	626,207	65,349	-	(15,473)	981,827
	306,426	626,207	89,718	-	(15,473)	1,006,878
Underlying segment EBIT(A)	10,720	97,706	15,324	(12,736)	-	111,014
Transaction, restructuring costs and other	-	(2,735)	-	(310)	-	(3,045)
Amortisation expense	-	(19,277)	-	-	-	(19,277)
Boungou/Bissa project exit costs	(3,288)	-	-	-	-	(3,288)
Profit on sale of Connector	2,374	-	-	-	-	2,374
Foreign exchange (loss)/gain, net	369	(574)	12	(1,165)	-	(1,358)
Reported segment EBIT	10,175	75,120	15,336	(14,211)	-	86,420
Interest income						835
Interest expense						(27,060)
Profit before tax						60,195
Income tax expense						(21,952)
Profit for the period						38,243
Minority interest						(2,240)
Profit for the period attributable to members						36,003
Segment assets	1,678,516	1,449,312	257,707	777,159	(1,418,704)	2,743,990
Segment liabilities	384,203	654,694	208,461	1,004,510	(936,239)	1,315,629
Other segment information						
Depreciation expense	(38,449)	(61,979)	(10,406)	(196)	-	(111,030)
Amortisation expense	-	(19,277)	-	-	-	(19,277)
Acquisition of property, plant and equipment, intangibles and other non-current assets	31,949	107,774	11,218	1,517	-	152,458

3 Segment information (continued)

(c) 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 Board is measured in a manner consistent with that in the consolidated statement of profit or loss.

Total revenue by geographical location is as follows:

	31 December 2020			31 December 2019		
	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	90,322	(77)	90,245	94,438	(1,051)	93,387
- Ghana	50,104	-	50,104	57,059	(303)	56,756
- Burkina Faso	31,546	-	31,546	40,336	-	40,336
- Mali	52,011	-	52,011	76,574	-	76,574
- Senegal	33,714	-	33,714	37,847	-	37,847
- Other foreign countries	32	-	32	173	-	173
Underground Mining						
- Australia	336,370	-	336,370	289,734	-	289,734
- Ghana	127,999	-	127,999	122,908	-	122,908
- Burkina Faso	108,410	-	108,410	106,265	-	106,265
- Tanzania	49,908	-	49,908	48,893	-	48,893
- Egypt	44,340	-	44,340	43,892	-	43,892
- Botswana	38,858	(62)	38,796	966	-	966
- Canada	24,441	-	24,441	1,661	-	1,661
- India	348	-	348	11,888	-	11,888
Investments						
- Australia	53,830	(85)	53,745	70,941	(5,490)	65,451
- Africa	19,584	(9,323)	10,261	16,497	(6,895)	9,602
- Other foreign countries	334	(237)	97	2,279	(1,734)	545
Group Functions and other						
- Australia	4,508	(695)	3,813	-	-	-
Total segment revenue	1,066,659	(10,479)	1,056,180	1,022,351	(15,473)	1,006,878

4 Individually significant items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. The following material items are presented to provide a better understanding of the financial performance of the Group.

	31 December 2020 \$'000	31 December 2019 \$'000
Note		
Impairment of property, plant and equipment	(51,842)	-
Impairment of inventory	(10,660)	-
	<u>(62,502)</u>	<u>-</u>

For the half year ended 31 December 2020, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 31 December 2020 was below its net assets and management considered this factor amongst other impairment indicators at 31 December 2020.

Assets are firstly considered individually to determine whether there is any impairment related to specific assets due to factors such as technical obsolescence, declining market value, physical condition or salability within a reasonable timeframe. For the half year ended 31 December 2020, this resulted in \$37.1 million of impairments in the Surface Mining - Africa CGU of which \$27.4 million and \$9.7 million related to property, plant and equipment and inventory located in Mali and Burkina Faso respectively. 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 reflects the estimated recoverable value from the sale of these assets.

The Group then proceeded to consider the profitability of the individual Cash Generating Units (CGUs) against their budgets. Where a business was performing below its forecast and had high under utilisation of property, plant and equipment, management considered that there was an impairment indicator and performed an impairment assessment for those CGUs. This was the case for the Surface - Australia, Surface - Africa, BTP Group and MinAnalytical CGUs. For these CGUs, management prepared estimates associated with the recoverable amount of the relevant CGU to determine whether there was an impairment or reversal of previous impairments in relation to its carrying value. Determining a CGU's recoverable amount was completed via the following methods:

- (a) for certain CGUs the recoverability of its assets is completed via a fair value less costs of disposal calculation (FVLCD);
- (b) for certain CGUs the recoverability of its assets is completed via a value in use methodology (VIU).

The recoverable amount of a CGU is calculated as the higher of its FVLCD or its VIU. The Company sourced an external valuation to support a FVLCD estimates used. Where the FVLCD method was adopted, the valuation technique and fair value hierarchy is noted below.

The recoverable amount of a CGU determined by a VIU calculation requires the use of assumptions. Cash flow projections are calculated using budgeted EBITDA, changes in working capital and capital expenditure to determine a "free cash flow" estimate. These projections are based on actual operating results, a Board approved business plan and subsequent financial forecasts prepared by management. Future cash flows are extrapolated by applying growth rates for each segment and terminal growth rates not exceeding 3%. This methodology has been consistently applied across reporting periods.

For the CGUs that had impairment indicators at 31 December 2020, the recoverable amount was assessed either by a FVLCD or a VIU method. The assessments resulted in \$25.4 million of impairment charges to property, plant and equipment for the half-year ended 31 December 2020 in addition to the asset impairment amounts stated above. There was no reversal of previous impairments recorded.

4 Individually significant items (continued)

Summary of the impairment taken, and method used to assess the impairment

A summary of the Company's assessment of any indicators of impairment testing for material CGUs, the valuation method used and impairment expense/(reversal) is as follows:

CGU	Indicator for impairment testing		Valuation method used		Impairment expense/(reversal)	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
					\$'000	\$'000
BTP Group (BTP)	Y	N	VIU	VIU	-	-
Surface Mining - Africa	Y	Y	FVLCD	FVLCD	62,502	-
Surface Mining - Australia	Y	Y	FVLCD	VIU	-	-
MinAnalytical	Y	N	VIU	N/A	-	N/A
Underground Mining (Australasia / Africa)	N	N	N/A	N/A	N/A	N/A

Key assumptions used for value in use calculations

For certain CGUs the recoverability of its assets is determined using a VIU methodology. The calculation of VIU for the CGUs is most sensitive to the following assumptions:

- (a) EBITDA/sales margins
- (b) Growth rates and discount rates used to extrapolate cash flows beyond the forecast period

EBITDA margin

The calculations used cashflow projections based on the forecast for the 2021 to 2025 financial years. The 2021 forecast which includes revenue, EBITDA and EBIT was determined by a comprehensive exercise where the operational division evaluated each individual contract and project. Financial years from 2021 - 2025 for the BTP Group and MinAnalytical incorporate an estimate of the EBITDA margins which have not been disclosed as they are commercially sensitive in nature.

Working capital has been adjusted, in particular inventory levels, to return to and reflect what would be considered a normal operating level to support the underlying business.

Growth rate estimates and discount rates

Future cash flows are extrapolated by applying growth rates for each segment and appropriate discount rates for the CGU. A 1% growth rate for 2022 - 2025 has been utilised and additionally a terminal value after 5 years incorporating a perpetual growth rate of 2.5%.

Post-tax discount rates between 9.2% and 10.0% were used for the BTP Group and MinAnalytical.

The present value of the cashflows is sensitive to the EBITDA, growth rate and discount rates used. A higher discount rate or lower EBITDA Growth rate will result in a lower recoverable value.

4 Individually significant items (continued)

Key assumptions used for value in use calculations

Management have considered various reasonably possible sensitivities applied to the value-in-use models for the BTP Group and MinAnalytical CGUs at 31 December 2020. There are circumstances where changes to the above assumptions could impact the recoverable amount resulting in a future impairment of a CGU where an impairment has not been recorded at 31 December 2020. The table below shows the impact from adjusting for different reasonably possible outcomes in the value in use models.

Assumptions	% Change	BTP Group Impairment (\$'000)*	MinAnalytical Impairment (\$'000)*
	+1.0%	\$-	\$-
Growth rate (decrease reduces value)	-1.0%	(1,650)	\$-
	+1.0%	(13,350)	\$-
Discount rate (decrease increases value)	-1.0%	\$-	\$-

**the value shown is the impairment which would be recorded in the model if the assumption changed by the % included in the % change column.*

The above sensitivities have been performed with all other assumptions in the model remaining the same as the original model.

Key assumptions used for Fair Value less Costs of Disposal

Surface Mining - Africa

This CGU is included in the Surface Mining operating segment. At 31 December 2020, a FVLCD methodology was adopted combining Level 1, Level 2, and predominately Level 3 inputs in the fair value estimates. The directors assessed the fair value by using an independent valuation and determined the assets' fair values were reasonable. As a result an impairment expense of \$25.4 million was recognised at 31 December 2020 due to the recoverable value being lower than the carrying value. At 31 December 2019 FVLCD methodology was adopted and no impairment expense was recorded against property, plant and equipment and other assets.

Surface Mining - Australia

This CGU is included in the Surface Mining operating segment. At 31 December 2020, a FVLCD methodology was adopted combining Level 1, Level 2, and predominately Level 3 inputs in the fair value. The directors assessed the fair value, taking into account the independent valuation obtained and determined the assets' fair value within a range of reasonable fair value estimates. Based on the impairment testing performed no impairment expense was recognised at the CGU level at 31 December 2020. At 31 December 2019 a VIU methodology was adopted and no impairment expense was recorded against property, plant and equipment and other assets.

5 Other income and expense items

(a) Other income

	31 December 2020 \$'000	31 December 2019 \$'000
Gain on disposal of non-current assets	-	5,250
Profit on disposal of assets held for sale	-	2,374
Other items	3,986	1,326
Insurance proceeds	1,058	-
	5,044	8,950

(b) Breakdown of expenses by nature

Depreciation expense

Plant and equipment depreciation	97,546	97,170
Right-of-use asset depreciation	17,151	13,424
Buildings depreciation	492	436
Total depreciation expense	115,189	111,030

Amortisation expense

Customer relationships intangibles amortisation	19,051	19,051
Software amortisation	240	226
Total amortisation expense	19,291	19,277

Finance costs

Interest expense	23,476	23,052
Redemption premium on 2022 High Yield Bonds	8,143	-
Lease contracts interest	3,058	2,937
Amortised borrowing cost	1,393	442
Other finance costs	796	629
Total finance costs	36,866	27,060

Other expenses from ordinary activities

Travel and accommodation	22,311	16,392
Staffing, safety and training	15,469	17,446
Freight	17,237	13,171
Consultants	10,280	9,190
Insurance	10,309	8,176
IT and communications	10,832	7,726
Property related expenses	4,303	5,856
Duties and taxes	6,544	4,776
Foreign exchange loss/(gain), net	879	1,358
Trade receivable provisions and bad debts	12,042	226
Loss on disposal of non-current assets	3,534	-
All other expenses	12,229	10,856
Total other expenses from ordinary activities	125,969	95,173

5 Other income and expense items (continued)

(b) Breakdown of expenses by nature (continued)

	31 December 2020 \$'000	31 December 2019 \$'000
<i>Impairment of assets</i>		
Impairment of property, plant and equipment	51,842	-
Impairment of inventory	10,660	-
Total impairment of assets	<u>62,502</u>	<u>-</u>

6 Income tax expense

Effective tax rates for the half-year ended 31 December 2020 for Australian and global operations in terms of the Board of Taxation's Voluntary Tax Transparency Code:

(i) Australian operations

The accounting effective company tax rate for the half-year ended 31 December 2020 is 0% (30 June 2020: 23.9%). This effective tax rate is lower than the Australian company tax rate due to the impact of functional currencies, items of income/expenditure which are not assessable/deductible, recognition of previously unrecognised tax losses and transfer pricing adjustments. The effective tax rate excluding the impact of these items is 30.0% (30 June 2020: 30.0%).

(ii) Global operations

The accounting effective company tax rate for the half-year ended 31 December 2020 is (20.1%) (30 June 2020: 42.0%). This effective tax rate is higher than the Australian company tax rate due to the impact of different company tax rates in other countries, functional currencies, items of income/expenditure which are not assessable/deductible, unrecognised deferred tax assets relating to current year tax losses, impairments in some jurisdictions and transfer pricing adjustments. The effective tax rate excluding the impact of these items is 30% (30 June 2020: 30.0%).

7 Borrowings

	31 December 2020			30 June 2020		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Secured						
USD notes	-	-	-	-	506,297	506,297
Bank loans	-	80,000	80,000	-	251,981	251,981
Capitalised borrowing costs	-	(2,938)	(2,938)	-	(2,472)	(2,472)
Other loans	5,069	13,584	18,653	7,148	16,580	23,728
Total secured borrowings	5,069	90,646	95,715	7,148	772,386	779,534
Unsecured						
USD notes	-	584,907	584,907	-	-	-
Loan from minority interest	-	2,427	2,427	-	2,705	2,705
Capitalised borrowing costs	(2,535)	(11,914)	(14,449)	-	-	-
Insurance premium funding	2,923	-	2,923	-	-	-
Total unsecured borrowings	388	575,420	575,808	-	2,705	2,705
Total borrowings	5,457	666,066	671,523	7,148	775,091	782,239

	31 December 2020	30 June 2020
	\$'000	\$'000
Total unutilised facilities - bank and other loans	368,430	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. In June 2020, a A\$130 million syndicated facility agreement was entered by the Group as a response to the COVID-19 pandemic. The facility is multicurrency, revolving and matures on 12 May 2022. In December 2020, the Group's total facility limit of A\$530 million was reduced to A\$400 million. As at 31 December 2020, 21% 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.

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 minority interest

The loan is from the joint venture partner to Underground Mining Alliance Limited.

7 Borrowings (continued)

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

Where existing facilities approach maturity, the Group will seek to renegotiate with existing and new financiers to 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 has assigned a credit rating of BB (Outlook Positive) to the Group in 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:

	31 December 2020		30 June 2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
On-balance sheet				
<i>Traded financial liabilities</i>				
USD note - secured US\$350 million	-	-	506,297	503,858
USD note - unsecured US\$450 million	584,907	624,388	-	-

The fair values of non-current borrowings are based on market price (Level 1) at the balance sheet date.

8 Dividends

(a) Dividends recognised in the reporting period

	31 December 2020 \$'000	31 December 2019 \$'000
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half-years ended 31 December 2020 and 2019 were as follows:		
Final ordinary fully franked dividend for the year ended 30 June 2020 of 3.5 cents (2019: 3.5) per fully paid ordinary share paid on 3 November (23 October).	24,563	24,019

The final ordinary fully franked dividends for the year ended 30 June 2020 of A\$24.6 million include A\$1.0 million of DRP share issuances. During the half-year ended 31 December 2020 the cash portion of the interim ordinary fully franked dividends for the year ended 30 June 2020 of A\$15.2 million was paid in July 2020.

(b) Dividends not recognised at the end of the reporting period

	31 December 2020 \$'000	31 December 2019 \$'000
Subsequent to 31 December 2020 the directors have determined an unfranked interim dividend of 3.5 cents per fully paid ordinary share (2019: 3.5 cents). The aggregate amount of the proposed dividend expected to be paid on 7 April 2021 out of retained earnings at 31 December 2020, but not recognised as a liability at the end of the half-year, is as follows:	24,650	24,023

9 Contributed equity

(a) Share capital

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$'000	30 June 2020 \$'000
Ordinary shares				
Fully paid ordinary shares	704,295,221	701,528,401	1,138,075	1,135,323

(b) Movements in ordinary share capital

Details	Number of shares	Total \$'000
Opening balance 1 July 2020	701,528,401	1,135,323
Contribution of equity, net of transaction costs and tax	-	(292)
Employee share schemes issue (options and rights)	1,920,621	2,082
Dividend reinvestment plan share issues	846,199	962
Balance 31 December 2020	704,295,221	1,138,075

(c) 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 upon 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.

(d) Dividend reinvestment plan

The Company's Dividend Reinvestment Plan (DRP) will be suspended with effect from 16 March 2021 until further notice. While the DRP is suspended, participants in the DRP will receive cash dividends including the dividend to be 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.

(e) Options

Information relating to the Company Employee Option Plan, including details of options issued, exercised and forfeited during the financial year ended 30 June 2020 and options outstanding at the end of the financial year ended 30 June 2020, is set out in the 2020 Annual Report.

(f) Rights

Information relating to the Company Incentive Rights Plan is included in the 2020 Annual Report.

10 Deferred tax liabilities

The deferred tax liability of A\$95.0 million (30 June 2020: A\$110.1 million) includes an amount of A\$34.3 million (30 June 2020: A\$34.3 million) related to the uncertain tax provision in Africa.

11 Events occurring after the balance sheet date

On 21 January 2021, the Group announced the award of more than A\$307 million in new work and contract extensions at Australian mining projects through its underground mining business, Barminto and drilling services provider, Ausdrill. The new work and contract extensions are across four underground and two surface mining projects in New South Wales and Western Australia, with long-term clients Gold Fields, Western Areas, Consolidated Minerals and Evolution Mining.

On 1 February 2021, the Group announced its subsidiary Barminto was awarded a contract extension at Gold Fields' Agnew Gold Mine in Leinster, Western Australia. The extension, valued at over A\$200 million, is for full underground mining services resulting from an increase in development and production physicals at the mine.

On 22 February 2021, the directors have determined the payment of an interim dividend of 3.5 cents (unfranked) per fully paid share to be paid on 7 April 2021 out of retained earnings at 31 December 2020. See note 8(b) for further information.

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.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 36 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards including AASB 134 *Interim Financial reporting*, 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 31 December 2020 and of its performance for the half-year ended on that date,
- (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 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.

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



Mark Alexander John Norwell
Managing Director and Chief Executive Officer

Perth
22 February 2021



Independent auditor's review report to the members of Perenti Global Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Perenti Global Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

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

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

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

PricewaterhouseCoopers.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'CH' followed by a flourish.

Craig Heatley
Partner

Perth
22 February 2021