Perenti

ABN 95 009 211 474

CONDENSED CONSOLIDATED INTERIM

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2022

Creating enduring
value and certainty

Expect More

Perenti Limited ABN 95 009 211 474
ASX Half-year information - 31 December 2022

LODGED WITH THE ASX UNDER LISTING RULE 4.2A.3

This information should be read in conjunction with the 30 June 2022 Annual Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET - APPENDIX 4D

		%		31 December 2022 $'000	31 December 2021 $'000
Revenue from ordinary activities	Up	20.6	to	**1,438,510**	1,192,448
Profit from ordinary activities after tax attributable to members	Up	61.4	to	**39,661**	24,577
Net profit for the period attributable to members	Up	61.4	to	**39,661**	24,577

Dividends		**Amount per security**	**Franked amount per security**
Interim dividend	(cents)	-	-
Previous corresponding period	(cents)	-	-

The Company does not propose to pay an interim dividend for the half-year ended 31 December 2022.

Dividend reinvestment plan

The Company's Dividend Reinvestment Plan is currently suspended until further notice.

Net tangible assets per share	31 December 2022 Cents	31 December 2021 Cents
Net tangible asset backing per ordinary share	**105.54**	94.40

Explanation of results

For an explanation of the figures reported above please refer to the condensed consolidated interim financial report for the half-year ended 31 December 2022. The half-year ended 31 December 2021 included non-recurring, one-off items related to the gain on disposal of business amounting to $29.3 million and the impairment of customer related intangibles of $23.2 million and other adjustments.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2022

ABOUT THIS REPORT

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 2022 and any public announcements made by Perenti Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Perenti Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is – Level 4, William Square, 45 Francis Street, Northbridge, Western Australia 6003. Its shares are listed on the Australian Stock Exchange.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Perenti Limited ("**Perenti**") and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

DIRECTORS

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

ROBERT COLE
CHAIRMAN

MARK NORWELL
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

MARK HINE
NON EXECUTIVE DIRECTOR

ALEXANDRA ATKINS
NON EXECUTIVE DIRECTOR

ANDREA HALL
NON EXECUTIVE DIRECTOR

TIMOTHY LONGSTAFF
NON EXECUTIVE DIRECTOR

CRAIG LASLETT
NON EXECUTIVE DIRECTOR

1H23 OVERVIEW

First-half FY23 revenue and earnings underscored by operational outperformance, strategy execution and the hard work and commitment of our people.

Whilst this report covers our results from 1 July to 31 December (1H23), we acknowledge the tragic incident at Dugald River on 15 February 2023.

As announced, we tragically lost two employees, Trevor Davis and Dylan Langridge, following an incident at the Dugald River underground mine. The immediate and ongoing focus is on providing support to the families, friends and colleagues of Trevor and Dylan. A comprehensive investigation of the incident has commenced and we will continue to work with our client and authorities as we seek to understand how this incident occurred.

The 1H23 result continues the momentum from 2H22 due to strong operational performance, improved project commercials, favourable foreign currency movements and the easing of COVID headwinds experienced in prior periods.

Given 1H23 outperformance and the strong outlook for the remainder of FY23, Perenti now expects revenue of between $2.8 billion and $2.9 billion and EBIT(A) of between $250 million and $265 million. Leverage is expected to be ~1.0x and net capital expenditure is forecast to be approximately $320 million. This guidance assumes no deterioration of macro-economic conditions.

Our guidance also reflects improvements in commercial conditions at a number of key projects, which reflects both our performance and the strength of our relationship with our clients.

Perenti has also extended contracts at the Hemlo and Mako projects, extended scope at Garden Well, and successfully secured a new contract at the Ernest Henry mine in Queensland. Ramp-up at Zone 5 and Motheo have also been key contributors to the half-year outcome.

Since the release of the Company's updated 2025 Strategy last year, Perenti has continued to execute against several strategic objectives, including capital and liability management initiatives through both the share and bond buyback programs.

Additional highlights for 1H23 include the execution of the internal *It's Not OK* survey; Perenti's Joint Agreement with ABB, which aims to fortify Perenti's commitment to decarbonisation; and idoba's execution of a share sale agreement with Sumitomo Corporation, which underlines the value and innovation idoba brings to the sustainability of global mining.

PERENTI ORGANISATIONAL STRUCTURE

Perenti

Perenti CONTRACT MINING

We are one of the world's largest mining contractors with demonstrated industry-leading expertise in surface drilling and hard-rock surface and underground mining.

- Barminco
- African Underground Mining Services
- Ausdrill
- AMS

Perenti MINING SERVICES

We are a portfolio of specialised, lower capital intensity businesses who predominantly work with clients across the mining sector, to deliver value-add services that meet current and emerging needs.

- BTP
- Supply Direct
- Logistics Direct

idoba

We are a technology informed services and products business who provide unique end to end digital, technology and consulting services designed to rethink, transform and disrupt the mining industry and beyond.

- idoba
- Orelogy

1H23 HIGHLIGHTS

REVENUE

↑ $1.4B

Up 21% on 1H22

Underpinned by ramp-up of growth projects, strong operational performance, improved project commercials, favourable foreign currency movements and the easing of COVID headwinds

EBIT(A)

↑ $135M

Up 67% on 1H22

In line with increase in revenue

NPAT(A)[1]

↑ $61M

75% on 1H22

LEVERAGE[2]

1.1x

Strong 1H23 EBITDA performance

FREE CASH[3]

$70M

Stronger business performance and the continued delivery of strategic objectives

ROACE[4]

↑ 22.2%

Up 841 bps on 1H22

Stronger underlying EBIT(A), partially offset by increased working capital

Note: EBIT(A) and NPAT(A) are underlying.
1 *NPAT(A) is Perenti share, net of minority interests.*
2 *Net Leverage is defined as Net Debt / LTM underlying EBITDA.*
3 *Free cash is defined as net cash inflow from operating activities after stay in business capital expenditure and after proceeds from routine sale of assets.*
4 *ROACE is defined as underlying EBIT(A) / sum of average receivables, inventories, property, plant and equipment, including assets classified as held for sale and right-of-use assets less trade payables for the relevant period.*

PEOPLE, SAFETY AND SUSTAINABILITY

TRIFR

↓ 5.8

Total Recordable Injury Frequency Rate decreased from the FY22 figure of 6.9 to 5.8 in 1H23

SPIFR

↓ 2.3

Serious Potential Incident Frequency Rate decreased from the FY22 figure of 2.7 to 2.3 in 1H23

EMPLOYEES

~9,000

Perenti's people remain our priority and a number of major initiatives have been undertaken to develop leadership and culture.

The criticality of this focus was reinforced on 16 February 2023, when we announced the tragic loss of two employees, Trevor Davis and Dylan Langridge, following an incident at the Dugald River underground mine in Queensland. The immediate and ongoing focus is on providing support to the families, friends and colleagues of Trevor and Dylan. In parallel, we are completing a comprehensive investigation to understand the circumstances behind this incident and what measures need to be put in place to prevent this type of incident from happening again. We believe that mining can and should be a safe place to work and put simply, we must do better.

During the period, the Group continued to implement and embed its Critical Risk Management program. This included a *CheckMate* critical control verification program where workers are empowered to stop work on high-risk tasks until critical controls are in place and effective. To compliment the *CheckMate* program, our supervisors are now engaged with a *CheckIn* leadership checklist for enhanced control verification.

In November we launched Leading@Perenti, a global senior leader program covering 85 leaders. The purpose of the program is to create strong leader alignment to Perenti's 2025 Strategy, to build leader capability, increase self-awareness and provide a platform for leaders to strengthen their relationships and deepen their collaboration with their colleagues across the business.

Perenti continued to implement the *It's Not Ok* program, which aims to eliminate harmful and disrespectful behaviours from our workforce. We concluded the discovery phase of the program and analysed and communicated the results to our Australian workforce. As part of our response, we identified and are implementing several priorities including leader education, improving our reporting and maintaining conversations and engagement with our people as we continue to work on building a diverse and inclusive workforce within the Group.

Perenti continues to make positive progress on the implementation of its sustainability strategy.

During 1H23, Perenti developed a Sustainability Group Standard which sets out minimum performance expectations for the business to meet stakeholder expectations, minimise sustainability-related risk and support operational efficiencies while maintaining our social license to operate and grow.

Perenti published a Climate Change Position Statement, incorporated a measure related to the implementation of greenhouse gas emissions reduction initiatives in the short-term incentive plan for leaders, and conducted climate scenario analysis with external experts and leaders across the business to identify potential risk and opportunities that climate change may present to the business.

Other sustainability related developments include the establishment of an internal Sustainability Working Group, enhancement of our human rights high-risk supplier identification tool and the completion of an audit of our security service provider in selected West African jurisdictions against the Voluntary Principles on Security and Human Rights.

Furthermore, as announced on 21 November 2022, Perenti executed a memorandum of understanding with ABB to collaborate and explore approaches to support net zero emissions targets for underground and open-pit mines. Experts from the two companies will work together to address electrification in mine hauling operations, power distribution, energy efficiency and power management.

Perenti's agreement with ABB to collaborate and explore approaches to support net zero emissions targets for underground and open-pit mines builds on a number of other initiatives already being trialled in our operations.

FINANCIAL REVIEW

STRONG FINANCIAL PERFORMANCE

The Group recorded its strongest half-year revenue and underlying EBIT results, buoyed by operational outperformance, improved project commercials, favourable foreign currency movements and the easing of COVID headwinds experienced in prior periods.

Perenti's statutory revenue and net profit after tax for the half-year ending 31 December 2022 were $1,438.5 million (1H 2021: $1,192.4 million) and $44.0 million (1H 2021: $26.7 million), a significant increase on 1H22 of 20.6% and 64.9% respectively.

The statutory position for 1H23 includes some one-off items, including a $4.7 million non-cash impairment of plant and equipment and inventory due to the planned sale of the Power Solutions Africa (PSA) business in Senegal. A reconciliation from statutory to underlying results is presented below.

Reconciliation of statutory results to underlying results for 1H23 - $million	Revenue	EBITDA	EBIT	NPAT
Statutory Results	**1,438.5**	**273.4**	**111.9**	**44.0**
Non-cash amortisation of intangibles	-	-	14.9	14.9
Statutory Results before amortisation	**1,438.5**	**273.4**	**126.8**	**58.9**
Non-recurring items				
Transaction, restructuring and other one-off costs	-	1.0	1.0	1.0
Non-cash impairment in relation to sale of business	-	4.7	4.7	4.7
Net foreign exchange loss	-	2.1	2.1	2.1
Net gain on redemption of US144a notes	-	-	-	(1.5)
Net tax effect	-	-	-	0.1
Non-controlling interests	-	-	-	(4.4)
Underlying Results	**1,438.5**	**281.2**	**134.6**	**61.0**

OUR PERFORMANCE

CONTRACT MINING – UNDERGROUND

Revenue

↑ $1,002M

(Up 18% YoY)

UNDERLYING EBIT(A)

↑ $123M

(Up 44% YoY)

Margin

↑ 12.3%

(Up 2.2% YoY)

CONTRACT MINING – SURFACE

Revenue

↑ $341M

(Up 28% YoY)

UNDERLYING EBIT(A)

↑ $38M

(Up 166% YoY)

Margin

↑ 11.1%

(Up 5.7% YoY)

MINING SERVICES AND idoba

Revenue

↑ $96M

(Up 24% YoY)

UNDERLYING EBIT(A)

↑ $6M

(Up 17% YoY)

Margin

↓ 6.1%

(Down 0.3% YoY)

On an underlying basis, EBITDA, EBIT(A) and NPAT(A) increased $79.4 million (39.3%), $53.8 million (66.6%) and $26.1 million (74.8%) respectively when compared to 1H22. The 1H23 EBITDA and EBIT(A) margins of 19.5% and 9.4% also improved by 262 and 258 basis points or 38% against the prior comparative period. This significant improvement in margins was largely due to the continued ramp-up of several growth projects, improved productivity and cost outcomes from the easing of COVID-19 pandemic headwinds and contributions from the contractual rise and fall provisions as well as other improved commercial conditions across the Group's portfolio.

CONTRACT MINING

At a segment level, the Contract Mining Division contributed 93.3% of the Group's total revenue and 96.5% of underlying EBIT(A) before corporate overheads.

Within the Contract Mining Division our Underground business contributed 69.7% of Group revenue and 73.9% of Group underlying EBIT(A) before corporate overheads. The financial performance for 1H23 was bolstered by strong operational performance due in part to increased productivity as accessibility to labour improved as a result of the lifting of border restrictions as international and domestic COVID-19 constraints eased. The result also reflected improved commercial outcomes across several projects, the impact of favourable foreign currency movements and the ramp-up of major growth projects.

Our Surface business contributed 23.7% of Group revenue and 22.6% of Group EBIT(A) before corporate overheads. Revenue increased by 28% and underlying EBIT(A) increased by 166.2% compared to 1H22. During 1H23, revenue and earnings increased due to strong operating performances partly driven from the ramp-up of the Motheo project in Botswana and improved commercial outcomes from rate revisions at the Iduapriem and Mako projects in Ghana and Senegal respectively.

MINING SERVICES AND idoba

Mining Services and idoba contributed 6.7% of Group revenue and 3.5% of Group EBIT(A) before corporate overheads in 1H23. Revenue increased by 24.2% and EBIT(A) increased by 16.9% compared to 1H22. Demand for BTP parts and services increased in the 1H23 reflected by higher fleet utilisation and parts sales. However, margins remained materially consistent with 1H22 mainly due to the cost impacts from changes to the Group's operating model.

Supply Direct and Logistics Direct both recorded improved revenues and profits when compared to 1H22. idoba, the Group's technology venture, also recorded headline revenue growth but profit remained materially flat with 1H22 reflecting the company's strategic decision to invest in the appropriate resources and corporate governance structures to deliver on the long term strategy of the venture.

CASH FLOWS AND CASH CONVERSION

The Group's net cash inflow from operating activities during 1H23 was $158.4 million, an increase of 21.4% over the $130.5 million reported for 1H22. Although receipts from customers increased by $302.2 million or 25%, the underlying EBITDA to operating cash flow conversion of 75% (1H22: 94%) was lower than the prior comparative period mainly due to higher working capital outflows as a result of growth in the underlying business, certain contract rate adjustments invoiced in late December 2022 (and subsequently paid in January 2023) and profits on asset sales that were recorded in EBITDA but with cash receipts classified as investing activities in the consolidated statement of cash flows. Operating cashflows were improved by lower cash tax paid in 1H23 primarily due to the pre-payment of taxes in certain foreign jurisdictions at the end of FY22 and outcomes from the implementation of other tax strategies reducing cash taxes in the period. Financing costs increased during 1H23 due to higher borrowings balances, volatility of the foreign currencies and higher variable interest rates.

Net investing expenditure in 1H23 was $141.6 million against $133.0 million in 1H22. However, net investment expenditure for property, plant and equipment and intangible assets (excluding net proceeds received from strategic portfolio transactions including divestments of property, equity investments and operating businesses) was $151.8 million in 1H23 compared to $215.9 million in 1H22, a reduction of $64 million. This was mainly due to the ramp-up of several growth projects in the surface and underground businesses in Africa and North America in 1H23. During the period proceeds from the sale of surface assets in Mali were realised as part of the Perenti's strategic plan to improve profits from tier one jurisdictions.

BALANCE SHEET AND CAPITAL MANAGEMENT

In accordance with Perenti's capital management strategy to deliver competitive returns to shareholders, the company conducted an on-market share buyback of 18.4 million shares at a total cost of $15.0 million of which $12.9 million of purchases were completed during 1H23. In addition, given the impact on global bond prices caused by rising interest rates and uncertain macroeconomic conditions, Perenti opportunistically repurchased $26.8 million (US$17.1 million or 3.8%) of its US144A bonds at approximately 91.5% of its face value.

At 31 December 2022, the Group's balance sheet remained strong, with available liquidity of $521.5 million comprised of cash and cash equivalents of $322.5 million and undrawn amounts under the revolving credit facilities of $199.0 million. At 31 December 2022, net debt increased marginally to $566.5 million (30 June 2022: $553.3 million) but net leverage decreased to 1.1x from 1.3x at 30 June 2022. Gearing remained materially consistent between comparative periods at 29.3%.

CONTRACT MINING

AUSDRILL Barminco AMS AFRICAN UNDERGROUND MINING SERVICES

In the first half of FY23, Contract Mining continued to be the engine room of Perenti's financial performance, delivering strong revenue of $1.34 billion and EBIT(A) of $161 million.

Perenti's Contract Mining Division is one of the world's largest mining contractors with demonstrated industry-leading expertise in hard-rock surface and underground mining as well as surface drilling. Following Perenti's strategy update in June 2022, the Contract Mining Division was re-organised into three regions – Australia, Africa and North America. This regional model improves the level of support to our projects whilst reducing duplication and improving efficiency.

AUSTRALIA

Consisting of specialist drilling business Ausdrill and leading hard-rock underground mining contractor Barminco, our Australian operations span four states, 40 projects and employs upwards of 3,000 people.

In FY22, our Australian operations successfully navigated the worst of a very difficult labour market to emerge in a strong position for the FY23.

Highlights from the period include Barminco securing a new contract for development work at Evolution Mining's Ernest Henry mine, and an expansion of scope with Regis Resources at the Garden Well mine. We also ramped up our operations at Evolution Mining's Cowal mine, our first major project in New South Wales.

In line with our strategic focus on business performance, during the period we were also able to secure improved commercial conditions at a number of projects, which reflects our operational performance and strong relationships with clients.

We continued our commitment to training and developing people during the period, employing 16 apprentices within Ausdrill, alongside more than 100 at Barminco. We also welcomed graduate mining engineers from around the world to our underground operations.

A significant development during the first half of FY23 was the signing of an agreement with leading global technology company ABB to collaborate and explore approaches to support net zero emissions targets for underground and open pit mines. As part of the agreement, experts from both companies will work together to address electrification in mining operations, power distribution, energy efficiency and power management.

AUSTRALIAN OPERATIONS

EMPLOYEES
~3,000

STATES
4

PROJECTS
40

AFRICA

Perenti's Contract Mining Division in Africa incorporates Barminco, African Mining Services (AMS) and African Underground Mining Services (AUMS). It operates 13 projects across five countries and employs more than 5,000 people.

Our African operations continued to deliver for clients and shareholders, with strong operational performance, including the ongoing improvement of AMS.

A focus on recruiting locally, backed by a high-quality training system, helped us to navigate the tight labour market and supported an overall improvement in productivity.

Highlights included strong performance at the Motheo Project for Sandfire Resources, the four-year contract extension awarded at Mako mine in Senegal, and the official opening of our world-class training centre in Botswana.

Across Africa, lagging safety indicators in both underground and surface mining continue to decline as a direct impact of the Critical Risk Management strategy that has been implemented.

NORTH AMERICA

In North America we made good progress with our two flagship projects at Hemlo in Ontario and Red Chris in British Columbia. At Hemlo, Barminco secured a 12-month contract extension to September 2023 that will generate an additional $US50m in revenue. At Red Chris, Barminco has been developing an exploration decline for Newcrest Mining. That project continues to make good progress, and we are now preparing for an increase in scope with the establishment of underground operations in 2023.

Across North America, lagging safety indicators are declining with improvements in Critical Risk Management and team collaboration in promoting appropriate use of reporting tools and processes.

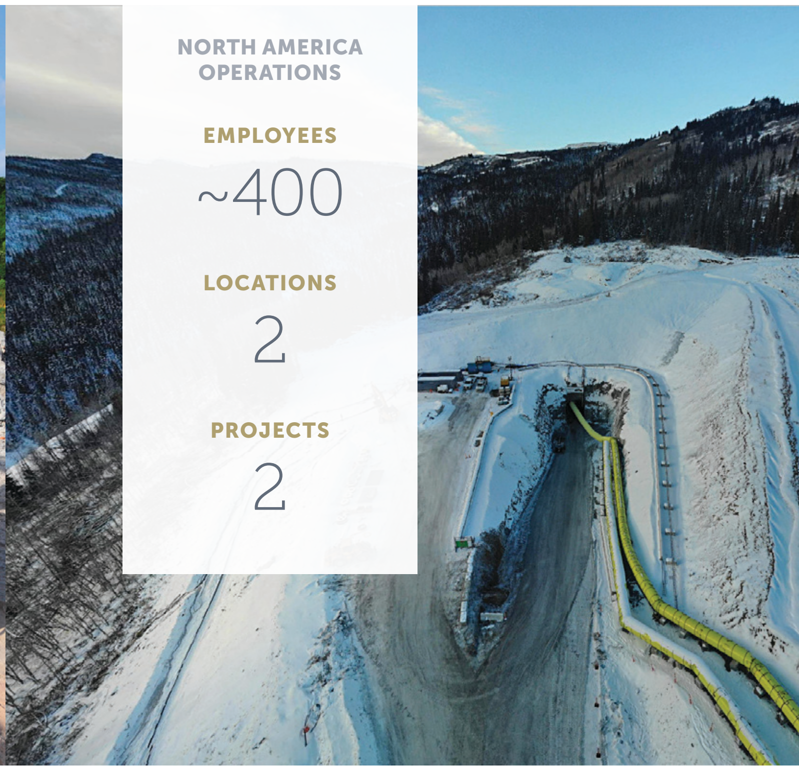
Last year, the North American winter presented some challenges for mine operations. However, with improvements in infrastructure and processes, the operations in North America are now able to perform at a business-as-usual level throughout the winter months, which will ultimately improve year on year productivity and reduce mine down time.

AFRICAN OPERATIONS

EMPLOYEES
~5,000

COUNTRIES
5

PROJECTS
13



NORTH AMERICA OPERATIONS

EMPLOYEES
~400

LOCATIONS
2

PROJECTS
2

MINING SERVICES

Perenti's Mining Services Division comprises a portfolio of specialised businesses, who predominantly work with clients across the mining sector to deliver value-add services that meet current and emerging needs. Our businesses include mining equipment and parts supplier BTP, and mining procurement and logistics providers Supply Direct and Logistics Direct.

During the half, the Mining Services Division delivered an increase in revenue and EBIT(A) on 1H22 figures resulting from stronger demand for BTP's services and strong earnings from Supply Direct.

Under new internal leadership, the Mining Services Division is executing a refreshed strategy to grow the business. In FY22, Perenti divested both its MinAnalytical and Well Control Solutions businesses, setting the division up to pursue long-term growth in future focused, lower capital-intensive opportunities across the industry.

Across Perenti's Contract Mining clients, and in the broader industry, the ability to efficiently procure and deliver critical supplies, parts and equipment is a competitive advantage. Our goal is to create greater value for clients by continuing to seamlessly provide these in-demand mining services.

SUPPLY DIRECT

Supply Direct is playing an increasingly important role in support of the growing mining industry in Africa. Headquartered in Johannesburg – the gateway to Africa – Supply Direct provides innovative and cost-effective procurement and freight forwarding solutions in support of mining businesses across the continent, including Perenti's mining clients.

In 1H23, Supply Direct exceeded its performance targets, and increased market share with both related and external mining clients. The business was engaged at the Zone 5 mine in Botswana, where Perenti's Barminco operates. As part of its services to the mine, Supply Direct was able to procure and deliver high quality ground support, leveraging its global procurement and logistics capabilities at a significant cost saving to the client.

Within the business there is a long-term focus on Supply Direct's product suite and ensuring innovation, collaboration and sustainability remain central to everything we do.

BTP

Under refreshed leadership, BTP increased its sales pipeline during the first half of FY23 and grew its external sales across all three branches, leveraging the strong Australian mining sector. This included an extension of our work at the Peabody mine in Queensland and the successful completion of rebuild projects, where equipment has been rebuilt to an OEM standard for multiple clients in Western Australia.

The BTP business is performing steadily and in a good position to meet forecasts and realise further growth opportunities in the FY23 and beyond.

Wet weather on the East Coast of Australia impacted the productivity of some of our equipment at the start of the financial year, however strong operational performance has seen these losses recovered across the half.

Our Hazelmere facility continues to increase its capacity, with access to labour the primary limiting factor of meeting peak capability. The introduction of industry leading flexible work rosters has seen a 7% reduction in voluntary turnover and a doubling of responses to advertising campaigns. Vacancy rates are expected to reduce further with the introduction of an international recruitment campaign as well as the commencement of the 2023 apprentice cohort.

LOGISTICS DIRECT

Logistics Direct operates from Ghana, and supports a broad range of clients in mining, government, technology and other industries. The business provides ground, air and sea freight forwarding services along with customs brokering services for a client list that includes a number of notable global firms, as well as fellow subsidiaries from across Perenti.

Logistics Direct recorded a steady operational and financial performance during the period, as it continued to deliver quality services across its broad client base. Cargo volumes handled on behalf of clients continued to grow, despite local economic challenges including high inflation. Highlights included the movement of a fleet of Caterpillar 777 Dump Trucks from Ghana to Burkina Faso and Senegal for AMS, and a client retention rate of 100% during the period. Logistics Direct remains committed to growing both our mining and non-mining client base and maintaining our strong organisational health and safety culture.

Our goal is to create greater value for clients by continuing to seamlessly provide these in-demand mining services.

idoba

Perenti's idoba Division incorporates technology informed services and products businesses that provide unique end-to-end digital, technology and consulting services designed to rethink, transform and disrupt the mining industry.

With the launch of idoba in 2021 and the strategic acquisition of a number of complementary technology businesses since then, the first half of FY23 has focused on the strategic consolidation of brands within the division. Four of the five businesses (Sandpit, ImpRes, Optika Solutions and Atomorphis) have been rolled up into a single idoba brand to help leverage the combined capabilities of each business and build equity in the range of technology services and products. The remaining business, Orelogy will maintain its own brand identity given the complementary services it offers.

Collectively, these businesses possess industry leading capabilities in data science, automation, mine and processing optimisation, digital transformation and sustainability. The idoba business is agile, fast, and solutions orientated with a focus on servicing and developing mines of the future assisted through Perenti's significant mining capability alongside the digital and technology focused capabilities within the idoba team.

A significant milestone during the period was the strategic investment in idoba by Sumitomo Corporation acquiring a 10% stake in the business. The investment follows an MOU announced between the two companies in February 2022 and reflects the unique value proposition of the idoba ecosystem and the significant embedded growth potential within its disruptive services and products.

The evolution of idoba's relationship with Sumitomo is a strong endorsement of the value of idoba's product and service portfolio. The investment will open up new markets for idoba in the resources sector and adjacent markets, connect the business with other technology and mining companies that Sumitomo has invested in while also introducing idoba to Sumitomo's other divisions and departments.

Early last year idoba began to work on a concept called DiiMOS™ – a distributed, intelligent, integrated mining operating system that harnesses knowledge, data and insights across operating domains and organisational silos, empowering client businesses to optimise and unlock unrealised value across their operations. DiiMOS™ has begun to generate significant market interest in the first half of FY23 and is focussed on refining the concept and building out the product range.

idoba is a low-capital intensive business that is set up for sustainable, long-term growth in future-focused sectors of the mining industry. The division leverages its strengths and relationships in the Contract Mining Division, and is critical for building a blended portfolio, providing a platform to increase free cash flow, ultimately generating shareholder returns.

Perenti Managing Director & CEO Mark Norwell and idoba President Sarah Coleman meet with Sumitomo executives in Japan.

OUTLOOK

During the period, Perenti continued to simplify and rationalise its portfolio, completing its strategic exit from Mali, including the finalisation of the sale of all assets and infrastructure. Perenti also entered into an agreement to divest its power generation infrastructure ("PSA") in Senegal.

At the end of 31 December 2022, Perenti's work in hand stood at $5.4 billion, including $1.0 billion of contract extension opportunities. Perenti's organic growth pipeline of $9.2 billion reflects a geographic focus on lower risk jurisdictions, stronger focus on capital efficiency and a greater emphasis on high-margin underground projects.

This work in hand includes:

- a new contract for development work at Evolution Mining's (ASX:EVN) Ernest Henry underground gold and copper mine.
- a variation to expand its work scope at Regis Resources' (ASX:RRL) Garden Well mine.
- a 12-month, ~C$55 million contract extension for the Barrick Hemlo underground mine in Canada, executed on 31 October 2022 for the continuation of underground development and production works.
- a four-year contract extension at the Resolute Mining (ASX:RSG) Mako gold mine in Senegal, which is expected to generate circa US$185 million over the term.

Subsequent to the end of the period, Perenti was awarded its largest Australian surface contract at the Northern Star owned Kalgoorlie Consolidated Gold Mines ('KCGM') Fimiston open pit gold mine in Kalgoorlie, which will generate $160 million over 60 months and incorporates activities that commenced 1 March 2022 and will continue to March 2027. Perenti does not expect any new capital outlay to support this contract.

Perenti continues to operate at the Newmont Subika underground gold mine in Ghana, under a limited notice to proceed. Perenti expects to finalise the contract terms for a multi-year extension imminently and therefore has a high level of confidence as to a continuation of its tenure at the Subika mine for the remainder of FY23. Therefore, Perenti has forecast revenue and earnings from Subika to continue throughout 2H23. In-line with its continuous disclosure obligations, Perenti will disclose the nature and terms of any material contract award when finalised.

Given its 1H23 outperformance and the strong outlook for the remainder of FY23, Perenti now expects revenue of between $2.8 billion and $2.9 billion and EBIT(A) of between $250 million and $265 million. Leverage is expected to be ~1.0x and net capital expenditure is forecast to be approximately $320 million. This guidance assumes no deterioration of macro-economic conditions from current.

DIVIDENDS

In-line with the principles of the Capital Management Policy, the Directors have elected not to declare an interim dividend for the half-year ended 31 December 2022.

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 15.

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 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 Norwell
Managing Director and Chief Executive Officer

Perth
20 February 2023

pwc

Auditor's Independence Declaration

As lead auditor for the review of Perenti Limited for the half-year ended 31 December 2022, 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 Limited and the entities it controlled during the period.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
20 February 2023

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2022

	Notes	31 DECEMBER 22 $'000	31 DECEMBER 21 $'000
Revenue from ordinary activities		**1,438,510**	1,192,448
Other income	4(a)	**24,944**	37,065
Materials expense		**(450,595)**	(355,272)
Labour costs		**(572,315)**	(512,104)
Rental and hire expense		**(27,868)**	(22,128)
Depreciation expense	4(b)	**(144,242)**	(120,945)
Amortisation expense	4(b)	**(17,223)**	(14,832)
Finance costs	4(b)	**(33,389)**	(27,386)
Finance income	4(b)	**2,678**	201
Other expenses from ordinary activities	4(b)	**(134,556)**	(114,040)
Impairment of assets	3(a)	**(4,728)**	(23,162)
Profit before income tax		**81,216**	39,845
Income tax expense		**(37,181)**	(13,144)
Profit for the half-year		**44,035**	26,701
Profit is attributable to:			
Equity holders of Perenti Limited		**39,661**	24,577
Non-controlling interests		**4,374**	2,124
Profit for the half-year		**44,035**	26,701
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share		**5.7**	3.4
Diluted earnings per share		**5.6**	3.4

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	31 DECEMBER 22 $'000	31 DECEMBER 21 $'000
Profit for the half-year	**44,035**	26,701
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
Exchange losses on translation of foreign operations	**(585)**	(8,650)
Exchange gains on translation of foreign operations - non-controlling interest	**206**	476
Items that will not be reclassified to profit or loss		
Gain on revaluation of FVOCI financial assets, net of tax	**-**	11,732
Other comprehensive (loss)/income for the half-year, net of tax	**(379)**	3,558
Total comprehensive income for the half-year	**43,656**	30,259
Total comprehensive income for the half-year is attributable to:		
Equity holders of Perenti Limited	**39,076**	27,659
Non-controlling interests	**4,580**	2,600
Total comprehensive income for the half-year	**43,656**	30,259

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the half-year ended 31 December 2022

	Notes	31 DECEMBER 22 $'000	30 JUNE 22 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**322,471**	348,519
Trade and other receivables		**390,095**	391,101
Inventories		**227,542**	212,119
Current tax receivables		**11,433**	12,546
Assets classified as held for sale	3(a)	**6,200**	7,488
Total current assets		**957,741**	971,773
Non-current assets			
Property, plant and equipment		**941,847**	926,320
Right-of-use assets		**44,950**	59,305
Intangible assets		**638,677**	652,207
Deferred tax assets		**162,776**	170,239
Receivables		**13,376**	9,430
Total non-current assets		**1,801,626**	1,817,501
TOTAL ASSETS		**2,759,367**	2,789,274
LIABILITIES			
Current liabilities			
Trade and other payables		**327,749**	393,298
Borrowings	5	**1,851**	2,172
Lease liabilities		**20,821**	27,943
Current tax liabilities		**25,999**	15,002
Employee benefit obligations		**76,026**	79,722
Total current liabilities		**452,446**	518,137
Non-current liabilities			
Borrowings	5	**844,388**	843,492
Lease liabilities		**21,887**	28,250
Deferred tax liabilities		**69,095**	72,240
Employee benefit obligations		**5,447**	4,263
Provisions		**228**	532
Total non-current liabilities		**941,045**	948,777
TOTAL LIABILITIES		**1,393,491**	1,466,914
NET ASSETS		**1,365,876**	1,322,360
EQUITY			
Contributed equity	7	**1,126,135**	1,137,030
Other reserves		**(45,026)**	(56,027)
Retained earnings		**270,598**	230,937
Capital and reserves attributable to the owners of Perenti Limited		**1,351,707**	1,311,940
Non-controlling interests		**14,169**	10,420
TOTAL EQUITY		**1,365,876**	1,322,360

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

		Attributable to owners of Perenti Limited					
	Notes	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2022		**1,137,030**	**(56,027)**	**230,937**	**1,311,940**	**10,420**	**1,322,360**
Profit for the half-year		-	-	39,661	39,661	4,374	44,035
Other comprehensive income		-	(585)	-	(585)	206	(379)
Total comprehensive income for the half-year		-	**(585)**	**39,661**	**39,076**	**4,580**	**43,656**
Transfer to non-controlling interest reserve		-	6,231	-	6,231	(831)	5,400
Transactions with owners in their capacity as owners:							
Employee share rights - value of employee services		-	7,515	-	7,515	-	7,515
Shares issued on conversion of employee share rights	7	2,160	(2,160)	-	-	-	-
Deferred tax movement on capital raising costs	7	(184)	-	-	(184)	-	(184)
Buy-back of ordinary shares, gross of transaction costs and net of tax	7	(12,871)	-	-	(12,871)	-	(12,871)
		(10,895)	11,586	-	691	(831)	(140)
Balance at 31 December 2022		**1,126,135**	**(45,026)**	**270,598**	**1,351,707**	**14,169**	**1,365,876**
Balance at 1 July 2021 as originally presented		**1,137,783**	**(10,594)**	**165,629**	**1,292,818**	**9,888**	**1,302,706**
Prior year adjustment Software-as-a-Service - Intangible		-	-	(4,643)	(4,643)	-	(4,643)
Restated total equity at the beginning of the financial period		**1,137,783**	**(10,594)**	**160,986**	**1,288,175**	**9,888**	**1,298,063**
Profit for the year		-	-	24,577	24,577	2,124	26,701
Other comprehensive income		-	3,082	-	3,082	476	3,558
Total comprehensive income for the year		**-**	**3,082**	**24,577**	**27,659**	**2,600**	**30,259**
Asset revaluation reserve gain taken to retained earnings on sale of asset		-	(11,998)	11,998	-	-	-
Vested employee share rights that have lapsed, been cancelled or forfeited		-	(1,929)	1,929	-	-	-
Transfer from financial assets at FVOCI reserve to retained earnings		-	86	(123)	(37)	-	(37)
Transactions with owners in their capacity as owners:							
Dividends paid	6	-	-	(14,108)	(14,108)	-	(14,108)
Dividends paid to non-controlling interests		-	-	-	-	(748)	(748)
Capital contribution from non-controlling interests		-	-	-	-	184	184
Deferred tax movement on capital raising costs		(292)	-	-	(292)	-	(292)
Employee share rights-value of employee services		-	1,990	-	1,990	-	1,990
Shares issued on conversion of employee share rights		1,888	(1,888)	-	-	-	-
Equity movements on sale of business		-	-	620	620	-	620
		1,596	(13,739)	316	(11,827)	(564)	(12,391)
Balance at 31 December 2021		**1,139,379**	**(21,251)**	**185,879**	**1,304,007**	**11,924**	**1,315,931**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

	Notes	**31 DECEMBER 22 $'000**	31 DECEMBER 21 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,513,436**	1,210,742
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,302,874)**	(1,020,388)
		210,562	190,354
Interest received		**703**	201
Interest and other costs of finance paid		**(32,079)**	(24,834)
Income taxes paid		**(20,759)**	(35,255)
Net cash inflow from operating activities		**158,427**	130,466
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(165,185)**	(220,943)
Proceeds from sale of property, plant and equipment		**13,339**	5,054
Proceeds from sale of assets held for sale		**10,051**	31,158
Proceeds from sale of assets at FVOCI		**-**	9,692
Proceeds from sale of businesses		**-**	43,595
Cash removed on disposal of subsidiary		**-**	(1,579)
Repayment of loans by related party		**168**	-
Net cash outflow from investing activities		**(141,627)**	(133,023)
Cash flows from financing activities			
Proceeds from borrowings		**317,587**	128,243
Repayment of borrowings		**(304,230)**	(107,458)
Payments of lease liabilities		**(15,779)**	(12,627)
Payments of borrowing costs		**(4,173)**	(12)
Dividends paid		**-**	(14,108)
Payments for share buy-back, gross of transaction costs		**(14,012)**	-
Payments for Perenti notes buy-back, gross of transaction costs		**(24,785)**	-
Proceeds from disposal of a non-controlling interest in a subsidiary		**5,400**	-
Transactions with non-controlling interest		**-**	(354)
Net cash outflow from financing activities		**(39,992)**	(6,316)
Net decrease in cash and cash equivalents		**(23,192)**	(8,873)
Cash and cash equivalents at the beginning of the financial year		**348,519**	264,741
Effects of exchange rate changes on cash and cash equivalents		**(2,856)**	3,077
Cash and cash equivalents at the end of the half-year		**322,471**	258,945

The above condensed 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 2022 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 2022 and any public announcements made by Perenti Limited (Company or Group) 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 amended standards and IFRIC interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended 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 2022 reporting period and have not been early adopted by the Group. The Group is assessing the impact of the new standards, but does not expect them to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 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:

Contract Mining - Surface

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

Contract Mining - Underground

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

Mining Services and idoba

Mining support services including equipment hire, equipment parts and sales, supply of equipment, logistics services and technology driven products and services.

Corporate

This segment includes corporate activity covering strategy, treasury, accounting, human resources, information technology, procurement, legal, risk and other corporate administration.

Intersegment Eliminations

Represents transactions which are eliminated on consolidation.

Financing arrangements are managed at a group level and therefore net financing costs are not allocated to segments.

EBIT(A)

EBIT(A) is defined as earnings before finance costs, finance income, income tax expense or benefit and amortisation of intangible assets.

2 SEGMENT INFORMATION

(b) Segment information provided to the Managing Director

Half-year ended 31 December 2022	Contract Mining Surface $'000	Contract Mining Underground $'000	Mining Services and idoba $'000	Corporate $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers	340,632	1,002,214	95,664	-	-	1,438,510
Intersegment sales	-	-	11,598	-	(11,598)	-
Total sales revenue	**340,632**	**1,002,214**	**107,262**	**-**	**(11,598)**	**1,438,510**
Timing of revenue recognition						
- At a point in time	813	-	45,072	-	(8,796)	37,089
- Over time	339,819	1,002,214	62,190	-	(2,802)	1,401,421
	340,632	1,002,214	107,262	-	(11,598)	1,438,510
Underlying segment EBIT(A)	**37,718**	**123,346**	**5,866**	**(32,322)**	-	**134,608**
Amortisation expense	-	(14,858)	-	-	-	(14,858)
Impairment of assets	(4,728)	-	-	-	-	(4,728)
Transaction, restructuring costs and other	3,468	(238)	(1,357)	(2,861)	-	(988)
Foreign exchange (loss)/gain, net	(505)	(2,513)	(86)	997	-	(2,107)
Reported segment EBIT	**35,953**	**105,737**	**4,423**	**(34,186)**	**-**	**111,927**
Interest income						2,678
Interest expense						(33,389)
Profit before tax						**81,216**
Income tax expense						(37,181)
Profit for the period						**44,035**
Non-controlling interests						(4,374)
Profit for the year attributable to members						**39,661**
Segment assets	**765,515**	**1,778,344**	**227,660**	**1,822,939**	**(1,835,091)**	**2,759,367**
Segment liabilities	**497,946**	**954,462**	**138,771**	**1,012,743**	**(1,210,431)**	**1,393,491**
Other segment information						
Depreciation expense	(43,565)	(84,217)	(14,586)	(1,874)	-	(144,242)
Customer relationships intangibles amortisation	-	(14,858)	-	-	-	(14,858)
Software amortisation	(294)	(13)	(477)	(1,581)	-	(2,365)
Acquisition of property, plant and equipment, intangibles and other non-current assets	49,839	98,757	13,307	2,511	-	164,414

2 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director

Half-year ended 31 December 2021	Contract Mining		Mining Services and idoba	Corporate	Inter-segment eliminations	Consolidated
	Surface	Underground				
	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue						
Sales to external customers	266,210	849,221	77,017	-	-	1,192,448
Intersegment sales	-	-	14,631	-	(14,631)	-
Total sales revenue	**266,210**	**849,221**	**91,648**	**-**	**(14,631)**	**1,192,448**
Timing of revenue recognition						
- At a point in time	795	-	36,627	-	(9,665)	27,757
- Over time	265,415	849,221	55,021	-	(4,966)	1,164,691
	266,210	849,221	91,648	-	(14,631)	1,192,448
Underlying segment EBIT(A)	**14,171**	**85,945**	**5,020**	**(24,335)**	**-**	**80,801**
Amortisation expense	(277)	(13,537)	(581)	(437)	-	(14,832)
Transaction, restructuring costs and other	(296)	36	(1,957)	(1,920)	-	(4,137)
Impairment of assets	-	(23,162)	-	-	-	(23,162)
Foreign exchange (loss)/gain, net	(647)	337	846	(1,504)	-	(968)
Gain on sale of businesses, net	-	-	29,328	-	-	29,328
Reported segment EBIT	**12,951**	**49,619**	**32,656**	**(28,196)**		**67,030**
Interest income						201
Interest expense						(27,386)
Profit before tax						**39,845**
Income tax expense						(13,144)
Profit for the period						**26,701**
Non-controlling interests						(2,124)
Profit for the period attributable to members						**24,577**
Segment assets	**581,952**	**1,641,077**	**172,125**	**1,660,010**	**(1,495,884)**	**2,559,280**
Segment liabilities	**318,160**	**904,908**	**140,869**	**832,329**	**(952,917)**	**1,243,349**
Other segment information						
Depreciation expense	(29,283)	(80,131)	(9,591)	(1,940)	-	(120,945)
Amortisation expense	(277)	(13,537)	(581)	(437)	-	(14,832)
Acquisition of property, plant and equipment, intangibles and other non-current assets	71,057	135,516	7,208	7,162	-	220,943

2 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 Managing Director is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

Total revenue by geographical location is as follows:

	31 December 2022			31 December 2021		
	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
Contract Mining - Surface						
- Australia	**99,150**	**-**	**99,150**	101,055	-	101,055
- Ghana	**85,353**	**-**	**85,353**	82,946	-	82,946
- Botswana	**58,846**	**-**	**58,846**	-	-	-
- Burkina Faso	**37,539**	**-**	**37,539**	32,803	-	32,803
- Mali	**3,725**	**-**	**3,725**	12,446	-	12,446
- Senegal	**56,019**	**-**	**56,019**	36,924	-	36,924
- Other foreign countries	**-**	**-**	**-**	36	-	36
Contract Mining - Underground						
- Australia	**498,130**	**-**	**498,130**	406,061	-	406,061
- Ghana	**165,831**	**-**	**165,831**	128,430	-	128,430
- Burkina Faso	**125,254**	**-**	**125,254**	107,707	-	107,707
- Tanzania	**68,201**	**-**	**68,201**	55,490	-	55,490
- Egypt	**-**	**-**	**-**	41,075	-	41,075
- Botswana	**90,833**		**90,833**	63,821	-	63,821
- Canada	**53,965**	**-**	**53,965**	46,637	-	46,637
Mining Services and idoba						
- Australia	**79,748**	**(766)**	**78,982**	70,422	(3,836)	66,586
- Africa	**27,514**	**(10,832)**	**16,682**	21,226	(10,795)	10,431
Total	**1,450,108**	**(11,598)**	**1,438,510**	1,207,079	(14,631)	1,192,448

3 INDIVIDUALLY SIGNIFICANT ITEMS

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

	Notes	31 DECEMBER 22 $'000	31 DECEMBER 21 $'000
Impairment of assets	3(a)	**(4,728)**	
Impairment of customer related intangibles	3(b)	**-**	(23,162)
Gain on sale of MinAnalytical business	3(c)	**-**	29,328
		(4,728)	6,166

(a) Impairment of property, plant and equipment and inventory

For the half-year ended 31 December 2022, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 31 December 2022 was below its net assets and management considered this factor amongst other impairment indicators at 31 December 2022.

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of Cash Generating Units (CGUs) against their respective budgets and forecasts or as a result of changes to macroeconomic conditions. Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of Fair Value less Cost of Disposal (FVLCD) and Value in Use (VIU).

At 31 December 2022, estimates of recoverable amounts for the Surface Mining and BTP Group CGUs and their non-current assets were prepared using the FVLCD method to assess whether impairments or reversal of previous impairments were required. As disclosed in the 30 June 2022 Annual Report, the Group sourced independent valuations which supported the carrying values of non-current assets at 30 June 2022. As these valuations were obtained during the last six months, and there were no other internal or external factors that indicated the valuations were not current, management have placed reliance on these independent valuations as at the 31 December 2022 balance date.

Separately, estimates of recoverable amounts for the Underground Mining CGU were prepared using the VIU method, refer to note 3(b) for further detail. No impairment expense was recorded in the CGU at 31 December 2022.

During the half-year ended 31 December 2022, the Group decided to sell the property, plant, equipment and inventory in its 100% owned subsidiary Power Solutions Africa Sarl (PSA). The Group has since signed the key terms for the sale of its property, plant and equipment and inventory in PSA for total consideration of $6.2 million (USD$4.5million) with the sale expected to be completed by the financial year ending 30 June 2023. The difference between the consideration and asset carrying values resulted in an impairment to property, plant and equipment and inventory of $4.7 million.

In accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*, $5.0 million of the property, plant and equipment and $1.2 million of inventory was therefore disclosed in the consolidated statement of financial position at 31 December 2022 as 'Assets classified as held for sale'.

Summary of impairments and methods used to assess for impairment for material CGUs

The following table summarises the outcomes from impairment testing conducted across the Company's material CGUs.

CGU	Indicator for impairment testing		Valuation method used		Impairment expense/ (reversal)	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22 $'000	31 Dec 21 $'000
Contract Mining - Surface (Africa)	**Y**	Y	FVLCD	FVLCD	**4,728**	-
Contract Mining - Surface (Australia)	**Y**	Y	FVLCD	FVLCD	**-**	-
Contract Mining - Underground (Australia/ Africa and North America)	**Y**	Y	VIU	VIU	**-**	23,162
BTP Group	**Y**	Y	FVLCD	FVLCD	**-**	-

3 INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

(a) Impairment of property, plant and equipment and inventory (continued)

Key assumptions used for Fair Value less Costs of Disposal

At 31 December 2022, a FVLCD methodology was adopted for the BTP Group, Contract Mining - Surface (Africa) and Contract Mining - Surface (Australia), combining (Level 1, Level 2, and predominately Level 3) inputs to the fair value determination.

No impairment expense was recognised and no reversal or impairment was considered required at 31 December 2022 based on an independent valuation of the non-current assets in the BTP Group, Contract Mining - Surface (Africa) and Contract Mining - Surface (Australia) CGUs.

For the half-year ended 31 December 2022, other than impairment recorded for PSA noted above, no impairment was recorded against Contract Mining - Surface (Africa), Contract Mining - Surface (Australia) or BTP Group CGUs.

(b) Customer related intangibles and goodwill

There were no other internal or external impairment indicators for the Contract Mining - Underground CGU, other than the deficit in market capitalisation and movement in the weighted average cost of capital at 31 December 2022, and therefore the 30 June 2022 VIU model, updated for key assumptions, was used.

The key assumption changes were:

- The weighted average cost of capital post-tax discount rates were in the range of 10.0% and 20.8% (2021: 9.4% and 14.4%) and varied depending on the country risk assigned to the region from where a project was domiciled. The present value of cash flows is sensitive to the growth and discount rates used noting a higher discount rate will result in a lower recoverable value.
- A foreign exchange rate of $0.68 US$:AU$ (2021: $0.73 US$:AU$) spot rate was used to translate the US Dollar denominated CGU's into Australian Dollars.

The testing performed by management did not identify any reasonably possible outcomes where an impairment needed to be recorded against the Contract Mining - Underground CGU. Further details of the assumptions utilised in the 30 June 2022 VIU model can be found in note 7(e)(iii) of the 30 June 2022 Annual Report.

The Group exited the Sukari contract in Egypt on 31 January 2022. This contract was included in the Underground Mining segment as disclosed in note 2 of this report. The exit from this contract was considered to be an indicator of impairment at 31 December 2021, resulting in an impairment of the entire remaining value of the customer related intangible of $23.2 million. The property, plant and equipment and inventory met the criteria of AASB 5 *Non-current Assets Held for Sale* and *Discontinued Operations* and was therefore disclosed in the consolidated statement of financial position at 31 December 2021 as 'Assets classified as held for sale'.

(c) Gain on sale of MinAnalytical business

On 17 December 2021 the Group completed a divestment, effective 30 November 2021, of its ownership in its subsidiary MinAnalytical Laboratory Services Australia Pty Ltd ('MinAnalytical'). The total consideration for the transaction was $43.6 million in cash, comprised of $39.0 million for shares in MinAnalytical plus $4.6 million for prepayments and other financial adjustments. As at 31 December 2021, a gain of $29.3 million, net of transaction costs, was recorded against Other income in the Condensed Consolidated Statement of Profit or Loss. The sale of MinAnalytical did not represent a separate major line of business and therefore has not been disclosed as a discontinued operation.

4 OTHER INCOME AND EXPENSE ITEMS

(a) Other income

	Notes	31 DECEMBER 22 $'000	31 DECEMBER 21 $'000
Gain on sale of businesses	3(c)	-	29,328
Other items		**1,809**	3,820
Apprentice grants		**4,086**	3,361
Gain on disposal of non-current assets		**8,212**	430
Insurance and settlement proceeds		**10,837**	126
Total other income		**24,944**	37,065

(b) Breakdown by nature

	31 DECEMBER 22 $'000	31 DECEMBER 21 $'000
Depreciation expense		
Plant and equipment depreciation	**129,865**	108,556
Right-of-use asset depreciation	**14,377**	12,258
Buildings depreciation	-	131
Total depreciation expense	**144,242**	120,945
Amortisation expense		
Customer relationships intangibles amortisation	**14,858**	13,323
Software amortisation	**2,365**	1,509
Total amortisation expense	**17,223**	14,832
Finance income		
Gain on settlement of debt	**(1,908)**	-
Interest income	**(770)**	(201)
Total finance income	**(2,678)**	(201)
Finance costs		
Interest expense	**28,812**	23,068
Lease contracts interest	**1,792**	2,036
Amortisation of borrowing cost	**2,775**	2,259
Other finance costs	**10**	23
Total finance costs	**33,389**	27,386
Other expenses from ordinary activities		
Travel and accommodation	**20,827**	18,838
Staffing, safety and training	**21,103**	18,217
Freight	**19,437**	20,267
Consultants	**14,059**	11,156
Insurance	**7,425**	7,891
IT and communications	**10,204**	10,633
Property related expenses	**4,022**	4,024
Duties and taxes	**11,531**	5,167
Trade receivable provisions and bad debts	**(61)**	200
Foreign exchange loss, net	**2,108**	968
All other expenses	**23,901**	16,679
Total other expenses from ordinary activities	**134,556**	114,040

5 BORROWINGS

	31 December 2022			30 June 2022		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Secured						
Bank loans	**-**	**214,519**	**214,519**	-	198,763	198,763
Other loans	**3,277**	**3,104**	**6,381**	5,769	4,093	9,862
Capitalised borrowing costs	**(1,363)**	**(2,728)**	**(4,091)**	(1,427)	(3,569)	(4,996)
Total secured borrowings	**1,914**	**214,895**	**216,809**	4,342	199,287	203,629
Unsecured						
USD notes	**-**	**635,224**	**635,224**	-	651,749	651,749
Loan from non-controlling interest	**1,174**	**-**	**1,174**	1,159	-	1,159
Insurance premium funding	**2,008**	**-**	**2,008**	-	-	-
Capitalised borrowing costs	**(3,245)**	**(5,731)**	**(8,976)**	(3,329)	(7,544)	(10,873)
Total unsecured borrowings	**(63)**	**629,493**	**629,430**	(2,170)	644,205	642,035
Total borrowings	**1,851**	**844,388**	**846,239**	2,172	843,492	845,664

At 31 December 2022, the Group had total unutilised facilities (bank and other loans) of $223,982,000 (30 June 2022: $220,079,000).

Bank loans

In June 2022, Perenti Limited announced the successful refinancing of its existing A$400 million revolving credit facilities which were due to mature on 1 July 2023. The new A$420 million syndicated debt facility which settled on 8 July 2022 is provided by a number of leading lending institutions in the global banking market. The facility is comprised of tranches with 2, 3, 4 and 5 year maturity dates. As at 31 December 2022, 53% of the facility was 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 and are unsecured and have been guaranteed by Perenti 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.

In October 2022, Perenti redeemed $26.8 million (US$17.1 million) of the notes at an average of 91.5% of the face value of the note.

Loan from non-controlling interest

The loan is from the joint venture partner to AMAX Limited, a joint venture where Perenti has a 60% participating interest.

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 replace or extend the maturity date of those facilities. The Group's earnings profile, credit rating, state of the economy, conditions in financial markets and other factors may influence the outcome of those negotiations.

Credit ratings

The Group currently has a credit rating of Ba2 (Outlook Stable) from Moody's, a credit rating of BB (Outlook Stable) from Standard & Poor's and a credit rating of BB+ (Outlook Stable) from Fitch. 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.

5 BORROWINGS (CONTINUED)

Fair value

For the majority of the borrowings, the fair values were 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 2022		30 June 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
On-balance sheet				
Traded financial liabilities				
USD note - unsecured US$450 million	**635,224**	**611,199**	651,749	622,081

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

6 DIVIDENDS

(a) Dividends paid in the reporting period

	31 DECEMBER 22	31 DECEMBER 21
	$'000	**$'000**
No final dividends were determined for the year ended 30 June 2022 (2021: 2.0 cents paid 20 October 2021).	-	14,108

(b) Dividends determined subsequent to the reporting period (not recognised as a liability)

No interim dividends were determined for the half-year ended 31 December 2022 or 31 December 2021.

7 CONTRIBUTED EQUITY

(a) Contributed equity

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 $'000	30 June 2022 $'000
Fully paid ordinary shares	**689,005,059**	702,460,434	**1,126,135**	1,137,030

(b) Movements in ordinary share capital

Details	Number of shares	Total $'000
Opening balance 1 July 2022	702,460,434	1,137,030
Buy-back of ordinary shares, gross of transaction costs and net of tax	(15,157,653)	(12,871)
Shares issued on conversion of employee share rights	1,702,278	2,160
Deferred tax movement on capital raising costs	-	(184)
Balance 31 December 2022	**689,005,059**	**1,126,135**

(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.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(d) Dividend reinvestment plan

The Company's Dividend Reinvestment Plan is currently suspended until further notice.

(e) Rights

Information relating to the Company Incentive Rights Plan is included in the 2022 Annual Report.

(f) Share buy-back

For the half-year ended 31 December 2022, the Company completed an on-market share buy-back of 15.2 million shares for consideration of $12.9 million gross of transaction costs, all paid in cash.

8 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the end of the period, Perenti was awarded its largest Australian surface contract at the Northern Star owned Kalgoorlie Consolidated Gold Mines ('KCGM') Fimiston open pit gold mine in Kalgoorlie, which will generate $160 million over 60 months and incorporates activities that commenced 1 March 2022 and will continue to March 2027. Perenti does not expect any new capital outlay to support this contract

There are no other matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect business operations, the results, 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 16 to 31 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 2022 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group 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.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Mark Norwell

Managing Director and Chief Executive Officer

Perth
20 February 2023

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Perenti Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of comprehensive income, condensed consolidated statement of profit or loss, condensed consolidated statement of changes in equity and condensed 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 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 2022 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities 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.

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Auditor's responsibilities 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 2022 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*.

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

Craig Heatley
Partner

Perth
20 February 2023

Perenti

CONDENSED CONSOLIDATED INTERIM

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2022

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