**FOR IMMEDIATE RELEASE**
**18 August 2022**

CAPITAL

**Capital Limited**
**("Capital", the "Group" or the "Company")**

## H1 Results

Capital Limited (CAPD:LN), a leading mining services company, today announces half year results for the period 1 January to 30 June 2022 (the "Period").

**HALF YEAR RESULTS FOR THE PERIOD ENDED 30 JUNE 2022***

| | H1 2022 | H1 2021 | % change |
|---|---|---|---|
| Revenue ($ m) | 138.1 | 98.7 | 39.9% |
| EBITDA[1] ($ m) | 41.4 | 28.4 | 45.8% |
| EBIT[1] ($ m) | 28.0 | 20.2 | 38.6% |
| Adjusted net profit[2] ($ m) | 19.9 | 12.7 | 56.7% |
| Investment (Losses) / Gains ($ m) | (10.3) | 5.7 | (280.7)% |
| Net Profit After Tax ($ m) | 9.7 | 18.4 | (47.3)% |
| Cash From Operations ($ m) | 34.9 | 5.4 | 546.3% |
| Capex[3] ($ m) | 22.6 | 35.0 | (35.4)% |
| | | | |
| Earnings per Share | | | |
| Basic (adjusted)[2] (cents) | 10.5 | 6.7 | 56.7% |
| Basic (cents) | 4.7 | 9.8 | (52.0)% |
| | | | |
| Interim Dividend per Share (cents) | 1.3 | 1.2 | 8.3% |
| | | | |
| Adjusted ROCE (%) [4] | 24.6 | 22.5 | 9.4% |
| | | | |
| Net cash/ (debt) ($m) | (36.4) | (32.8) | 11.0% |
| Net Debt/Equity (%) | 16.3 | 20.1 | (18.9)% |
| Investments ($m) | 47.3 | 31.0 | 52.6% |
| Adjusted Net Cash (Including Investments) ($ m) | 10.9 | (1.8) | (12.2)% |

**All amounts are in US dollars unless otherwise stated*
*(1) EBITDA, EBIT and Net Cash are non-IFRS financial measures and should not be used in isolation or as a substitute for Capital Limited financial results presented in accordance with IFRS.*
*(2) Adjusted net profit and adjusted earnings per share are pre investment losses and gains.*
*(3) Capital expenditure (Capex) consists of purchase of PPE for cash, prepayments for PPE and financed capex.*
*(4) Adjusted ROCE is calculated utilising annualised half year EBIT and excludes investments at fair value from assets.*

**Financial Overview**

- H1 2022 revenue of $138.1 million, up 39.9% on H1 2021 ($98.7 million);
    - Full year revenue guidance increased to $280 - $290 million (from $270 – 280 million);
- Non-drilling revenue contributed 28% of total revenue for H1 2022, compared with H1 2021 (17%), driven by growth YoY in mining services and MSALABS;
- H1 2022 EBITDA of $41.4 million, up 45.8% on H1 2021 ($28.4 million);
- EBITDA margins increased to 30.0% from 28.8% in H1 2021;
- Net losses from equity investments of $10.3 million in H1 2022 (unrealised), decreasing the value of Group strategic investments to $47.3 million, net of cash proceeds, as of 30 June 2022 (31 December 2021: $60.2 million);
- Adjusted Net Profit After Tax (NPAT) $19.9 million (adjusted for changes in investments), an increase of 56.7% on H1 2021 ($12.7 million);
- Capex of $22.6 million (H1 2021: $35.0 million) including prepayments and financed capex;
- Cash generated from operations of $34.9 million (H1 2021: $5.4 million), a significant increase YoY and stronger cash conversion despite a further build in working capital with inventory of $51.5 million, up 35% on FY21 ($37.9 million) to accommodate larger revenues and supply chain constraints;
- Net debt of $36.4 million (H1 2021: $32.8 million and year end 2021 $31.9 million);
- Adjusted Net cash (including investments) of $10.9 million (H1 2021: adjusted net debt (including investments) of $1.8 million);
- Adjusted ROCE of 24.6% (H1 2021: 22.5%); and
- Declared an interim dividend of 1.3 cents per share, to be paid on 3 October 2022 to shareholders registered on 2 September 2022 (up 8.3% on 2021 interim dividend 1.2 cents per share).

**Operational & Strategic Review**

- Rig fleet utilisation was 83% in H1 2022, an increase of 13.7% on H1 2021 (73%) and 17.8% on H2 2021 (77%);
- Rig count increased from 110 to 116 through Q2 2022, net of depletion;
- Safety performance remains world-class with the Group TRIFR at 1.8 in H1 2022. Capital's target is zero harm across the Group;
- Previously announced contracts:
    - A three-year comprehensive drilling services contract with AngloGold Ashanti at the Geita gold mine: Our Tanzanian subsidiary company, CMS (Tanzania) Limited, has been awarded a contract to provide a full range of drilling services including development (diamond & reverse circulation), grade control, blast hole and underground drilling. Capital will utilise the existing fleet, which now has a total of 25 rigs on site. It is anticipated to generate ~$150 million over the three-year contract term, making it the second largest award of new business in the Company's history.
    - First contract with B2Gold Corporation at the Fekola Gold mine in Mali, one of largest gold mines in Africa: Capital has been awarded a reverse circulation drilling services contract.
- **Capital Mining continues to perform strongly**
    - Sukari Gold Mine (Egypt) waste mining contract continues to perform well;
    - Capital remains active in the tendering pipeline.

- **MSALABS: Growth outlook improved through expanded relationship with Chrysos**
  - Expanded relationship with Chrysos Corporation:
    - MSALABS recently announced an expansion of its global partnership with Chrysos, now guiding to deploying 21 Chrysos PhotonAssay units by 2025;
    - Rollout of initial six units by year end 2022 on track: In addition to four units already announced at Bulyanhulu Gold Mine (Tanzania), the Morila Gold Mine (Mali), the Kibali Gold Mine (DRC) and Val d'Or (Quebec, Canada):
    - A fifth unit will arrive imminently at Yamoussoukro, Côte d'Ivoire, with facility preparations well advanced;
    - A sixth unit is due to begin installation in Timmins, Canada, by the end of 2022;
  - MSALABS has been awarded a two-year extension to the existing three-year onsite laboratory services contract with Kinross at the Tasiast Gold Mine, Mauritania, subject to final terms and conditions.
- **Capital Direct Investments (Capital DI):** Impacted by general market conditions but strong business development performance
  - The portfolio recorded investment losses (unrealised) of US$10.3 million. The total value of investments (listed and unlisted) was US$47.3 million as of 30 June 2021, versus US$60.2 million at the end of 2021;
  - Over the period Capital continued to rationalize the breadth of holdings and realized cash proceeds from the portfolio, generating net sales after investments of US2.6million, with the proceeds directed toward group capital expenditures.
  - Contract revenues from investee companies again contributed strongly to Group revenues, totalling US$26.4mn over the H1 period.

**Outlook**

- Revenue guidance for 2022 increased to $280 - $290 million (from $270 – 280 million);
- EBITDA margins are expected to remain in a range of 25-30% going forward;
- Capital expenditure is now expected to be approximately $50-55 million in 2022. The increase in capex includes additional rig purchases, as well as higher sustaining capex driven by higher than anticipated utilisation of the expanded fleet;
- Drill rig fleet size forecast to increase to 120 rigs by the end of 2022, net of depletion;
- The Sukari earth moving contract continues to perform well at full run rates;
- MSALABS's growth trajectory is now underpinned over the next 2-3 years by the expanded partnership with Chrysos. Revenue guidance for 2022 remains $30 million, and is expected to grow to over $80 million per annum from 2025 following the rollout of 21 Chrysos units in conjunction with growth in the traditional laboratories business;
- Tendering activity across all business units remains robust, with a number of opportunities progressing.

**Commenting on the results, Jamie Boyton, Executive Chairman of Capital Limited, said:**

*"We have been very pleased with the performance of the Group through the first half of 2022, not only because we've again delivered another strong half year, but we have also taken decisive steps to ensuring a stronger company in the years to come, particularly in our drilling business and in MSALABS.*

*In drilling we have taken advantage of the strength we have seen in underlying demand to focus on contract selection and rotate our portfolio. Through the period we have commenced operations at two more of Africa's largest gold mines, Kibali and Fekola, that are well positioned to operate consistently throughout the cycle. In addition, we have increased operations at Tier-1 gold and non-gold deposits with strong growth potential including Predictive Discovery's Bankan project, Goulamina (lithium) and Kabanga (nickel). This focus on growing long term contracts and partnerships with blue-chip customers remains core to the business model at Capital, irrespective of levels of activity across the market, delivering lower volatility in earnings and sustainability of the business through the cycles.*

*Similarly, MSALABS has now secured a multi-year growth trajectory driven primarily by the rollout of the revolutionary Chrysos PhotonAssay units. The expanded relationship with Chrysos means MSALABS will now deploy 21 units into the market into 2025. In addition to growth in its existing geochemistry business, this should drive annual revenues in excess of $80 million by 2025, an impressive outlook for a business that generated just $3 million at the time of the controlling interest acquisition in 2019.*

*The underlying demand in the market continues to be encouraging, as is evident from the high utilisation rates the Group delivered in the first half. While there will be some seasonal slowdown through the third quarter, the tender pipeline remains buoyant across drilling, mining and laboratories and as a result of this strong demand, we are raising our revenue guidance for 2022 to $280-290 million. We have also lifted our capex guidance to $50-55 million, which includes higher sustaining capex on the expanded fleet, and additional rigs to replace expedited rig replacements. In the strong demand environment we are currently experiencing, we have decided to further replenish our fleet to ensure both high reliability as well as a peer leading safety performance which remains core to our operations.*

*Our capital allocation strategy continually targets the best returns for our shareholders. We are excited by the outlook and the market backdrop and will continue to target new opportunities while maintaining a strong balance sheet and a balanced capital allocation policy. Therefore, in addition to funding further growth, given the strength of the underlying business, we announced a buyback at the beginning of the year and we have today also announced an interim dividend to shareholders of 1.3 cents per share.*

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Capital Limited will be hosting a live webcast presentation at 09:00 BST on Thursday 18 August 2022, where questions can be submitted through the platform.

The webcast presentation link:
https://www.lsegissuerservices.com/spark/CapitalDrillingLtd/events/db8bbc58-599b-4a60-aa07-abc49d7d187d

Participants may join the webcast approximately five minutes before the commencement time. A copy of the Company's presentation will be available on www.capdrill.com

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**For further information, please visit Capital Limited's website www.capdrill.com or contact:**


| | |
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**About Capital Limited**

Capital Limited is a leading mining services company providing a complete range of drilling, mining, maintenance and geochemical laboratory solutions to customers within the global minerals industry, focusing on the African markets. The Company's services include: exploration, delineation and production drilling; load and haul services; maintenance; and geochemical analysis. The Group's corporate headquarters are in Mauritius and it has established operations in Burkina Faso, Côte d'Ivoire, Canada, Egypt, Guinea, Kenya, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.

**Cautionary note regarding forward looking statements**

Certain information contained in this report, including any information on Capital Limited's plans or future financial or operating performance and other statements that express management's expectations, or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. Capital Limited cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Capital Limited to be materially different than the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of commodities and project execution delays, many of which are beyond the control of Capital Limited. Nothing in the report should be construed as either an offer to sell or a solicitation to buy or sell Capital Limited securities.

**INDEPENDENT REVIEW REPORT TO CAPITAL LIMITED**

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and notes to the condensed consolidated interim financial statements.

**Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information 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 International Standards on Auditing (UK) 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.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

**Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

**Responsibilities of directors**

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**Use of our report**

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

DocuSigned by:
BDO LLP
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BDO LLP
Chartered Accountants
London, United Kingdom
17 August 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**CAPITAL LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**For the six months ended 30 June 2022**

| | Notes | Unaudited Six months ended 30 June 2022 | 30 June 2021 |
|---|---|---|---|
| | | $ | $ |
| Revenue | 4 | 138,128,602 | 98,683,980 |
| Cost of sales | | (77,010,453) | (56,028,630) |
| Gross profit | | 61,118,149 | 42,655,350 |
| Administration expenses | | (19,738,178) | (14,281,383) |
| Depreciation, amortisation, and impairments | | (13,417,448) | (8,210,759) |
| Operating profit | | 27,962,523 | 20,163,208 |
| Interest income | | 112,808 | 49,997 |
| Finance charges | | (2,670,575) | (1,606,618) |
| Fair value (loss)/gain on investments at fair value | 14 | (10,265,388) | 5,706,322 |
| Profit before taxation | | 15,139,368 | 24,312,909 |
| Taxation | 3 | (5,456,706) | (5,903,119) |
| **Profit and total comprehensive income for the period** | | **9,682,662** | **18,409,790** |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the parent | | 8,849,651 | 18,490,700 |
| Non-controlling interest | | 833,011 | (80,910) |
| | | **9,682,662** | **18,409,790** |
| | | | |
| **Earnings per share:** | | | |
| Basic (cents per share) | 5 | 4.7 | 9.8 |
| Diluted (cents per share) | 5 | 4.5 | 9.6 |

**CAPITAL LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**As at 30 June 2022**

| | Notes | Unaudited 30 June 2022 | Audited 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | $ | $ |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 153,190,469 | 143,598,399 |
| Right of use assets | | 9,762,686 | 9,851,343 |
| Goodwill | | 1,252,348 | 1,252,348 |
| Intangible assets | | 1,673,374 | 1,282,269 |
| Other receivables | | 6,460,000 | 6,460,000 |
| **Total non-current assets** | | 172,338,877 | 162,444,359 |
| | | | |
| **Current assets** | | | |
| Inventory | | 51,510,590 | 37,935,112 |
| Trade and other receivables | | 43,329,113 | 42,212,147 |
| Prepaid expenses and other assets | | 20,222,327 | 17,681,623 |
| Investments at fair value | 14 | 47,278,117 | 60,151,667 |
| Current tax receivable | | 121,916 | 499,361 |
| Cash and cash equivalents | | 22,735,408 | 30,577,249 |
| **Total current assets** | | 185,197,471 | 189,057,159 |
| | | | |
| **Total assets** | | **357,536,348** | **351,501,518** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 8 | 19,287 | 19,006 |
| Share premium | 8 | 62,664,091 | 60,900,119 |
| Treasury shares | | (2,462,651) | - |
| Equity-settled employee benefits reserve | | 2,832,103 | 3,185,450 |
| Other reserve | | 190,056 | 190,056 |
| Retained income | | 159,121,253 | 154,879,201 |
| | | 222,364,139 | 219,173,832 |
| Non-controlling interest | | 4,600,600 | 3,767,589 |
| **Total equity** | | **226,964,739** | **222,941,421** |
| | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | 9 | 40,296,241 | 45,567,668 |
| Lease liabilities | | 6,968,276 | 7,354,745 |
| Deferred tax | | 34,196 | 34,196 |
| **Total non-current liabilities** | | 47,298,713 | 52,956,609 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 54,354,899 | 46,500,122 |
| Current tax payable | | 8,238,790 | 9,979,250 |
| Loans and borrowings | 9 | 18,151,949 | 16,887,692 |
| Lease liabilities | | 2,527,258 | 2,236,424 |
| **Total current liabilities** | | 83,272,896 | 75,603,488 |
| | | | |
| **Total equity and liabilities** | | **357,536,348** | **351,501,518** |

**CAPITAL LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**As at 30 June 2022**

| | Share capital | Share premium | Treasury share reserve | Total share capital | Equity-settled employee benefits reserve | Other reserve | Total reserves | Retained earnings | Total attributable to equity holders of the Group | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 31 December 2020 -Audited** | **18,878** | **60,169,426** | **-** | **60,188,304** | **1,926,994** | **190,056** | **2,117,050** | **84,384,101** | **146,689,455** | **1,389,315** | **148,078,770** |
| Total profit and comprehensive income for the period | - | - | - | - | - | - | - | **18,490,700** | **18,490,700** | **(80,910)** | **18,409,790** |
| **Contributions by and distributions to owners** | | | | | | | | | | | |
| Share options exercised | 128 | 730,693 | - | 730,821 | (730,821) | - | (730,821) | - | - | - | - |
| Recognition of share-based payments | - | - | - | - | 802,435 | - | 802,435 | - | 802,435 | - | 802,435 |
| Dividends paid (1.30 cents per share) - Note 6 | - | - | - | - | - | - | - | (2,470,713) | (2,470,713) | - | (2,470,713) |
| **Total transactions with owners** | **128** | **730,693** | **-** | **730,821** | **71,614** | **-** | **71,614** | **(2,470,713)** | **(1,668,278)** | **-** | **(1,668,278)** |
| **Balance at 30 June 2021 (Unaudited)** | **19,006** | **60,900,119** | **-** | **60,919,125** | **1,998,608** | **190,056** | **2,188,664** | **100,404,088** | **163,511,877** | **1,308,405** | **164,820,282** |
| | | | | | | | | | | | |
| **Balance at 31 December 2021 - Audited** | **19,006** | **60,900,119** | **-** | **60,919,125** | **3,185,450** | **190,056** | **3,375,506** | **154,879,201** | **219,173,832** | **3,767,589** | **222,941,421** |
| Total profit and comprehensive income for the period | - | - | - | - | - | - | - | 8,849,651 | 8,849,651 | 833,011 | 9,682,662 |
| **Contributions by and distributions to owners** | | | | | | | | | | | |
| Share options exercised | 281 | 1,763,972 | - | 1,764,253 | (1,764,253) | - | (1,764,253) | - | - | - | - |
| Share buy back | - | - | (2,462,651) | (2,462,651) | - | - | - | - | (2,462,651) | - | (2,462,651) |
| Recognition of share-based payments | - | - | - | - | 1,410,906 | - | 1,410,906 | - | 1,410,906 | - | 1,410,906 |
| Dividends paid (2.4 cents per share) - Note 6 | - | - | - | - | - | - | - | (4,607,599) | (4,607,599) | - | (4,607,599) |
| **Total transactions with owners** | **281** | **1,763,972** | **(2,462,651)** | **(698,398)** | **(353,347)** | **-** | **(353,347)** | **(4,607,599)** | **(5,659,344)** | **-** | **(5,659,344)** |
| **Balance at 30 June 2022 (Unaudited)** | **19,287** | **62,664,091** | **(2,462,651)** | **60,220,727** | **2,832,103** | **190,056** | **3,022,159** | **159,121,253** | **222,364,139** | **4,600,600** | **226,964,739** |

**CAPITAL LIMITED**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**For the six months ended 30 June 2022**

| | Notes | Unaudited Six months ended 30 June 2022 $ | 30 June 2021 $ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash generated from operations | 10 | 34,932,913 | 5,443,214 |
| Interest income received | | 112,808 | 49,997 |
| Finance costs paid | | (2,432,005) | (1,225,930) |
| Tax paid | | (6,819,720) | (5,897,973) |
| Net cash from operating activities | | 25,793,996 | (1,630,692) |
| **Cash flow from investing activities** | | | |
| Purchase of property, plant and equipment | 7 | (10,168,688) | (27,698,736) |
| Proceeds from disposal of property, plant and equipment | | - | 47,626 |
| Acquisition of intangible assets | | (391,105) | (23,115) |
| Acquisition of investments | | (5,891,493) | (3,551,255) |
| Proceeds on disposal of investments | | 8,499,654 | 5,375,201 |
| Cash paid in advance for property, plant and equipment | | (6,389,092) | - |
| Net cash from investing activities | | (14,340,724) | (25,850,279) |
| **Cash flow from financing activities** | | | |
| Repayment of loans | 9 | (9,295,897) | (1,764,440) |
| Proceeds from new loans | 9 | - | 16,950,000 |
| Arrangement fees paid for new financing | | - | (383,705) |
| Dividend paid | 6 | (4,607,599) | (2,470,713) |
| Repayment of lease | | (1,483,881) | (208,727) |
| Advance payments on lease arrangements | | (230,705) | |
| Share buy back | | (2,462,651) | |
| Net cash from financing activities | | (18,080,733) | 12,122,415 |
| **Total cash movement for the period** | | (6,627,461) | (15,358,556) |
| Cash at the beginning of the period | | 30,577,249 | 35,701,894 |
| Effect of exchange rate movement on cash balances | | (1,214,380) | (392,627) |
| **Total cash at the end of the period** | | 22,735,408 | 19,950,711 |

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**CAPITAL LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**For the six months ended 30 June 2022**

## 1. Basis of presentation and accounting policies

### Preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of Capital Limited and Subsidiaries ("Capital" or the "Group") as at and for the six months ended 30 June 2022 (the "Interim Financial Statements"), which are unaudited, have been prepared in accordance with International Accounting Standard ("IAS") No. 34, "Interim Financial Reporting". This condensed interim report does not include all the notes of the type normally included in an Annual Report. They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Group's Annual Report for the year ended 31 December 2021 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Interim Financial Statements have been reviewed in terms of International Standard on Review Engagements (ISRE) 2410.

### Accounting policies

The condensed consolidated interim financial statements have been prepared under the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value.

All accounting policies, presentation and methods of computation which have been followed in these condensed consolidated financial statements were applied in the preparation of the Group's financial statements for the year ended 31 December 2021.

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an on-going basis using currently available information. Changes in facts and circumstances may result in revised estimates and actual results could differ from those estimates.

### Going concern

As at 30 June 2022, the Group had a robust balance sheet with a low debt gearing with equity of $227.0 million and loans and borrowings of $59.1 million. Cash as at 30 June 2022 was $22.7 million, with net debt of $36.4 million. Investments in listed entities at the end of June 2022 amounted to $35.8 million which provided additional flexibility as these investments could be converted into cash.

This robustness is underpinned by stable revenues generated on long term contracts. Revenues generated on mine sites and longer-term contracts make up over 85% of Group revenues. Revenues continued to perform strongly in H1 2022 with increased revenue of 40% compared to H1 2021.

Commercially, the Group continues to secure and extend long term mining contracts with high quality customers, including the latest significant contract wins and extensions at Geita Gold Mine. Given the Group had minimal operational impacts from COVID-19 over the past two years, the Directors do not view it as a going concern risk.

In determining the going concern status of the business, management has considered the principal risks of the business and considered those most relevant to the going concern assessment and reverse stressed the model, alongside the Group's capacity to mitigate, to identify the magnitude of sensitivity required to cause a breach in covenants or risk the going concern of the business. The most relevant of which was considered to be loss of EBITDA through loss of contract wins, with no redeployment of equipment. EBITDA would need to fall over 75% for a 12-month period to breach the covenant test.

Given the strong market demand from existing clients and across a large tendering pipeline, management consider the risk of a deep demand correction to be low.

Given the Group's exposure to high quality mine site operations, we consider a decrease of such magnitude to be remote. Overall, the analysis strongly underpins the going concern status and as a result the Board considers the business to be a going concern.

## 2. Operations in the interim period

Capital Limited (the "Company") is incorporated in Bermuda. The Company and its subsidiaries (the "Group") provide drilling services including but not limited to exploration, development, grade control and blast hole drilling services, mining services including but not limited to earthmoving, fleet management and mine management, mineral analytical services including but not limited to geochemical analysis and laboratory management, maintenance services, including but not limited to fleet maintenance and distribution of specialist mining supplies and rig site technology services including but not limited to equipment rental, survey and geophysical logging and borehole management software services for mining and mining exploration companies.

### 2.1 Use of estimates and judgements

The preparation of both annual and interim financial statements usually requires the use of estimates and judgements. There has been no change in the Group's estimates and judgements since the year end.

## 3. Taxation

Capital Limited is incorporated in Bermuda. No taxation is payable on the results of the Bermuda business. Taxation for other jurisdictions is calculated in terms of the legislation and rates prevailing in the respective jurisdictions.

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. In certain of these jurisdictions, the Group has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws. The Group periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgement given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information and the history of resolving income tax uncertainties, the Group believes that the ultimate resolution of such matters will not likely have a material effect on the Group's financial position, statements of operations or cash flows.

CAPITAL



## 4. Revenue

| | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| | $ | $ |
| Revenue from the rendering of services comprises: | | |
| Drilling and associated revenue | 100,230,452 | 79,168,981 |
| Revenue from Mining | 23,678,570 | 10,355,723 |
| MSALABS revenue | 11,814,696 | 6,502,128 |
| Revenue from Surveying | 2,404,884 | 2,657,148 |
| | 138,128,602 | 98,683,980 |

## 5. Earnings per share

Basic Earnings per share:

The profit and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| | 30 June 2022 | 30 June 2021 |
|---|---|---|
| Profit for the period used in the calculation of basic earnings per share | 8,849,651 | 18,490,700 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 189,451,637 | 189,470,658 |
| Basic earnings per share (cents) | 4.7 | 9.8 |

Diluted earnings per share:

The profit used in the calculations of all diluted earnings per share measures are the same as those used in the equivalent basic earnings per share measures, as outlined above.

| | 30 June 2022 | 30 June 2021 |
|---|---|---|
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 189,451,637 | 189,470,658 |
| - Dilutive share options # | 6,847,322 | 3,011,156 |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share | 196,298,959 | 192,481,814 |
| Diluted earnings per share (cents) | 4.5 | 9.6 |

# For the purposes of calculating diluted earnings per share, no share options (2021: 6.34 million) were excluded based on being anti-dilutive as the exercise price is lower than the current share price.

## 6. Dividends

During the six months ended 30 June 2022, a dividend of 2.4 cents per ordinary share was declared on 10 March 2022, totalling $4,607,599 (six months ended 30 June 2021: 1.3 cents per ordinary share, totalling $2,470,713) and paid on 10 May 2022.

**CAPITAL LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**
**For the six months ended 30 June 2022**

### 7. Property, plant and equipment

| Cost | Drilling rigs | Mining equipment | Associated Drilling & mining equipment | Vehicles and trucks | Camp and associated equipment | Computer software | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2021 | 103,540,898 | 26,511,913 | 20,326,737 | 21,979,021 | 12,037,844 | 38,361 | 1,653,952 | 186,088,726 |
| Additions | 23,814,358 | 29,918,725 | 7,009,849 | 12,439,323 | 2,483,930 | - | - | 75,666,185 |
| Disposal | (3,103,550) | (19,520) | (831,773) | (824,132) | (644,637) | - | - | (5,423,612) |
| Transfers | - | 2,183,654 | (2,183,654) | - | - | - | - | - |
| At 31 December 2021 | 124,251,706 | 59,224,772 | 23,691,159 | 33,594,212 | 13,877,137 | 38,361 | 1,653,952 | 256,331,299 |
| Additions | 14,799,612 | 1,997,294 | 1,680,862 | 1,420,569 | 1,963,251 | - | - | 21,861,588 |
| Disposal | (2,075,903) | (51,516) | (1,834,700) | (161,737) | (54,722) | | | (4,178,578) |
| At 30 June 2022 | 136,975,415 | 61,170,550 | 23,537,321 | 34,853,044 | 15,785,666 | 38,361 | 1,653,952 | 274,014,309 |
| **Accumulated Depreciation** | | | | | | | | |
| At 1 January 2021 | 70,806,074 | - | 7,159,802 | 12,641,891 | 6,407,935 | 5,042 | 97,299 | 97,118,043 |
| Depreciation | 7,959,524 | 7,451,803 | 2,022,454 | 1,870,873 | 1,207,651 | 4,179 | - | 20,516,484 |
| Transfers | - | 528,416 | (528,416) | - | - | - | - | - |
| Disposal | (2,940,714) | - | (700,176) | (751,640) | (509,097) | - | - | (4,901,627) |
| At 31 December 2021 | 75,824,884 | 7,980,219 | 7,953,664 | 13,761,124 | 7,106,489 | 9,221 | 97,299 | 112,732,900 |
| Depreciation | 4,802,699 | 3,755,717 | 1,436,690 | 1,403,951 | 639,281 | 2,089 | - | 12,040,427 |
| Disposal | (1,939,094) | (42,709) | (1,833,055) | (116,069) | (18,560) | - | - | (3,949,487) |
| At 30 June 2022 | 78,688,489 | 11,693,227 | 7,557,299 | 15,049,006 | 7,727,210 | 11,310 | 97,299 | 120,823,840 |
| Carrying amount at: | | | | | | | | |
| 31 December 2021 | 48,426,822 | 51,244,553 | 15,737,495 | 19,833,088 | 6,770,648 | 29,140 | 1,556,653 | 143,598,399 |
| 30 June 2022 | 58,286,926 | 49,477,323 | 15,980,022 | 19,804,038 | 8,058,456 | 27,051 | 1,556,653 | 153,190,469 |

During the six months ended 30 June 2022, the Group acquired $21.9 million worth of property, plant and equipment (HY 2021: $51.2 million). Out of the $21.9 million additions, $6.0 million (HY 2021: $7.3 million) was acquired through supplier credit agreements – see Note 9.
The Group disposed of property, plant and equipment with a net carrying amount of $0.2 million (HY 2021: $0.1 million) during the period. A loss of $0.2 million (2021: $0.1 million) was incurred on the disposal of property, plant and equipment.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets may be impaired. As at 30 June 2022, there was no indication of impairment.

| | As at | |
|---|---|---|
| | 30 June 2022 | 31 December 2021 |
| | $ | $ |
| **8. Issued capital and share premium** | | |
| Authorised capital | | |
| 2,000,000,000 (31 December 2020: 2,000,000,000) ordinary shares of 0.01 cents (2020: 0.01 cents) each | 200,000 | 200,000 |
| Issued and fully paid: | | |
| 192,864,738 (31 December 2021: 190,054,838) ordinary shares of 0.01 cents (31 December 2021: 0.01 cents) each | 19,287 | 19,006 |
| Share premium: | | |
| Balance at the beginning of the period | 60,900,119 | 60,169,426 |
| Issue of shares | 1,763,972 | 730,693 |
| Balance at the end of the period | 62,664,091 | 60,900,119 |

During the period, the Company issued 2,143,105 new common shares (valued at $ 1,764,253) pursuant to the Company's employee short term incentive plan. The shares rank pari passu with the existing ordinary shares. Fully paid ordinary shares which have a par value of 0.01 cents, carry one vote per share and carry rights to dividends.

## 9. Loans and borrowings

Loans and borrowings consist of:

(a) $15 million revolving credit facility ("RCF") provided by Standard Bank (Mauritius) Limited.
The interest rate on the RCF is the prevailing three-month US LIBOR (payable in arrears) plus a margin of 6.5%, and an annual commitment fee of 2.275% is charged on any undrawn balance. The amount utilised on the RCF is $15 million as at 30 June 2022.

Under the terms of the RCF, the group is required to comply with certain financial covenants relating to:

- Interest coverage
- Gross debt to EBITDA ratio
- Debt to equity ratio
- Tangible net worth

**9. Loans and borrowings (Cont'd)**

In addition, CAPD (Mauritius) Limited is also required to comply with the Total Tangible Net Worth covenant.

Security for the Standard Bank (Mauritius) Limited facility comprises:

The RCF is secured by various pledges over the shares and claims of the Group's entities in Cote d'Ivoire and Tanzania together with the assignment of material contracts and their collection accounts in these jurisdictions and a debenture over the rigs in Tanzania.

As at the reporting date and during the period under review, the Group has complied with all covenants attached to the loan facilities.

(b) $ 3.8 million credit facility provided by Epiroc Financial Solutions AB
The facility was signed on 6 September 2019 and drawn down against the purchase of five rigs. The term of the facility is four years repayable in 46 monthly instalments. Interest is charged at a with a fixed rate of 8.47% per annum (payable monthly in arrears). As at 30 June 2022, an amount of $1.3 million remained outstanding under this facility.

(c) $2.6 million credit facility by Epiroc Financial Solutions AB
The facility was signed on 26 November 2020 and drawn down against the purchase of three rigs. The term of the facility is 4 years repayable in 46 monthly instalments. Interest is charged at a fixed rate of 8.25% per annum (payable monthly in arrears). As at 30 June 2022, an amount of $1.6 million remained outstanding under this facility.

(d) $2.5 million credit facility by Epiroc Financial Solutions AB
This new facility was signed on 01 May 2021 and drawn down against the purchase of three rigs. The facility is repayable in 46 monthly instalments. The interest rate is the prevailing three-month US LIBOR plus a margin of 4.8%. As at 30 June 2022, an amount of $2 million remained outstanding under this facility.

(e) $2.68m million credit facility by Epiroc Financial Solutions AB
This new facility was signed on 21 January 2022 and drawn down against the purchase of three rigs. The facility is repayable in 46 monthly instalments. The interest rate is the prevailing three-month US LIBOR plus a margin of 4.8%. As at 30 June 2022, an amount of $2.54 million remained outstanding under this facility.

(f) $1.115 million credit facility by Epiroc Financial Solutions AB
This new facility was signed on 9 February 2022 and drawn down against the purchase of one rigs. The facility is repayable in 46 monthly instalments. The interest rate is the prevailing three-month US LIBOR plus a margin of 4.8%. As at 30 June 2022, an amount of $1.02 million remained outstanding under this facility.

(g) $3.08 million credit facility by Epiroc Financial Solutions AB
This new facility was signed on 26 April 2022 and drawn down against the purchase of three rigs. The facility is repayable in 46 monthly instalments. The interest rate is the prevailing three-month US LIBOR plus a margin of 4.80%. As at 30 June 2022, an amount of $3.08 million remained outstanding under this facility.

(h) $8.5 million term loan facility with Sandvik Financial Services AB (PUBL)
On 19 November 2020, the Group entered into a new term loan facility agreement with Sandvik Financial Services AB (PUBL). The facility is for up to $8.5 million for the purchase of equipment from Sandvik AB, available in not more than four tranches until 31 December 2021. Each tranche is repayable over a period of five years. Interest is payable quarterly in arrears at 5.45% per annum on the drawn amount. As at 30 June 2022 $8.3 million of the facility was used and $0.2 million of the facility remained undrawn.

(i) $37.7 million term loan provided by Macquarie Bank Limited (London Branch)
On 25th September 2020, the Group entered into a senior secured, asset backed term loan facility with Macquarie Bank Limited. The term of the loan is three years repayable in quarterly instalments with an interest rate on the facility of the prevailing three-month US LIBOR plus a margin of 7.75% per annum (payable quarterly in arrears). The loan is secured over certain assets owned by the Group and currently located in Egypt and Cote d'Ivoire together with guarantees provided by Capital Limited, Capital Drilling Egypt LLC and Capital Mining Services SARL. The facility was fully drawn as at 30 June 2022.

## 9. Loans and borrowings (Cont'd)

As at the reporting date and during the period under review, the Group has complied with all covenants attached to the term loan.

| | As at | |
|---|---|---|
| | **30 June 2022** | **31 December 2021** |
| | **$** | **$** |
| Balance at 1 January | 62,455,360 | 30,693,713 |
| Amounts received during the 6-month period/year | - | 27,669,435 |
| Credit facility received for the purchase of rigs | 6,029,900 | 10,834,144 |
| Interest accrued during the 6-month period/year | 1,990,634 | 3,217,253 |
| Interest paid during the 6-month period/year | (2,082,649) | (2,967,733) |
| Commitment fees paid during the 6-month period/year | - | (17,531) |
| Principal repayments during the 6-month period/year | (9,295,897) | (6,973,921) |
| Unamortised debt arrangement costs | (649,158) | - |
| Balance at 30 June/31 December | 58,448,190 | 62,455,360 |
| Less: Current portion included under current liabilities | (18,151,949) | (16,887,692) |
| Due after more than one year | 40,296,241 | 45,567,668 |

At the reporting date, the Group's loans and borrowings total $59.1 million (2021: $62.5 million), offset by unamortised debt costs of $0.6 million. $0.4 million of the debt costs have been classified as current and $0.2 million as non-current.

## 10. Cash from operations

| | Six months ended | |
|---|---|---|
| | **30 June 2022** | **30 June 2021** |
| | **$** | **$** |
| Profit before taxation | 15,139,368 | 24,312,909 |
| Adjusted for: | | |
| - Depreciation | 12,040,427 | 8,022,935 |
| - Loss on disposal of property, plant and equipment | 229,091 | 71,528 |
| - Fair value loss/(gain) on investments at fair value | 10,265,388 | (5,706,322) |
| - Share based payment expense | 1,410,906 | 802,435 |
| - Interest income | (112,808) | (49,997) |
| - Finance charges | 2,670,575 | 1,606,618 |
| - IFRS 16 depreciation on rights of use assets | 1,377,021 | 194,505 |
| - Unrealised foreign exchange loss on foreign currency held | 1,214,380 | 392,627 |
| - Other non-cash items | 492,000 | - |
| Operating profit before working capital changes | 44,726,348 | 29,647,238 |
| | | |
| Adjustments for working capital changes: | | |
| - Increase in inventory | (13,575,478) | (6,879,834) |
| - Increase in trade and other receivables | (2,278,530) | (20,837,067) |
| - Increase in trade and other payables | 6,060,573 | 3,512,877 |
| | 34,932,913 | 5,443,214 |

## 11. Segmental analysis

Operating segments are identified on the basis of internal management reports regarding components of the Group. These are regularly reviewed by the board in order to allocate resources to the segments and to assess their performance. Operating segments are identified based on the regions of operations. For the purposes of the segmental report, the information on the operating segments have been aggregated into the principal regions of operations of the Group. The Group's reportable segments under IFRS 8 are therefore:

- Africa: Derives revenue from the provision of drilling services, mining services, surveying, IT support services and mineral assaying.
- Rest of world: Derives revenue from the provision of drilling services, surveying, IT support services and mineral assaying. The segment relates to jurisdictions which contribute a relatively small amount of external revenue to the Group. These include Saudi Arabia and Canada.

Information regarding the Group's operating segments is reported below. At 30 June 2022, management reviewed the composition of the Group's operating segments and the allocations of operations to the reportable segments.

Segment revenue and results:

The following is an analysis of the Group's revenue and results by reportable segment:

| **For the six months ended 30 June 2022** | **Africa** | **Rest of World** | **Consolidated** |
|---|---|---|---|
| | **$** | **$** | **$** |
| External revenue | 128,924,789 | 9,203,813 | 138,128,602 |
| Segment profit (loss) | 44,394,623 | (15,675,189) | 28,719,434 |
| Central administration costs and depreciation, net of other income | | | (756,911) |
| Profit from operations | | | 27,962,523 |
| Fair value gain on investments at fair value | | | (10,265,388) |
| Interest income | | | 112,808 |
| Finance charges | | | (2,670,575) |
| | | | 15,139,368 |

The following customers from the Africa segment contributed 10% or more to the Group's revenue:

| | **30 June 2022** | **30 June 2021** |
|---|---|---|
| | **%** | **%** |
| Customer A | 38% | 32% |
| Customer B | 14% | 14% |

**11. Segmental analysis (continued)**

| For the six months ended 30 June 2021 | Africa | Rest of World | Consolidated |
|---|---|---|---|
| | $ | $ | $ |
| External revenue | 92,259,049 | 6,424,931 | 98,683,980 |
| Segment profit (loss) | 35,035,384 | (14,014,262) | 21,021,122 |
| Central administration costs and depreciation, net of other income | | | (857,914) |
| Profit from operations | | | 20,163,208 |
| Fair value gain on investments at fair value | | | 5,706,322 |
| Interest income | | | 49,997 |
| Finance charges | | | (1,606,618) |
| Profit before tax | | | 24,312,909 |

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs, depreciation, interest income, share of losses from associate, finance charges and income tax. This is the measure reported to the board for the purpose of resource allocation and assessment of segment performance.

| | As at | |
|---|---|---|
| | 30 June 2022 | 31 December 2021 |
| | $ | $ |
| Segment assets: | | |
| Africa | 458,253,106 | 421,186,192 |
| Rest of world | 65,995,470 | 75,429,655 |
| Total segment assets | 524,248,576 | 496,615,847 |
| Head office companies | 242,623,490 | 278,034,723 |
| | 766,872,066 | 774,650,570 |
| Eliminations * | (409,335,718) | (423,149,052) |
| Total assets | 357,536,348 | 351,501,518 |
| Segment liabilities: | | |
| Africa | 207,853,214 | 226,314,805 |
| Rest of world | 28,723,201 | 28,407,677 |
| Total segment liabilities | 236,576,415 | 254,722,482 |
| Head office companies | 282,099,314 | 269,589,374 |
| | 518,675,729 | 524,311,856 |
| Eliminations * | (388,104,120) | (395,751,759) |
| Total liabilities | 130,571,609 | 128,560,097 |

**CAPITAL LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**
**For the six months ended 30 June 2022**

**11. Segmental analysis (continued)**

For the purposes of monitoring segment performance and allocating resources between segments the board monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of property, plant and equipment used by the head office companies, certain amounts included in other receivables, and cash and cash equivalents held by the head office companies.

* Eliminations include intra-group accounts receivable, intra-group accounts payable and intra-group investments.

Other segment information:

| Non-Cash items included in profit or loss: | Six months ended 30 June 2022 $ | Six months ended 30 June 2021 $ |
|---|---|---|
| Depreciation | | |
| Africa | 12,638,195 | 7,352,845 |
| Rest of world | 585,085 | 448,291 |
| Total segment depreciation | 13,223,280 | 7,801,136 |
| Head office companies | 194,168 | 409,623 |
| | 13,417,448 | 8,210,759 |
| Loss on disposal of property, plant and equipment | | |
| Africa | 225,384 | 52,692 |
| Rest of world | 3,707 | 18,836 |
| Total segment loss on disposal | 229,091 | 71,528 |
| Head office companies | - | - |
| | 229,091 | 71,528 |

| | Six months ended 30 June 2022 $ | Six months ended 30 June 2021 $ |
|---|---|---|
| Impairment on Inventory | | |
| Africa | | |
| Stock Provision | 696,950 | 529,104 |
| Stock Write Offs | 11,198 | 98,077 |
| | 708,148 | 627,181 |
| Rest of world | - | - |
| Total segment impairment | 708,148 | 627,181 |
| Head office companies | - | - |
| | 708,148 | 627,181 |
| Additions to property, plant and equipment | | |
| Africa | 19,398,646 | 50,586,372 |
| Rest of world | 1,698,190 | 302,880 |
| Total segment additions | 21,096,836 | 50,889,252 |
| Head office companies | 764,752 | 318,557 |
| | 21,861,588 | 51,207,809 |

**11. Segmental analysis (continued)**

**Segmental reporting summary by region:**

| | Revenue | | Non-Current Assets | |
|---|---|---|---|---|
| | Six months ended | | As at | |
| | 30 June 2022 | 30 June 2021 | 30 June 2022 | 31 December 2021 |
| | $ | $ | $ | $ |
| Middle East/North Africa | 57,627,212 | 33,845,591 | 76,783,549 | 75,919,256 |
| South and East Africa | 32,979,498 | 24,345,551 | 39,742,198 | 34,338,287 |
| West Africa | 39,661,597 | 36,282,893 | 40,974,810 | 39,508,301 |
| Others | 7,860,295 | 4,209,945 | 14,838,320 | 12,678,515 |
| | 138,128,602 | 98,683,980 | 172,338,877 | 162,444,359 |

The business has considered this segmental distribution to be appropriate as it represents the discrete areas of operations that make up the Group's revenue stream.

**12. Commitments**

| | As at | |
|---|---|---|
| | 30 June 2022 | 30 June 2021 |
| The Group has the following capital commitments at 30 June: | $ | $ |
| Committed capital expenditure | 33,225,972 | 12,543,098 |

## 13. Contingencies

Zambia Tax:

Capital Drilling (Zambia) Limited ("CDZ"), a subsidiary of Capital Limited, is a party to various tax claims made by the Zambian Revenue Authority (ZRA) for the tax years 2007 to 2013.

On 30 April 2015, CDZ received a tax assessment from the ZRA totalling Zambian Kwacha 150m ($8.2 million), inclusive of penalties and interest. The claims relate to various taxes, including income tax, value added tax, payroll tax (PAYE) and withholding tax. CDZ responded in detail to these claims, and no amount has yet been paid. No subsequent communication has been received from the ZRA regarding this matter since June 2016.

As Capital has ceased to operate in Zambia, CDZ is being liquidated. This process is expected to be completed during 2022.

Tanzania tax:

2009-15 tax audit

Capital Drilling (T) Ltd ("CDT"), was party to a payroll tax claim made by the Tanzanian Revenue Authority ("TRA") for the tax years 2009-2015. A final settlement was agreed with the TRA for a final payment of $0.6 million, with interest and penalties being waived in full.

2016-18 tax audit

The TRA issued an initial assessment of $4.5 million for 2016-18 in December 2019. Through negotiation, this was reduced to $2.4 million in May 2020 and a total of $0.7 million was paid by CDT in order to proceed with lodging formal objections. These were lodged in June 2020 and responses finally received a year later in June 2021. A number of CDT's positions were accepted and a further round of correspondence entered into which is ongoing.

$0.7 million (2021: $0.7 million) remains in line with Management's estimate of the potential tax and penalties due and, as this amount has already been paid, no further amounts have been provided on the balance sheet.

Ivory Coast tax:

2018-19 tax audit
A tax audit of CDCI for the two years ended 31 December 2019 is currently underway which focuses on the tax outcomes resulting from the local SYSCOA accounting reporting requirements. The main area where the Ivorian tax authorities are seeking additional tax relates to securities tax (IRVM) that they claim is payable on an intercompany balance. Through negotiations, the total tax claimed has been reduced from $1.5 million to $0.4 million. No provision has been made at the end of the period (31 December 2021: $ nil) on the basis that negotiations are ongoing, and the underlying facts would not trigger any additional securities tax liability.

Customs duty
An initial exchange of correspondence has taken place between the Ivorian customs duty authority and Capital Mining Services (CMS) relating to the availability of certain customs duty exemptions under CMS' client's Mining Convention. CMS submitted a written challenge of this position in July 2021 and no further correspondence has been to date. No assessments have been issued by the authority, no amounts are due and payable, and no provision has been made (31 December 2021: $ nil).

**13. Contingencies (continued)**

Mali tax:

2016-18 tax audit

In July 2019, the Mali Tax Authorities (DGE) commenced a routine tax audit of Capital Drilling Mali for the periods 2016-18. No final assessments or requests for payment have been issued in respect of any of the three years under audit and the audit process has not yet formally concluded. No correspondence has been received since January 2022.

Across the three years, the maximum potential tax claim including penalties is approximately $3.8 million. Following a detailed review by the Group's in-country advisers, the potential exposure has been calculated as $0.2 million, including penalties and provided a comprehensive response to the tax authorities supporting this position.

**14. Financial instruments**

**(a) Fair value hierarchy**

Financial instruments that are measured in the consolidated statement of financial position or disclosed at fair value require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

| | As at | |
|---|---|---|
| | **30 June 2022** | **31 December 2021** |
| | **$** | **$** |
| Level 1 - Listed shares | 35,778,929 | 51,958,649 |
| Level 3 – Unlisted shares and derivative financial assets | 11,499,188 | 8,193,018 |
| | 47,278,117 | 60,151,667 |

**14. Financial instruments (Continued)**

The reconciliation of the investment valuations from 1 January 2022 to 30 June 2022 is as follows:

| | Level 1 | Level 3 | Total |
|---|---|---|---|
| At 1 January 2022 | 51,958,649 | 8,193,018 | 60,151,667 |
| Additions | 5,594,176 | 297,317 | 5,891,493 |
| Disposal | (8,268,081) | - | (8,268,081) |
| Fair value gain/(loss) | (13,505,815) | 3,008,853 | (10,496,962) |
| At 30 June 2022 | 35,778,929 | 11,499,188 | 47,278,117 |

| | Level 1 | Level 3 | Total |
|---|---|---|---|
| At 1 January 2021 | 16,233,516 | 10,933,579 | 27,167,095 |
| Additions | 9,025,943 | 124,141 | 9,150,084 |
| Disposal | (6,377,163) | - | (6,377,163) |
| Fair value (loss)/gain | 31,042,850 | (831,199) | 30,211,651 |
| Transfer from level 3 | 2,033,503 | (2,033,503) | - |
| At 31 December 2021 | 51,958,649 | 8,193,018 | 60,151,667 |

**(b) Fair value information**

Level 1 shares

Market approach - Listed share price.

The Company's interests in various listed shares are valued at the 30 June 2022 closing prices. No secondary valuation methodologies have been considered as all the Company's investments are listed on active markets.

Level 3 shares

Market Approach – Market Comparables applying Directors' estimate.

The Directors have reviewed the methodology at 30 June 2022 in the valuation of Allied and considered the most appropriate valuation methodology is a multiples-based approach based on comparing the enterprise values of a peer group with their respective EBITDA (EV/EBITDA) across 2022 and 2023. The peer average for 2021 used was 3.4x and the average used in 2022 was 3.9x.

For the purposes of the disclosures required by IFRS 13, if the EBITDA increased by 25% across all the level 3 companies, with all other indicators unchanged, in aggregate the level 3 investment value included in the balance sheet would increase from USD10.9 million to USD13.8 million. The related fair value increase of USD2.9 million would be recognised in profit and loss. Alternatively, if the average multiples used decrease by 25%, with all other indicators unchanged, in aggregate the level 3 investment value included in the balance sheet would decrease from USD10.9 million to USD8.1 million. The related fair value decreases of USD2.9 million would be recognised in profit and loss. An adjustment to forecast gold prices would have an impact on the Enterprise Values of the peer companies. The Directors do not have the resources available to accurately determine the impact such a change would have on the valuation of the level 3 companies.

The Directors also considered suitability of peers, specifically the impact that different mine lives would have across the peers. A full comparison of the same peer group of West African producing peers was performed and noted that mine lives were comparable and took into account recent additions in mining portfolio.

**14. Financial instruments (cont'd)**

**(c) Fair values of other financial instruments**

Level 3 derivative financial assets

The Group's derivative financial assets consist of call options to acquire additional shares in a non-listed entity. The financial assets have been valued using the Black Scholes option pricing model by comparing the key assumptions in the model to a peer group.

**15. Events post the reporting date**

The directors proposed that an interim dividend of 1.3 cent per share be paid to shareholders on 3 October 2022. This dividend has not been included as a liability in these condensed consolidated interim financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 2 September 2022. The total estimated interim dividend to be paid is $2.5million (2021: $2.3 million). The payment of this dividend will have no tax consequences for the Group.

**CAPITAL LIMITED**
**STATEMENT OF DIRECTORS' RESPONSIBILITY**
**For the six months ended 30 June 2022**

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the condensed consolidated interim financial statements and related information.

The directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for the Group's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the six months under review.

We confirm that to the best of our knowledge:

a) the condensed set of consolidated interim financial statements, which has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Boards gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by FCA's Disclosure and Transparency Rules DTR4.2.4R;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR4.2.8R; and

c) there have been no significant individual related party transactions during the first six months of the financial year and nor have there been any significant changes in the Group's related party relationships from those reported in the Group's annual financial statement for the year ended 31 December 2021.

The condensed consolidated interim financial statements have been prepared on the going concern basis since the directors believe that the Group has adequate resources in place to continue in operation for the foreseeable future.

The condensed consolidated interim financial statements were approved by the board of directors on 17 August 2022.

**ON BEHALF OF THE DIRECTORS**

Jamie Boyton
Chairman of the Board of Directors

Brian Rudd
Executive Director

**CAPITAL LIMITED**
**Principal and Emerging Risks and Uncertainties**

The Group operates in environments that pose various risks and uncertainties. Aside from the generic risks that face all businesses, the Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties, nor are they listed in order of magnitude or probability. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Group's operating results, financial condition and prospects.

The principal and emerging risks associated with the business have not changed since the year end and are detailed below:

| Area | Description | Mitigation |
|---|---|---|
| **Reduction in levels of mining activity** | The Group is highly dependent on the levels of mineral exploration, development and production activity within the markets in which it operates. A reduction in exploration, development and production activities, or in the budgeted expenditure of mining and mineral exploration companies, will cause a decline in the demand for drilling rigs and drilling services, as was evident in the 2014 and 2015 financial years. | The Group is seeking to balance these risks by building a portfolio of long-term mine-site contracts, expanding its services offering into mine-site based activities such as load and haul mining, and also expanding both its customer and geographic reach. |
| **Risk of Termination** | Contracts can be terminated for convenience by the client at short notice and without penalty. Guidance is partly based on current contracts in hand, and the Group derives a significant proportion of its revenue from providing services under large contracts. As a result, there can be no assurance that work in hand will be realised as revenue in any future period. There could be future risks and costs arising from any termination of contract. While the Group has no reason to believe any existing or potential contracts will be terminated, there can be no assurance that this will not occur.<br><br>In addition, it's important that the Group maintains its project pipeline and win rate. Any failure by the Group to continue to win new contracts will impact its financial performance and position. | Contract renewal negotiations are initiated well in advance of expiry of contracts to ensure contract renewals are concluded without interruption to services. There are also a wide range of termination clauses across the Group's contracts depending on the size, nature and client involved (i.e., not all contracts can be terminated for convenience, and some contracts must be terminated with notice). |
| **Risk of Default** | The Group has financing facilities with external financiers. A default under any of these facilities could result in withdrawal of financial support or an increase in the cost of financing. | The Group has a robust system of analysing and forecasting cash and debt positions. The Group is continuing to develop a stronger facilities management system, in addition to strengthening and broadening its banking relationships. |

| Area | Description | Mitigation |
|---|---|---|
| **Supply chain disruption** | Disruption to border crossings; equipment being held up in customs. | The Group ensures a continual monitoring of movement of goods at all relevant borders and assesses back-up options regularly. Inventory levels are set to allow for a period of disruption. The Group also ensures a local supplier early bulk purchasing strategy. |
| **Adverse change in local tax laws, regulations and practice.** | Unforeseen changes to local tax regulations leading to new or higher tax charges; unpredictable tax audit processes. | The Group carries out enhanced tax due diligence on incorporation with identification of strong and well-connected local tax advisers. The Group obtains written confirmation from local tax authorities in advance of undertaking major transactions. The Group ensures supporting documentation for all tax filings are complete and accurate. |
| **Risk to Cash Repatriation** | Restrictive currency controls which impact ability to repatriate cash from countries of operation. | The Group has multiple bank accounts in multiple currencies and seeks to move cash out of restrictive or high-risk jurisdictions as soon as possible. The import documentation process is being improved and the process increasingly automated. |
| **Decline in Minesite production levels** | The Group's activity levels and results are to a certain extent dependent on production levels at clients' mines while revenues are linked to the production volumes and not to the short-term price of the underlying commodity. | A significant proportion of the Group's revenue is derived from mines which are already in production. The Group focuses on ensuring execution of work to a high standard and improving its operation to increase its value proposition to clients. Application of the Group tender work procurement and approval processes maximises the likelihood of achieving margins and earnings. In addition, the Group's diversification of service offering limits the exposure to one specific area of the business. |

| Area | Description | Mitigation |
|---|---|---|
| **Reliance on Key Customers** | The Group's business relies on a number of individual contracts and business alliances and derives a significant proportion of its revenue from a small number of key long-term customers and business relationships with a few organisations. In the event that any of these customers fails to pay, reduces production or scales back operations, terminates the relationship, defaults on a contract or fails to renew their contract with the Group, this may have an adverse impact on the financial performance and/or financial position of the Group. | The Group has entered into long-term contracts with its key customers for periods between two to five years. Contract renewal negotiations are initiated well in advance of expiry of contracts to ensure contract renewals are concluded without interruption to services. The Group has historically had a strong record of completing contracts to term and securing contract extensions. The Group is selective in the contracts that it enters into to allow for options to extend where possible to maximise the contract period and the return on capital. The Group focuses on ensuring execution of work to a high standard and improving its operation to increase its value proposition to clients. Application of the Group tender work procurement and approval processes maximises the likelihood of securing quality work with commensurate returns for the risks taken. The Group maintains a work portfolio diversified by geography, market, activity and client to mitigate the impact of emerging trends and market volatility. The Group has and continues to monitor projects closely and invest a significant amount of time into client relationship and service level monitoring at all levels of the business. A key part of this process is the quarterly project steering committee meetings with key client stakeholders that provide a forum for monitoring and reporting on project performance and performance indicators, contractual issues, pricing and renewal. |
| **Labour costs and availability** | The Group is exposed to increased labour costs and retention constraints in markets where the demand for labour is strong. Changes to labour laws and regulations may limit productivity and increase costs of labour. If implemented and enforced, these types of changes to labour laws and regulations could adversely impact revenues and, if costs increase or productivity declines, operating margins. | The Group's labour costs are typically protected by rise and fall mechanisms within client contracts, which mitigate the impact of rising labour costs. |

| Area | Description | Mitigation |
| --- | --- | --- |
| **Risk of poor performance due to lack of equipment availability** | The Group has a significant fleet of equipment, and has a substantial ongoing requirement for consumables, including tyres, parts and lubricants. If the Group cannot secure a reliable supply of equipment and consumables, there is a risk that its operational and financial performance may be adversely affected. | The Group continues to focus on supplier relationships including maintaining payment terms and identifying alternative sources. |
| **Deterioration in Health & Safety record** | Operations are subject to various risks associated with mining including, in the case of employees, personal injury, malaria and loss of life and in the Group's case, damage and destruction to property and equipment, release of hazardous substances into the environment and interruption or suspension of site operations due to unsafe operations. The occurrence of any of these events could adversely impact the Group's business, financial condition, results of operations and prospects, lead to legal proceedings and damage the Group's reputation. In particular, clients are placing an increasing focus on occupational health and safety, and a deterioration in the Group's safety record may result in the loss of key clients. | The Executive Chairman, Executive Leadership Team and managers provide leadership to projects on the management of these risks and actively engage with employees at all levels. The Group has implemented and continue to monitor and update a range of health and safety policies and procedures including equipment standards and standard work procedures. Employees are provided with training regarding risks associated with their employment, policies and standard work procedures. Health and Safety statistics and incident reports are monitored throughout our projects and the various management structures of the Group, including the HSE committee. Where necessary policies and procedures are updated to reflect developments and improvement needs. The Executive – HSEQ monitors high risk events in areas of operation and distributes warnings and guidance as required. The Group is also closely engaged with its clients to ensure workplace safety and containment measures are adhered to. |

| Area | Description | Mitigation |
|---|---|---|
| **Risk of Mispricing Contracts** | The Group is reliant on its ability to price contracts accurately. Contract prices are generally set at the-outset of a customer contract following a competitive tender process. | The Group goes through a rigorous process to determine a price to submit as part of the tender submission based on a bottom-up costing analysis with a mark-up. The Group makes use of its extensive historical statistics and its in-house knowledge base, combined with site visits to obtain contract specific data. Where contracts are of significant scope, independent cost estimators are appointed, with their findings verified by in-house modelling. Some contracts include pricing protections by way of mechanisms that allow for annual pricing reviews and/or the application of annual CPI adjustments. Many contracts also contain mechanisms to allow the Group to end the contract with minimal notice if continued performance is financially burdensome. |
| **Adverse Movements in Commodity Prices** | Adverse movements in commodity prices may reduce both exploration budgets and the pipeline of mine-site work in the mining sector, which in turn could reduce the level of demand for the Group's drilling and mining services. This could have a material impact on the Group’s operating and financial performance. | The Group focuses on mine-site low-cost operations where activity is less susceptible to adverse commodity price movements. In addition, the Group is implementing a diversification strategy which is focused on developing new service offerings, developing a finance/capital strategy that provides balance sheet strength and allows for organic and inorganic growth in the business, and also diversifying through M&A opportunities. |
| **Over exposure to Gold** | Gold is an important commodity contributing to the Group's order book and tender pipeline. If the gold industry were to suffer, it would have a material adverse effect on the Group's revenues and profitability. | The Group is in the process of implementing a diversification strategy in terms of developing new service offerings, developing a finance/capital strategy that allows for organic and inorganic growth in the business, and diversifying through M&A opportunities. |
| **Exposure to currency fluctuations** | The Group’s contract pricing is in US dollars. However, in certain markets the funds are received in local currency and some of the Group’s costs are in other currencies in the jurisdictions in which it operates. Foreign currency fluctuations and exchange rate risks between the value of the US dollar and the value of other currencies may increase the cost of the Group’s operations and could adversely affect the financial results. As a result, the Group is exposed to currency fluctuations and exchange rate risks. | To minimise the Group’s risk, the Group tries to match the currency of operating costs with the currency of revenue. Funds are pooled centrally in the head office bank accounts to the maximum extent possible. The Group has significantly improved processes for the repatriation of funds to the Group’s Head Office bank accounts from jurisdictions where exchange control regulations are in effect, and this remains a key focus area. |

| Area | Description | Mitigation |
|---|---|---|
| **Higher levels of Inflation** | Increases in cost of goods and in labour/salary costs related to higher levels of inflation. | The Group ensures accurately pursuing contractual rights under existing rise and fall mechanisms. It ensures to price contracts with known inflationary pressures and negotiates robust rise and fall mechanisms. |
| **Reduction in values of Investments held** | The Group holds investments in a portfolio of both publicly traded and private companies. The accounting value of these investments is marked to market at each reporting date and the fair value adjustment is accordingly recorded in the profit and loss account as an unrealised gain or loss. The value of the investments will change and could materially alter both the Group's reported net assets and net profit position. | The Group holds a portfolio of investments in various companies, mitigating the risk of single company weakness. The investments are actively monitored and proactively managed. New investments are required to satisfy a number of criteria with non-Executive oversight. In the event of fair value investments becoming an unrealised loss, while this would affect the company's net assets and profitability, it would not affect going concern or cash flow. |
| **Risk of noncompliance with climate related reporting regulations** | Non-physical risks arise from a variety of policy, regulatory, legal, financing and investor responses to the challenges posed by climate change. | The Group has recognised the need for the appointment of a Sustainability Manager. It has engaged with expert consultants in this field to establish emissions reporting, guidance and publications. Additionally, it has established a separate Sustainability Committee to drive the ESG process forward. |
| **Communicable disease outbreaks, including COVID-19** | A large-scale outbreak in one of our operating jurisdictions may lead to interruptions in operations, closures at mine sites, inability to source supplies or consumables, higher volatility in the global capital and commodity markets, adverse impacts on investment sentiment and economies. Ongoing restrictions on travel could significantly impair the Group's ability to manage its businesses effectively. | The Group undertakes extensive planning to facilitate the mobility of its international and regional expatriate workforce as the Company manages international flight cancellations and COVID-19 travel restrictions. The Group also monitors other communicable disease outbreaks relevant to the location of the Group's operations in order to implement its planned response strategy when needed. The Group's key priorities on COVID-19 are:<br>• protecting our people with a focus on their wellbeing<br>• to play our role in limiting the spread of the virus<br>• delivering value for our clients and stakeholders<br>• maintaining the strongest possible financial position. |

**CAPITAL LIMITED**
**APPENDIX: GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)**

The Group presents various Alternative Performance Measures (APMs) as management believes that these are useful for users of the financial statements in helping to provide a balanced view of, and relevant information on, the Group's financial performance in the period.

The following terms and alternative performance measures are used in the half year results release for the six months ended 30 June 2022.

| | |
|---|---|
| **ARPOR** | Average revenue per operating rig |
| **EBIT** | Earnings before interest, taxes and fair value gain/loss |
| **EBITDA** | Earnings before interest, taxes, depreciation, amortisation and fair value gain/loss |
| **ADJUSTED NET PROFIT AFTER TAX** | Net profit after tax before fair value gain/loss |
| **ADJUSTED EPS** | Net profit after tax before fair value gain/loss over weighted average number of ordinary shares |
| **NET CASH (DEBT)** | Cash and cash equivalents less short term and long-term debt |
| **NET ASSET VALUE PER SHARE (CENTS)** | Total equity/ Weighted average number of ordinary shares |
| **ADJUSTED RETURN ON CAPITAL EMPLOYED** | Annualised EBIT/Total assets-current liabilities excluding investments at fair value |

Reconciliation of alternative performance measures to the financial statements:

| | **Six months ended** | |
|---|---|---|
| | **30 Jun 2022** | **30 Jun 2021** |
| | **$** | **$** |
| ARPOR can be reconciled from the financial statements as per the below: | | |
| Revenue per financial statements ($) | 138,128,602 | 98,683,980 |
| Non-drilling revenue ($) | (41,617,602) | (20,338,011) |
| Revenue used in the calculation of ARPOR ($) | 96,511,000 | 78,345,969 |
| | | |
| Monthly Average active operating Rigs | 93 | 73 |
| Monthly Average operating Rigs | 112 | 99 |
| ARPOR (rounded to nearest $10,000) | 173,000 | 180,000 |
| | | |
| **EBIT and EBITDA can be reconciled from the financial statements as per the below:** | | |
| | | |
| Profit for the period | 9,682,662 | 18,409,790 |
| Taxation | 5,456,706 | 5,903,119 |
| Interest income | (112,808) | (49,997) |
| Finance charges | 2,670,575 | 1,606,618 |
| Fair value adjustments | 10,265,388 | (5,706,322) |
| EBIT | 27,962,523 | 20,163,208 |
| | | |
| Gross profit | 61,118,149 | 42,655,350 |
| Administration expenses | (19,738,178) | (14,281,383) |
| Depreciation | (13,417,448) | (8,210,759) |
| EBIT | 27,962,523 | 20,163,208 |
| | | |
| Profit for the period | 9,682,662 | 18,409,790 |
| Depreciation | 13,417,448 | 8,210,759 |
| Taxation | 5,456,706 | 5,903,119 |
| Interest income | (112,808) | (49,997) |
| Finance charges | 2,670,575 | 1,606,618 |
| Fair value adjustments | 10,265,388 | (5,706,322) |
| EBITDA | 41,379,971 | 28,373,967 |

**CAPITAL LIMITED**
**APPENDIX: GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)**

**Adjusted net profit and adjusted EPS can be reconciled from the financial statements as per the below:**

| | 30 Jun 2022<br>$ | 31 Dec 2021<br>$ |
|---|---|---|
| Operating profit (EBIT) | 27,962,523 | 20,163,208 |
| Depreciation, amortisation and impairments | 13,417,448 | 8,210,759 |
| EBITDA | 41,379,971 | 28,373,967 |
| | | |
| Gross profit | 61,118,149 | 42,655,350 |
| Administration expenses | (19,738,178) | (14,281,383) |
| EBITDA | 41,379,971 | 28,373,967 |
| | | |
| Operating profit (EBIT) | 27,962,523 | 20,163,208 |
| Interest income | 112,808 | 49,997 |
| Finance charges | (2,670,575) | (1,606,618) |
| Taxation | (5,456,706) | (5,903,119) |
| Adjusted net profit | 19,948,050 | 12,703,468 |
| | | |
| Profit for the period | 9,682,662 | 18,409,790 |
| Fair value adjustments | 10,265,388 | (5,706,322) |
| Adjusted net profit | 19,948,050 | 12,703,468 |
| | | |
| Adjusted net profit | 19,948,050 | 12,703,468 |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 189,451,637 | 189,470,658 |
| | | |
| Adjusted EPS (cents) | 10.53 | 6.70 |

**Adjusted Return on Capital Employed**

| | 30 Jun 2022 | 31 Dec 2021 |
|---|---|---|
| Annualised EBIT | 55,925,046 | 40,326,416 |
| Total assets excluding investments less current liabilities | 226,985,335 | 179,121,621 |
| Adjusted ROCE (%) | 24.6 | 22.5 |

**Net cash (debt) can be reconciled from the financial statements as per the below:**

| | 30 Jun 2022 | 31 Dec 2021 |
|---|---|---|
| Cash and cash equivalents | 22,735,408 | 30,577,249 |
| Long-term liabilities | (40,525,159) | (45,567,668) |
| Current portion of long-term liabilities | (18,572,189) | (16,887,692) |
| Net cash (debt) | (36,361,940) | (31,878,111) |

**Net Asset Value per share (cents) can be calculated as per the below:**

| | 30 Jun 2022 | 31 Dec 2021 |
|---|---|---|
| Total Equity | 222,364,139 | 219,173,832 |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 189,451,637 | 189,765,149 |
| Net Asset Value per share (Cents) | 117.37 | 115.50 |

**CAPITAL LIMITED**
**APPENDIX: GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (UNREVIEWED) (Continued)**

**EBITDA**

EBITDA represents profit or loss for the year before interest, income taxes, depreciation & amortisation and fair value adjustments on financial assets at fair value through profit and loss and realised gain (loss) on fair value through profit and loss investments.

EBITDA is non-IFRS financial measures that is used as supplemental financial measures by management and external users of financial statements, such as investors, to assess our financial and operating performance. These non-IFRS financial measures will assist our management and investors by increasing the comparability of our performance from period to period.

We believe that including EBITDA assists our management and investors in: -

i. understanding and analysing the results of our operating and business performance, and
ii. monitoring our ongoing financial and operational strength in assessing whether to continue to hold our shares. This is achieved by excluding the potentially disparate effects between periods of depreciation and amortisation, income (loss) from associate, interest income, finance charges, fair value adjustment on financial assets at fair value through profit and loss and realised gain (loss) on fair value through profit and loss investments, which may significantly affect comparability of results of operations between periods.

EBITDA has limitations as analytical tools and should not be considered as alternatives to, or as substitutes for, or superior to, profit or loss for the period or any other measure of financial performance presented in accordance with IFRS. Further other companies in our industry may calculate these measures differently from how we do, limiting their usefulness as a comparative measure.

**Net cash (debt)**

Net cash (debt) is a non-GAAP measure that is defined as cash and cash equivalents less short term and long-term debt.

Management believes that net cash (debt) is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of cash and cash equivalents within the Group's business that could be utilised to pay down the outstanding borrowings. Management believes that net debt can assist securities analysts, investors and other parties to evaluate the Group. Net cash (debt) and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required in comparing net debt as reported by the Group to net cash (debt) of other companies.

**Net Asset Value per share (cents)**

Net Asset Value per share (cents) is a non-financial measure taking into consideration the total equity over the weighted average number of shares used in the calculation of basic earnings per share.

Management believe that the net asset value per share is a useful indicator of the level of safety associated with each individual share because it indicates the amount of money that a shareholder would get if the Group were to liquidate. Management believes that net asset value per share can assist securities analysts, investors and other parties to evaluate the Group.

Net asset value per share and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required when comparing net asset value per share as reported by the Group to net asset value per share of other companies.

**Average revenue per operating rig**

ARPOR is a non-financial measure defined as the monthly average drilling specific revenue for the period divided by the monthly average active operating rigs. Drilling specific revenue excludes revenue generated from shot crew, a blast hole service that does not require a rig to perform but forms part of drilling. Management uses this indicator to assess the operational performance across the board on a period-by-period basis even if there is an increase or decrease in rig utilisation.